

FINANCE CONTROL BOARD, June 27, 2006

Present: Thomas Gloster, Alan LeBovidge, Mayor Charles V. Ryan, Jose Tosado, Jake Jacobson, City Clerk Wayman Lee

Chairman Alan LeBovidge: [in progress]...2006 meeting of the Finance Control Board. The first comment is that after the public meeting [unintelligible] the budget the items on the agenda, we will go into executive session, and we're not planning on having another public meeting after the executive session. First, before we get to the first presentation commissioner Flynn, just going to have [audio goes dead].

****MOTION TO APPROVE THE MINUTES APPROVED**

Update by Police Commissioner Ed Flynn

AL: Commissioner Flynn, I understand you're going to give us an update on what's happening with the police.

Police Commissioner Flynn: Good morning, I am under strict instructions from Phil Puccia to keep this until seven minutes, so I'll speak fast.

Alan LeBovidge: You can eight if you want.

EF: It's been a very interesting three months. It's hard to believe it's been that long already, but I started on March 20, so last week marked 90 days on the job. And we've been moving fairly assertively trying to do two things at once, which is a bit unusual. On the one hand, we have some significant organizational development issues to deal with in terms of the internal administrative processes of the organization. It's got 500 people, but I don't think the internal operation has been at the level of sophistication that an operation that complicated requires. At the same time, we're well aware of the fact that the issues of crime, disorder and fear are paramount here in Springfield, and it's important that the Springfield Police Department not only *do* something about it, but be *seen* to be doing something about it. so we've moved on a variety of fronts.

Shortly after being hired on March 20, I made two hires. I hired a chief of staff, Jennifer Flagg, and a director of business and technology, Christine Cole, who's with me today. Until last week when we hired two crime analysts, those are the only two new hires in the police department in the last ninety days.

I began a comprehensive assessment of the police department's operations as well as its anti-crime strategies, and, pursuant to that, we developed a[n] anti-crime strategy that we released approximately two and a half weeks ago. There's a copy that Christine will distribute to you, but, basically, what I have done is use the internal capacity of the organization to create plans for the organization moving forward.

It's very important to me that there will be accountability for neighborhoods inside the Springfield police department. It's my firm belief that, in many ways, no one *lives in Springfield*. People live in Hungry Hill, they live in Old Hill, they live in Indian Orchard, they live in East Forest Park, but nobody *lives in Springfield*. And so, our challenge in the police department is to provide policing services that are specific to the concerns of individual neighborhoods. In some neighborhoods, that's going to be ambient noise. In other neighborhoods, it's going to be drive-by shootings. We've got to be able to produce a police response that's assertive and responsive, but that requires us to fix accountability. This summer, I'm fixing accountability at the lieutenant level. As you look at the hand-out, we organized the city into four districts, and each district is the responsibility of a lieutenant on days and a lieutenant on evenings. Now, come the fall, I'll have one person responsible 24 hours a day, but the planning group that I convened to develop this strategy recommended that we kind of do it part way this summer in order to not entirely disrupt the department while at the same time we're trying to deal with our annual crime and violence spike. So those lieutenants are currently in the process of meeting with various community groups as well as making sure the district deployments are consistent.

The other thing that we did was attach to this a neighborhood task force which is a combination of the street crime unit and the drug squad. We basically doubled the size of the street crime unit and added individuals to the drug unit and, basically, got ourselves a rapidly deployable entity of about 35 police officers that we can move from neighborhood to neighborhood as conditions warrant. Our goal is to do that in response to both data as well as to community concerns as voiced to the various lieutenants. In the last two years, they've done some significant.... They've made numerous drug arrests, they've seized a great deal of narcotics, they've also towed a lot of vehicles in their first major noise abatement strategy in one section of the city. They've produced a lot of foot patrols, they've gone out on patrol with the probation department to check at night on what probationers are up to. But our goal is to disrupt the *status quo* when it comes to illegal activity here in Springfield.

We're also looking at the internal operations of the department, and we want to make sure that in terms of our business processes, we're spending our money wisely. Consequently, what we have done is developed a process for monitoring overtime from my office. We issued an order---there's an accompanying form that's used---which requires that people who want to spend money on overtime *prospectively* make a request to us on what they want to do, how many people are going to do it, how much it's going to cost. We get a read out on what pot of money this is coming from. (We've got a number of grants that overtime may come from as well as our general fund.) We ascertain if there's sufficient money to do it, if the deployment fits with our strategy.

One of the problems with departmental overtime in the past is a great deal of it was spent on individual operations that, although they were productive, were not linked to an overall strategy, so you'd have several units off in different places doing different things *generating activity*—I want to make it clear they were working for their money—but the activity wasn't connected to altering the conditions in a specific place at a specific

time. I'm firmly of the belief that crime is geographic in nature, and crime undermines neighborhood viability, and the goal of the police department isn't just to deal with crime, it is to restore neighborhood viability, and this requires us to make judgments about the use of our resources, to target them based on data and citizen input and to aggressively *change* the neighborhood dynamics in those neighborhoods either most at risk or beginning to see the edges of decay at their borders. So we've developed a structured system for the approval of overtime requests. We're also developing weekly and monthly expenditure reports by every unit by every fund, and shortly we'll be developing those reports by geography as well, so we're monitoring where the money is going.

I said when I first got here that I wanted to place our community...our strategy here going to be community-based which meant anchored in specific neighborhoods, problem-oriented, which means using, you know, identifying more than individual incidents, but underlying conditions that cause them and doing something about it. And finally, I wanted us to be data-driven.

It's important that we use both our resources—our personnel resources as well as our financial resources—carefully in response to specific data. So, an example is our request recently to purchase cars that we made of the city. We had a very...a very good meeting in which we challenged ourselves to produce very specific data on the shape of our fleet. And we were able to demonstrate to the satisfaction of the city that we were in a pretty desperate circumstance. Over 70 of our cars had over 120,000 miles on them. Another 80 had close to 90,000 miles on them. Our average mileage per car for the entire fleet was about 80,000 miles. They were in *very wretched* condition, and, if I can use an analogy, we were like the cavalry, but our horses were ready for the glue factory. So our challenge again was to demonstrate that a) we understood the problem, b) we could document the problem, and c), you know, our request for expenditures to fix that problem was anchored in the current conditions of the fleet.

I'm happy to report that the city has approved us and that we can purchase 80 new cruisers, and I think that's going to have a significant impact on our ability to deploy our people effectively as well as their working conditions. That's the *office* of these officers, and they spend a lot of time in them, and it's kind of debilitating when the a.c. [air conditioning] doesn't work and there's a hole in the floor board or you're using a milk crate to prop up the front seat, so this is significant. I know you authorized the expenditure of funds last year for new cruisers, and it was much appreciated, but those new cruisers already have 55,000 miles on them, because they were primo cruisers and everybody wanted to drive them that was in patrol, and I don't blame them. So we've piled up the miles already on our newest cars. But we feel that by making a major infusion in the fleet now, and then in every budget year buying a few cars will give us a replacement strategy so that, hopefully, we're never in a position where we have to buy 80 all at once every again. We can buy, perhaps, 25 or 30 at a time.

We know we've got our work cut out for us. We've recently expanded the crime analysis unit, as I indicated, with two additional hires, because we know if we're going to be data-driven, we've got to verify the fact that our data is, in fact, accurate. One of the

great challenges of this city is its public perception of crime. And crime data drives that perception as well as headlines, so we want to make sure that our data is accurate so we can deploy our resources effectively.

Our goals, really, are very clear, and they're being made clear to every member of the organization. Number 1: we have assure of the economic viability of downtown. We recognize that it's competitiveness with other downtowns in other cities is absolutely dependent on perceptions of safety here. And perceptions of safety go far beyond simple crime, they also go into signs of disorder and decay. We recognize that that requires a certain policing style separate than dealing with drive-by shootings, so we're committed to altering the environment downtown.

We also recognize we've got a moral obligation to do something significant about violent crime, hence we have this hot-spot deployment capability with the street crime unit and the drug squad. We really want to alter the environment of the city's streets this summer and see if we can rock the knuckleheads that are out there shooting each other... if we can rock them back on their heels a little bit and disrupt the environment that produces these shootings.

And, finally, we recognize that every neighborhood deserves a base level quality of life. People should be able to go home and relax at home and not be assaulted by the urban incivilities that make life miserable for some people. I've been in a wide variety of meetings. There's a wide variety of complaints out there. What we do want to do is work with neighborhoods to prioritize them. I'm *not* going to pander. I'm *not* going to promise that I can fix everything all at once at the same time. Neighborhoods may have 15 or 20 complaints about incivilities; we need to focus on a couple per neighborhood and try to change those, and then perhaps move down the ladder.

But I'm confident. I'm confident for two very specific reasons: Number 1, you've got a hard-working police department that, despite years without a contract and years of substandard equipment and years of substandard leadership, has nonetheless remained productive and continues to produce very impressive statistics in terms of arrest and response. Secondly, you've got a large number of people in this community who've refused to give up on it, and it's an inspiration to me to go to community meetings and see people still committed to their neighborhoods. Now, I sometimes experience their commitment in the form of anger and hostility directed at me, but the important thing is that they are committed, that they've stayed the course, that they have expectations for us, and we're obligated to do our best to meet them.

So I feel good about the future, certainly feel good that the city and the financial control board have been making some significant investments in the police department. We're going to make sure that we continue to monitor them carefully, remain accountable for them, and direct...make a connecting between our expenditures and the quality of life and the amount of crime on the streets of Springfield. Thank you.

Mayor Charles V. Ryan: Commissioner, I have a question. You talked about hiring a couple of new people for analysis of criminal activity, and many people in Springfield have heard of Comstat in New York City, and could you just talk to us a minute or two about the data-driven results you're looking for and what relationship, if any, that has what New York popularized as Comstat?

EF: I'd be happy to, because it's a process that's frequently misunderstood, because since it has been seen as a successful innovation in policing, you frequently see it on television and versions you see may or may not be accurate.

The number one thing that a computer driven..."Comstat" stands for "comparative statistics." And the goal in New York City was basically, to have area commanders be responsible for the activity within their jurisdictions. Now "responsible" simply meant they were charged with understanding what was going on, and that they were able to explain what was going on and proffer what they were trying to with it and what help they needed from the rest of the police department to be effective. Big departments have stove pipes; those stove pipes don't always cooperate with each other. Comstat was a way of making sure that precinct commanders had the appropriate cooperation from the narcotics units or from the gang units or from the street crime units or from the detective bureau--that the efforts were coordinated—from the traffic bureau, whatever it was. And that a commander could, at least, even if he wasn't able to immediately control the situation, could demonstrate to higher ranking people that he understood at least the dynamic and was working on solutions to it.

That process depends on two things: 1) quality data and 2) geographic accountability. Now, the Springfield police department has been historically very strongly organized around shift accountability. We had captains responsible for their eight-hour block of time, the entire city. And at the end of that eight hours, they weren't responsible any more—someone else was. Well, that's all well and good for making sure that the department is properly turned out and equipped and perhaps supervised, but it does me no good to fix accountability for what's going on in a specific neighborhood. That needs to be changed. We've taken a semi-step there this summer with the lieutenants, but a full-step will require me to get people of senior command rank in charge of those districts.

I came to a Comstat meeting here in Springfield that was run by the State Police analyst last summer, and it was very clear to me very early on, that no one was responsible for the crime dots, because technically everyone was. You know, that the robbery unit had a piece of it, the gang unit had a piece of it, the 4-12 commander had a piece of it, the midnight shift guy had a piece—You had six commanders with a piece of that problem. You can't do Comstat that way.

The second issue is our data has somewhat degraded when the State Police analyst went back to the State Police, and so we're in a...we brought on two new analysts. They're being trained by that same State Police analyst. The challenge for us is to get our internal systems to properly "talk" to each other and produce data that can be mapped.

We can produce the information now, but our mapping data has degraded again just because this one woman really knew how to do it. So when we get the mapping data back and when we get ourselves area commanders, Comstat will be a very powerful tool for holding people *properly accountable* for understanding the dynamics in their districts, offering solutions to them, and also assuring that the *entire* police department is focusing its efforts on what those issues are.

AL: Can I ask you a question without opening Pandora's box, at the risk of opening Pandora's box? Cameras...cameras on the streets, cameras on the police cars...just your views on that, I mean, we've talked about it in the city, where do we.... What's your views on what we should do?

EF: Well, I start with a *caveat* or the disclaimer that there is no silver bullet, that it's not about technology, it's really about having the organization pay attention to the conditions and work with our partners be they neighborhood people or other agencies to address those conditions.

But, having said that, if we're doing right by our deployments, cameras can be a real asset to us, because a) if they are properly deployed and can be moved around, they are yet one more layer of creating an environment that is not hospitable to crime and disorder. We want to alter the streetscape and how the streets are perceived. I think *cameras*, if they're connected to a police department that's paying attention and deploying with the data and holding itself accountable by having area commanders, in that context I see cameras as quite helpful, because they respond to citizen concerns about safety, they have some deterrent effect, and some helpfulness, you know, as a "silent witness," if you will, to behavior. It could be a license plate, it could be a physical description.

I'm also a fan of moving them, eventually, to areas that are open air drug markets or hot spots for people hanging out outside liquor stores. Having a camera on them alters the environment in which people want to misbehave, because it's frequently those low levels of misbehavior that make the street appear [?un]safe, drive regular folks, well-meaning folks off the streets and create an environment in which more serious crime flourishes.

When it comes to in-car cameras, we have to overcome a climate of suspicion among police officers that think this is somehow a way to play gotcha with them. Every police department that I know that has installed in-car cameras has found itself exonerating police officers 98% of the time. I mean, people tell lies about their experiences with the police, or people under stress misperceive how the officer behaved, because they were in a stressful environment, but, when that camera is on and somebody is just doing Joe Friday "just the facts," and somebody else is being hysterical and jumping up and down on their hat because they've been stopped, you know, it clears up a lot of misperceptions and really opens the community up as to what really happens out there on the street. And that occasion when they catch somebody misbehaving, well, you know, shame on you if you're like that when you're on-camera, what kind of fool are you

when you're off-camera? But the vast majority of the time, it shows those officers behaving normally, and citizens under stress acting out.

So, I think it's a good thing. We'll have to work on it. It's one of those things you'll probably end up having to do an impact bargain on when the time comes, but if we can identify the resources to do it...I mean, you take a place like the New Jersey State Police, I mean they had the worst reputation in the country a few years back. They installed the car cameras, and they found a *stunning* amount of false complaints were being brought against them because they had this reputation, and everybody wanted to sue them figuring they'd win in court based on the reputation of the agency. Yet the cameras clearly indicated proper police procedures, so I think it's a *real good* investment in protecting the city's interests as well as demonstrating that the vast majority of our people do the right thing most of the time.

AL: Thank you. Any other...? Yes?

Thomas Gloster: Commissioner, I know it's very early in your tenure, but I would be interested in your very preliminary reaction to the kind of support and enthusiasm you're receiving internally as to your initiatives.

EF: Uh, I would say that the uh, the uh department has been very open to what we're trying to do. I mean I've met with the chain of command. I've met individually with every captain and every lieutenant and I'm in the process of meeting individually with every lieutenant. We've convened these working groups. I've gone to a number of roll calls. I'd say the officers are very open to seeing their lot improve.

I think they're hopeful that my arrival is an indication that the city and the control board will look at their needs now in a different light because it will have more confidence in what they're being told and in the numbers they're being presented, so I think they're guardedly optimistic about that. I also think that they're happy to have an awful lot of internal turmoil behind them now.

One of the advantages of bringing somebody in from outside is that nobody's faction won. You know a problem sometimes with police departments is internal factionalism developed over many, many years. Somebody is lined up with this guy, somebody's lined up with that guy, and before you know it, a change in administration inside the department is almost like a political change of administration. You know, commanders start getting dropped, and people start getting dumped out of units just because they sided with the wrong person. I think a lot of people feel good that that's not an issue now, and they perhaps will be judged based on their merits. So I would...I would say my experience in the department is that there's some guarded optimism inside the building. I have found nothing but cooperation. When I've asked for things, when I've asked for people to work on projects, people have dug right in. I think there's a lot of talent in that organization that's been underutilized, not just in terms of its police capability, but underutilized asking their opinions about things we need to do, tapping

into their knowledge of the organization and their knowledge of police work, and saying, you know, "Give me a plan."

I mean, I'm firm in what my vision is for the organization, but I don't pretend to know the history of the city *or* the department. If I can assemble a group of officers (captains, lieutenants and whatnot) from the department and say "This is where I want to get. Give me a plan to get there." I've done that on four different projects, and I've been very impressed with the results of the information I've received back, so I would characterize it as guarded optimism and, hopefully, working with the city, we can justify that optimism.

TG: Good to hear.

Jose Tosado: Commissioner, as you move forward in getting acclimated to the city and reshaping and reorganizing the Springfield police department, I'm sure that somewhere along the line you've gotten the sense that there's historically exists a certain level of mistrust perhaps or a tenuous relationship between minority communities and the police department for whatever reasons. And I guess I'm kind of wondering 1) is it in fact true that you've gotten that message, and 2) what plans do you have, if any, to after to try and create an atmosphere of cooperation between the police department and all its communities, but particularly the minority communities? And also one of the sticking points over the many, many years has been the...a desire to have Springfield police officers wear name tags on their uniforms, and, again, as you talk about having cameras disinclining people to misbehaving, I think it's a similar analogy with police officers being able to be easily identifiable other than through a badge number. And I know, historically, it's become a bargaining issue, and I'm wondering what's your sense and in terms of being able to make that a reality? And is that something that you would support?

EF: Well, there's a number of questions in there. I would start with the bigger question which is relationships with our minority communities.

The reason that's important is, you know, sad to say for a variety of social historical figures those are the communities that most desperately need quality police services, because that's where so much of the crime and disorder resides is in those neighborhoods. Those are folks who feel prisoners in their houses. When I meet with people from the community in those neighborhoods, what I hear are demands for additional police response. The irony is the closer I drill down to a neighborhood, the more likely I hear that "We need more cops, more often, more of the time," "How come I call and they don't get here fast enough?" and "I need somebody to do something about the incivil, terrible conduct I have to put up with every day living in this neighborhood." And you got to honor that, because there's a lot of folks out there that own homes or are renters and take good care of their property who are living next door to people who are renting from absentee landlords and put six-foot stereo speakers in the windows and the leave the house. I mean, you know, there's a lot of folks out there that want quality policing.

I think the challenge for us is two-fold. One, we recognize that the community policing experiment in Springfield was very successful. Whatever neighborhoods the CP units were assigned to *liked their CP cops*, whether it was an Hispanic neighborhood, African American, you know, any ethnic group you can name, they *liked their community policing cops*. Why? Because they got to know them, they got to work with them on common problems, they saw the results of their actions, they took from that a positive connection to the police department. Then they'd dial 911, and they'd have strangers come, and there wasn't any kind of prior relationship, and people easily misunderstand each other in times of crisis, and what you end up with is fear and suspicion. I've tried to bridge that gap by having neighborhood policing, really based on a group of officers assigned to a neighborhood where we break down the walls between CP and regular policing.

I mean, the problem in the department was the community policing experiment never seeped into the DNA of the rest of the department, so you'd have some cop show up place and say "Well, that's a CP unit job." And the CP unit guys would show up and say, "Well, that's the patrol unit job." It's a *police job*. Come on, gang, you know, we got to pull together here! So part of the challenge is when I go to community meetings now, I make sure the sector cruiser shows up with me, because people in that neighborhood need to see the cops that are answering their 911 calls.

And those cops need to be in a neighborhood meeting full of people that want good policing, because, if you're not careful, all your cops are exposed to is your worst people and people at their worst. Well, that puts you in a shell, and that creates a dynamic citizen-by-citizen that isn't positive. So I really feel that steady assignments, supervisor accountability, and more exposure of more police officers to communities will begin to bridge some of the gaps that history have forced upon us. So I think there's reason to be hopeful, because, as I say, the people in the neighborhoods of Springfield, their first thing they want is good policing; they just don't want to be treated like suspects.

And so the challenge for us is for officers to have a better familiarity with their turf, they're in a better position to kind of get a sense of the "who's who" of the neighborhood. Because the people in the neighborhood want the nitwits, you know, checked out. Whatever they look like, they want those knuckleheads off the corners, not harassing them, not bullying their kids, not intimidating them outside the stores, and not shooting each other. Well, we can do that, but in doing that, we've got to make sure we don't alienate the regular folks in the neighborhood who just want a peaceful, quiet life and are supportive of what we're trying to do. And I think permanent assignment and good accountability can go a long way towards creating better relationships between more people in the neighborhood and what we're up to do.

When it comes to a specific issue like name tags, I mean I'm in favor of accountability, so I'm in favor of people knowing who we are. I think we have to let the dust settle around the current contract negotiations to see how that plays out and pick up

that cudgel when the time is right and start having that discussion, but it's something that I'm certainly interested in.

JT: Thank you.

AL: Any other questions? You've taken up more than your eight minutes. Thanks, Commissioner.

Appropriation of Funds from 06 Budget

Phil Puccia: Sorry these are a little late. These are updated packages; we had a little copy problem. And I will go through this as expeditiously as possible, so... In preparation for the discussion budget, there are several items which we need to consider in advance. They are in your package, some of the involving the appropriation of funds from the 06 budget to be spent on items that after June 30 have been this year. And which is Item Number 3 where there are \$5million from the 06 budget that we have allocated for the following items: school textbooks in the amount of \$2million, police cruisers as you heard Commissioner Flynn talk about just a few moments ago of \$2million, and the removal of dangerous trees throughout the city which has been something that has been neglected for at least a decade and presents both a public safety and a blight problem, and we're recommending that amount of \$1million.

In addition, what I call...we need to vote to reappropriate unexpended bond proceeds to various school capital projects. As you will see in the budget, there is an increase in spending in school department buildings and the like, but we also have a variety of capital needs that we'd like to begin as soon as possible whether it's the improvement of the school that we're going to suggest that the board purchase later on in the agenda and other items that we...I'm asking the authorization for to apply those funds consistent with the capital plan. That is Item Number 3.

AL: OK so we have to take a formal vote?

PP: Yes, you do.

****MOTION PASSES UNANIMOUSLY**

Trash Fee

PP: Thank you, Mr. Chairman. The next item on the agenda is a deliberation regarding a proposed trash fee. If you give me just a moment, I will get this...I'm unfamiliar with this computer...if you'll bear with me for one moment....

As you may or may not know, there's been some public discussion about the trash fee over the past week or so since it has become public. A couple of points before I begin the presentation. This item goes a long way towards helping the city balance the 07 budget. And I'd like to provide some background to the board on what exactly it is we're

asking, but here's some background as well. We need to manage a better...we have to do a better job of managing our solid waste. Secondly, the imposition of a tax fee of some...of a trash fee of some sort, whether it's pay as you go or a flat fee or something along those lines, is being done currently in 120 different cities and towns around the state with the fee ranging as high as \$325. per year. Some of our neighboring communities who have a trash fee are listed here [on a screen] for you to see: Amherst, Belchertown, Longmeadow, Greenfield, and the like. I would point to Worcester as a community in similar size as, as Springfield who went through this over the past couple of years and has had a very successful program.

These [figures on the screen] are...you can peruse data at your leisure, but it's just a breakdown of some of the fees by community. And here's what our recommended fee is \$.95 per gallon is what we're recommending and that's per year. OK?

There needs to be a relationship between the cost to pick up the trash--which we now know what our costs were based on the solicitation for waste management services that we did last year--and here is a breakdown of those costs. And there's a relationship between what we're going to recommend as a fee to these costs as you'll see in a moment. This [information on the screen] is a breakdown of the number of residential units broken out by single family homes, condominiums, mobile homes, and the like. This is all based on the fee that you see recommended in front of you of \$90. per year *per container*, not per resident, per container. OK?

CVR: That container is a 90 gallon container, correct?

PP: That's correct. It is the same container that all of Springfield's residents are familiar with. The city made a significant investment in both containers and trucks several years back, and we felt that using that container system as opposed to a direct pay as you go, pay as you throw, system would be the most efficient to at least get this recycling and solid waste management program off the ground.

We're expecting that this [number on the screen] will be the amount we're estimating at this point would be billed. You will always have, in the same way that you have taxes, you have folks who will not pay and we'll have to chase them down for the funds. This is what we expect our *administrative* costs are to bill and collect and what our anticipated net revenue is on a *full annualized* cost. What you see in the budget for you today is really about $\frac{3}{4}$ of a year, not the full benefit of a year, because we will not plan to implement this—if the board approves this proposal—'til September or October 1 at the latest.

Let me first say that this is a program if you choose to opt out, you have the right to do so by either using a licensed hauler approved by the city or taking your trash to an approved landfill. We expect that the vast majority of residents will use the current service provided by the city. It is the most cost-effective; it works out to about a \$1.72 per week for the 90 gallon container.

There are some other exemptions that you see here. They're consistent on the next page with what is currently the exemptions for residential property tax. And I know there are some other concerns, and maybe the board would like to address them when I'm done this presentation and we can talk about that.

But this is how we plan to do it: \$90. per year. It's an automated container. For each 95 [sic] gallon container, as we mentioned, they'll be billed quarterly. And it is the responsibility of the owner of the home to seek a discount or an exemption. If you don't pay, you'll be charged a late fee. Those fees will be charged against the owner, so if it's a residential...if it's a rental unit, it'll be...the fee will be charged against the owner of that apartment complex or two-family I should say, three-family. And a lien for unpaid fees will be placed upon the owner's property.

This may be a little more detail than is required, but this is kind of our schedule. We've done a significant amount of research to date on how to implement the program. In fact, the DPW, as you and I know, has considered this in the past. The board has chosen to not implement this fee until this...until we're recommending at this time. We've managed to cut expenses and make investments, but now, I think this is the time that we need to consider this fee in order to present a balanced budget. And we'll obviously need a consistent communication strategy to educate the public about the who, what, when, and where. And I'd be happy to answer any questions from the board.

CVR: Phil, could you go back to the slide your suggested discount? Who are the groups that you had listed?

PP: They're primarily the elderly, folks who have disabilities, veterans, and there's the broad term is "indigent," but that is a definition that I think used by the state and federal government, and I don't know the exact guidelines.

CVR: Do you have any idea or have you been able to capture yet the percentage of people that would fall within those categories?

PP: I, I think we're assuming it's about 10% or so would qualify under that broad guideline. Unless I'm mistaken, it's about 10%.

CVR: Would your numbers in the budget work with a 25% discount for those groups?

PP: Yeah, I, I mean I think that both Councilor Tosado and you, sir, and other folks have expressed some concern. I think, if the board was so inclined, we can find a way to manage a discount for senior citizens of approximately 25%. It is a significant sum of money, not only to the budget, but to the citizens who have to pay it. In my math, it comes out to around \$300,000. in savings that we'll find...we'll find it someplace else.

What I'm asking the board to do today is to approve the fee in general of \$90. and allow the Mayor and myself to finalize the plan and present it to the board at the August 11 board meeting.

JT: Thanks, Phil. I mean I tend to support this today. I mean I understand that you can't get patrol cars and buy new school books and do building maintenance and build new schools and take trees down and demolish eyesores, you know, without additional revenue stream, so I completely understand that you can't have it both ways. Naturally, I think the city council a number of times has also had serious discussions relative to trash, to trash pick-up fee so I mean I do intend to support it. However, I have a number of questions I will ask, and I'm glad the Mayor brought up the discount for seniors. As you know, I had this discussion with you last night...

PP: That's right, Councilor.

JT: ...the 10% that was being proposed initially really wasn't sufficient for seniors. I'd like that to go higher than 25%, but I understand that 25% is reasonable based on your revenue projections to get the \$4.5million. A question I have: when you come up with \$5million as projected revenue, is that based on real property or is that based on the number of bins currently out there?

PP: I'm not sure I understand. You mean our cost to collect of the \$5million?

JT: You've got \$5million projected gross income within that gain of \$4.5million, and that figure is based on what is it?

PP: On the containers.

JT: On the containers. So there not based on the individual property.

PP: No.

JT: I know that certain households...I know I live in a single family owner-occupied neighborhood in 16 Acres, and I know that some folks have gone to DPW, paid them \$45. and gotten a second bin for their overflow trash. Does that mean that those folks, although it's a single family home have one city-issued bin [and] one they purchased, does that mean that their fee goes to \$180.?

PP: That's correct. This, this assumes...the revenue is based on what we believe to be the number of bins in circulation today. We think that our data base is reasonably accurate. Obviously, we'll prove it out over the next several months, but the revenue estimates you see are based on the number of bins out there. I would, I would also suggest, councilor, that we...there's a relationship between controlling the amount of solid waste, improving the amount of recyclables when folks have an incentive to actually manage their waste. And if it's easy...you know, we believe it will be folks who maybe are on the cusp of a second bin who may improve their recycling and the like so that the only do get charged for one bin.

AL: So, under this proposal, if someone had two bins, could they turn one in and say, “Now it’s only \$90 instead of \$180”?

AL: That’s correct. Right.

JT: Would they get their \$45 back

PP: You know what? I haven’t considered that, counselor, and clearly, that’s something that we would be happy to report back. We have no interest in making money on the container.

JT: No, I understand. I was being somewhat facetious. I guess I...

PP: I’ll give you your \$45. back

[Laughter]

JT: I only have one, but I think some consideration should be given that if you’re a single family household and you’ve got two bins that you’ve had historically which was something that you could do back then, that maybe double the ticket is probably not fair, but something graduation of that could be considered if you could consider that?

PP: What I will, we’ll consider it...right now, just in numerical terms, if we implement about a 25% discount for folks on fixed incomes, seniors, that’s \$300,000 off of the \$4.5million. So I really, frankly, would need to run, you know, run the math and figure out what that number is, and we’ll be as aggressive as we can in trying to lower the costs. I guess I just need...I ask the board’s indulgence to report back, but to approve the \$90. fee and allow the Mayor and I to implement the plan.

JT: OK. I just have a couple more questions though. I wasn’t finished. Also, the...in terms of the rate, I mean it’s \$90. this year. Does that mean it could be \$100. next year, \$110. the following year or so on? I guess I ...what...and that’s something that certainly is concerning a number of people, because we know that inflation doesn’t stand still for anyone, and I assume that this rate could easily be increased over the years so I guess I would ask the board to consider, you know, with your input, Phil, freezing the rate for a set number of years, perhaps a three-year period. Is that something that’s an item that can be...?

AL: Yeah. My reaction would be we should look at it. do what we can do. You may want to do it and say if inflation stays below a certain level, you’ll freeze it, but if you had hyper-inflation, you may have to increase it. You know, so if all of a sudden inflation was 15%, and the cost went out of sight, you may want to increase it, but if it’s what we have now for inflation, maybe you freeze it for three years, it won’t go more than \$90. So I think maybe you should run some numbers and see what it looks like.

PP: Mr. Gloster?

TG: You're going to take this discussion back and work it through and then we're going to be presented with a final version of this?

PP: A final version of the regulations or the proposed sort of rules and regulations.

TG: Would that include the kind of things we're talking about now?

PP: Yes. I mean, no, I mean we... I don't have the math to tell you what we can provide to answer Councilor Tosado's questions. I can tell you that we'll find a way to manage the \$300,000; some way or another we'll manage that. I can't answer anything beyond that.

AL: OK.

TG: This plan, as I understand it, is sort of a first step, and this thing is going to evolve over the years as experience helps us figure out how to best handle the situation.

PP: That's correct. Actually...

TG: Tie into recycling and all that sort of stuff, and maybe this will result in a reduction in the amount of solid waste we dispose and more stuff recycled and that kind of stuff.

PP: Yes. It should do two things over the long haul as we move from this sort of container-based flat fee system to eventually a pay-as-you-throw system which is what is recommended by the Department of Environmental Protection. It should have two benefits over the long haul which is to reduce the amount of solid *waste* which reduces the amount of fees that the city pays to dispose of it and, secondarily, increase the amount of recyclable material which the city receives a credit for, so it really should be a "two-fer"...over time.

TG: Just one minor point which is this is a 95[sic] gallon container you're talking about. I would assume that a great many families just get by with one container..

PP: I would defer a specific answer to Mr. Chwalek [head of the DPW], but I believe that is the case.

AL: Any other questions?

JT: Just one last thing, again, beyond freezing the rate of \$90. for a set period of time, I'm wondering whether this can also be something that's...I mean the purpose for doing this is basically to close the deficit gap I guess. And I know that David Panagore, for example, and the control board have been doing a fantastic job in terms of closing that gap and bringing additional revenue. There's some major plans in the works in terms of economic development within the city of Springfield. The Urban Land Institute is coming in tomorrow actually for a visit, and so I see great things for the city of Springfield in the

future. I see increased economic growth, and so I take it that this is a temporary measure until we get our financial ship in order. And so I wonder if this can be tried first for a set number of years and for...

PP: I'll defer to the chairman.

AL: You can rescind it at any time. I assume that at some point in time, you know, we'll be out of town and things will be back to normal when the governing body at that time, if they think it's financially viable could get rid of it. I mean, it's up to the people who are the elected officials at that point in time to do something if they want so, you know, my view is "Nothing is cast in stone forever." If people want that result, go for it, and that's what they'll have. Any other questions? Jake?

Jake Jacobson: Phil, why are the federal, state and county, why are they exempted from this fee?

PP: I thank you, Mr. Jacobson,. We asked the question. I think it allows us to pick up their trash should we find it lying around, but we have no *intention* of, for example, picking up the trash at the federal court building without reimbursement. And, in fact, I believe we do not do that today. It really provides us the....

AL: Do we have the legal right to do...to put a fee on the federal government?

PP: I don't know. I don't believe that we do.

JJ: Didn't we just say two different things: we don't have a right, but we're under no obligation to pick up their trash if they don't pay us for it? What's the answer?

PP: I'm going to defer this to Mr. Graczykowski who helped do the research on this. If you can answer Mr. Jacobson's specific question on the federal thing.

Peter Graczykowski: Yes. Even though their exempt under the model that we have right now, we have no obligation under the proposed executive order, we have the right to refuse any additional pick-ups that would we do not have right now. So if we choose not to accept that pick up, we don't have to do it as a city. It's...

PP: If someone was to request that we pick up the trash, we have the right to charge them a fee, and we have the right to say no.

PG: That's right

JJ: Why don't we just say what we mean?

PP: Good point. We can amend the order to reflect that.

AL: Tell us what you want us to vote on technically.

PP: I would like the board to approve a fee of \$90. with further regulations including a discount for seniors to be...

CVR: Seniors and the other people in that exempted....

PP: ...for regulations to be reported back to the board and the executive director on August 11.

AL: But with the 25%...

PP: With the 25% discount for sure for seniors with other recommendations to follow consistent with this discussion.

****MOTION PASSES UNANIMOUSLY**

Revolving Loan Funds

PP: As part of the budget process as well, there is a housekeeping matter that's called "Revolving Loan Funds"--and I'm just pulling my notes out if you'll bear with me—

AL: This is 06-27-05.

PP: That's correct...that we need to approve. they are small funds. They involve the Barney Carriage House and three other items—handicap parking, Mattoon Street parking, and blight removal. And I just ask that you approve this order as written.

****MOTION APPROVED UNANIMOUSLY.**

AL: We only have about 15 more things to do here.

Fiscal 07 Budget

PP: We're making progress, sir. And I just want to find my next presentation here which is on the budget. And as I'm doing that, let me just make a couple of comments before we get started. What we're proposing to you today is the second annual budget, complete budget, that the control board has had an oversight for.

I'm happy to report that this what I consider to be an unusual and strong and productive partnership between the control board and the Mayor of Springfield and the city hall has produced a balanced budget for Fiscal 07. I'm going to take a few moments to report to you some of the highlights and explanation of revenues and expenditures and what I think the challenges are for this fiscal year and next.

The basic premise of the budget is focused really on three things, and it's a, really a mantra that the board has really taken under since it got here which is "Safe streets,

good schools and rising property values.” And, as you’ll see, even in a time when Springfield is facing significant challenges, this budget increases by approximately 7 ½% to 8%, about \$33million. But that increase has been put really in the places that the city needs for recovery. There’s \$8million in employee salaries built in this budget that are consistent with the offers that we’ve made to all the large unions as well as the ones that we’ve settled. We’ve talked about increases in technology, in the police department, in school buildings and the like. So, without further ado, I’ll move forward.

If you’ll recall, just as background, when the board came here in the beginning of Fiscal 05, the actual budget deficit was about \$41million and decreased to \$21 at the end of that fiscal year. We projected a deficit for Fiscal 06 at \$6.5million. We expect it to come in something less than that. And I’ll report to the board at our next meeting when we finalize the numbers, but it should be \$5million or less. And for 2007, we’re projecting a balanced budget.

As you can see [on the screen], as I mentioned earlier, there is an increase from 2006 from about \$453million to \$486.5million. We have improved significantly level of service in a variety of places in government, and we continue to get a better handle on how we manage city operations. As I mentioned earlier, our significant increases are in public safety, the deferred maintenance in schools, and quality of life issues.

Here are some highlights from the past year. The city has separated itself on an employee basis from the Water and Sewer Commission. There were approximately, I think, 60 to 70 employees that, while they were city employees, were primarily engaged in water and sewer activities. We have formalized our agreement with the Water and Sewer Commission, and those folks are now rightly part of the Water and Sewer Commission.

We have moved the Hampden County Education and Training Consortium to the REB, the Regional Employment Board. Not only is it a savings for the city, it really will produce a higher level of service for the region in general to provide the kind of training for jobs that Springfield and the region has to offer.

We’ve gone through line item after line item, used the existing data base, and really made an effort to get rid of redundancies throughout the budget. There are places where there was unspent dollars in 06 or 05 that were carried over, that people had requested amounts in their budget, small—maybe \$10,000, maybe \$20,000—but we have eliminated that and it added up over time, over the course of the whole budget.

We have managed our health costs significantly, and our increases are less than the market. We have improved significantly our ability to manage workers compensation, and we have hired a private vendor to help us do that, and it’s bearing fruit already.

And we have identified a series of one-time funds which will help us, not only balance the 06 budget, but take some aggressive steps for 07 that we had not planned on.

Let me give you some specific examples where we have put significant resources in the budget.

Facilities We have increased overall \$8million maintenance to the facilities of the city, primarily in schools.

Police Our police budget has increased \$4.3million since 06, primarily obviously in salaries, where the commissioner asked for a significant increase in overtime to help him do this deployment strategy that he talked about. Obviously, we thought that was money well-spent, and there, as we talked about earlier, \$2million was set aside for cruisers.

Fire The fire department sees an increase of \$1.8million including what we hope to hire 10 new firefighters over the fiscal year which would put another company in service.

Technology There's a significant increase in technology *throughout* the city. In fact, I don't think this slide [on the screen] gives us the complete increase, because we intend to expend \$2million for a modern financial system that will improve the management of the city budget in real time. We won't have to wait a month or six weeks to do...get a report for what we spent the month before.

Benefits We've managed, as I mentioned to you, benefits very, very well, I believe.

Education And we've all talked about the increase in school books for next year.

I would be careful to point out that I mentioned there is an *increase in salaries* built into this budget for the 16 unions that we've already settled with, 1/3 of the work force, plus the existing offers that are on the table for police, firefighters and teachers. It's built into this budget.

Here's [on the screen] an analysis of the revenue both from local and state. While I'm happy to say that this budget is being presented to you balanced, I have...point to the box in the right-hand side of the slide which shows that the reason we can not only balance the budget but make these significant investments in police, schools, and the like is we managed to get a lucky break on some occasions. (And, as Ben Hogan said, "The harder I practice, the luckier I get.") And that has borne fruit in our ability to manage the 06 budget, so we have some one-time revenue to help us do these things that we'd like to do.

And then you'll see *new* revenue: a public service agreement which comes down later in the agenda which we will talk about in more detail and this trash fee. Again, the trash fee doesn't represent the full year; it represents nine months.

Here is another slide of the revenue broken out under the real and personal property taxes. As you can see, we're still using the board's recommendation to *not* budget the entire tax levy. We're making dramatic strides in collecting it, but it's still prudent for us to not count every dollar in that...that we have available, so that we really can budget conservatively. And, right now, we're at 97½%.

AL: That's actual.

PP: No, that's what we're proposing for the 07 budget. I think we're slightly under 97½% for 06.

AL: OK, that's a long way from the 93%.

PP: That's a long way from where we were at 92 or 93%. And, again, some of this is systems related and we continue to make those improvements over time.

AL: OK.

PP: I wanted to give you just sort of a pie chart on where the money goes. Obviously, the lion's share of the budget in this city and in any city or in any town is really...goes to education which represents 56%. I've broken out this slide another way by classification, and you'll see personal services, fringe benefits, and the like, and that makes up your \$486million. Like any city and town, the lion's share of our budget goes to health insurance and wages which is why we have, we continually say we have to manage our growth in wages consistent with our ability to raise revenue or in the amount of money we receive, new money we receive in state funds. And we must be aggressive in managing health insurance.

What are the risks? I mentioned to you the one-time revenue. That clearly is a risk. The city unfortunately is paying for the sins of the past in deferred maintenance, lack of investment in systems, lack of training in personnel, and a whole series of other things that you should have just done in managing the business properly. We're improving that over time. We're trying to invest where we can, and I believe it will pay dividends not only to the quality of life, but as we...how we manage the operating budget by making these investments.

Cruisers and things like that should *not* be built into the operating budget, and I'm telling you up front, because this is a one-time expense, we *have* to do a better job of *budgeting those things in the operating budget year in and year out* whether it's textbooks, whether it's new software, whether it's police cruisers. And those...

CVR: This is a catch-up exercise.

PP: This is a catch-up exercise, but more often than not, when cities are facing tough times, this is the stuff that comes off the table and then.... It comes off the table and then

you pay twice as much when you have to catch up, and that's what the city of Springfield is doing today.

We need to be very vigilant in managing this budget so that it *does not grow*, and it's why we have made the recommendation, for example, to do the trash fee in this fiscal year among many other things. As you'll see later on in the presentation, this is catch-up...there's catch-up that we have in the operating budget, and then there's *a lot of* catch-up we have in the capital budget which I'll give you more detail in a few moments.

It's very important, and the most important thing that I think the board should focus on over the next couple of months is trying to finalize our labor contracts with the police, the firefighters and the teachers. Doing so will provide stability for the city's finances, provide some stability for the city workers, and allow us to move forward in a positive way.

We have attempted in the budget to include a series of measures of performance and outcomes. We need to do a more improved job of it. One of the challenges we face is in tying the actual costs of services to specific outcomes. We hope that will improve greatly with implementing the financial management system, but we have *certainly* made steps not only from last year, but, certainly, the year before. We have to continue to keep the hammer down on change, and we need to do a better job of leveraging sources other than the city's revenue. Sir, that is the end of my presentation, and I would await your questions.

AL: Let me just make a comment and then open it up to questions. I want to make it clear to everybody on the board and the people in the audience that one, I think this is great strides. I mean I don't think anybody would have guessed two years into this that we could have a balanced budget. But, to me, our charge is to try to not just balance the budget for one, but to have the budget in a process in place that will provide for the long-term stability for the city and viability for the city, so it's not like one year "Hooray, let's get out of town." Two, under the terms of our legislation, and I've been beaten over the head many times on this at the statehouse, is there's a loan that's outstanding that is owed to the state that probably will be what, about \$30million at the end of this fiscal year?

PP: Approximately \$30million.

AL: And there are certain people in the statehouse that are waiting to get repaid on that loan, so as we look at the overall long-term budgeting, we have to keep that in mind that, unless something changes, they expect in the statehouse to be repaid. So, to me, this budget is great, but it really depends on three things happening: 1) you mentioned the labor contracts having a successful conclusion that's something the city can afford on a long-term basis; 2) the trash fee that you mentioned; and 3) there's a legislative package that has been submitted by the governor that would help one, reduce costs and two, allow for some more—quicker—economic development, etc. If all those things come together, then I think the city has a real fighting chance to say it's been successful and there is light at the end of the tunnel.

If all those things don't come together, then we're going to have to...we won't get this budget balanced, and we won't have long-term viability. So we can't just look at this in isolation, we've got to look at this in a longer term framework. Is that right?

PP: It's absolutely correct, sir. While we...the city has to control health costs, like you said, it has to manage the labor costs and it has to have a strong economic development program.

As you said, this board's charge is not simply to balance the books, it's to grow this...to have this city recover *fully*. One of the recommendations that the board made that might not have been on my presentation, but is certainly in the budget book, is a strong economic development effort and to put the resources and the management staff so that economic development is not a part-time job, it's a full-time job where we aggressively try to promote Springfield and create jobs. So it's not just about cutting, it's about growing the top line revenue. What you didn't see in this presentation on the PowerPoint is the significant investment that the board approved in personnel, training, and investment in economic development managed by David Panagore. And I expect, like the PFG deal that this board approved or will approve later today, we'll continue to do things like that in the future.

AL: Questions?

CVR: I wrote a letter to Speaker DiMasi and President Travaglini yesterday as well as every member of the greater Springfield delegation doing a couple of things. First of all, acknowledging the fact that simply two years ago, the primary vehicle that the state legislature presented as the way out of the Springfield city government was the control board with no cash, but with access to a loan fund. So somehow a control board which two years ago didn't exist in the identity of these gentlemen was totally unknown to everybody until some time in early August was kind of on its own to work its way through an incredibly difficult situation.

I think your presentation today, Phil, is, you know, just graphic in its testimony that an awful lot of good work has gone into this, and the results are wonderful, and, as the chairman has said, we've still got a long ways to go. This is still very fragile, and those of us who are closest to it know really how fragile it is.

But I also in that letter congratulated them for what they *did* two years ago, because there's been a lot of people who said "That shouldn't have happened," "We should have relied on local government." They forget that it was local government that, that came to the point where we were hopelessly insolvent. And I also in that letter asked that the legislature continue its support to us from the leadership on down and especially the local delegation and to support the *eight* initiatives that have been presented to it a week or so ago by the governor. They cover a wide gamut; I think every one of them stands on its own two feet as intelligent. But I think we've been able to craft a unique partnership here between the city government and the control board which has served the people of Springfield well. And I anticipate it will continue.

PP: Thank you, sir.

TG: I read the Mayor's letter and your letter that precedes the budget...

PP: Did you really read it?

TG: I did. And I noted the Mayor said that he thinks we have achieved "a foothold" on financial stability, and we all agree that we're not there yet. The contracts have knocked it out. One of the things that alarmed me a little bit in terms of a rosy future—maybe I'm over-reacting—is the \$9million or so in one-time funds you said are included in this budget to make, to maintain the balance that we have. And I wonder if you I also apprec...capital funds which I guess you're going to talk about?

PP: Yes, sir.

TG: OK. In terms of this budget, in your preparation of the budget, I wonder if you have drawn any views as to what Springfield needs to do in order to attain financial stability. And is this \$9million one-time thing a problem, and how are we heading on that and how about the capital side of things?

PP: In a perfect world, we wouldn't have had to use one-time revenues to make investments that should nor- that should, that would have routinely been made throughout city government over time, but when that...oftentimes, I think one of the things that the Mayor and I on a daily basis struggle with is trying to manage costs while at the same time *improve* the city. And I think that the equation we often come down to is: If we have some resources available that will pay long-term dividends, let's use the money. And this \$9million falls into that category.

To address, I think, the broader sense of your question, is: Does this \$9million prevent us from balancing an 08 budget or an 09 budget? Clearly, the risk is there. We assume that we're going to continue to be efficient, and we're going to continue to make savings in a variety of ways and that we'll be able to manage these labor contracts, and--hopefully and, I think, critically—and I think the public needs to understand this and the legislative delegation needs to understand this--that we need to move into the group insurance commission to continue to maintain our health insurance costs which represent the fastest growing portion of our budget.

If we can do all those things, I'm guardedly optimistic, but part of what we need to do is improve enough of this (sic) facilities so that we don't spend operating dollars *unwisely*. We have spent a tremendous amount of money just maintaining basic services in the schools from a custodial standpoint, because they had been neglected. If we do enough of not only of this type of one-time investment, but a capital program, hopefully we will manage our operating costs on the go-forward. I don't know if that answers your question completely, but we've made progress. I'm guardedly optimistic *if we can do all the things that we talk about*.

TG: We'll talk about the capital.

PP: Yes, we will talk about the capital plan in a moment, yes.

CVR: I would quantify it a little differently, if for the same point. And that is to have a balanced budget in 08, if you're going to have the difficulties that Mr. Puccia talked about, but it's an awful lot easier than if anybody sat here two years ago and thought we'd have a balanced budget in 07. So I mean, all of these jobs are hard, but that one is a little bit easier than the one we've just come through.

AL: Any other questions on the budget? Jake?

JJ: I have been so buried in the numbers of the budget, that I actually haven't had an opportunity to review in any detail the objectives and measures portion of the budget. And so I have the question "Is it possible that we can do what we need to do in authorizing the expenditures that we've all reviewed in detail and are comfortable with, but could we have, to the extent it's necessary, a second go-around on the objectives and measurement portion of the budget at our next meeting?"

AL: I think that's fine.

CVR: Yeah, I think we can pass this budget...

PP: It's the appropriation we're concerned with.

CVR: Yeah.

AL: OK so now what do we have to do? Any other questions? So we can do...is this... what do we have to do approve?

PP: Approve...

JJ: 6-27-06A, right?

AL: OK

PP: I'm sorry, I lost my place, but it should be item 627-6

AL: OK

PP: And that's to approve it as amended by member Jacobson really is the item.

****MOTION PASSES UNANIMOUSLY.**

PP: And if I might just ask the board's indulgence just for a moment, I would like to acknowledge the finance staff: Mary Tzambazakis, the CFO, Eve Eichwald, the budget director, Pat Burns, the deputy auditor, and the other folks who worked for about three months on week-ends, evenings and the like for the work that they've done. And while I sit here making this presentation, this is their work product, and I'd like you to just say thank you and give them a round of applause.

[Applause]

AL: I bet they never thought they'd have so much fun.

PP: Thank you, Mr. Chairman, and I'll try to move through this

AL: It's getting late and we have...

PP: Yes, we have a free cash amount that we're asking the board to move into what is called the "City Stabilization Fund" which can only be used for capital—this is different, sir, than the free cash approved by the D[e]partment of R[evenue].

JJ: You need to also vote 062706B which is the second budget appropriations order?

AL: I don't, I don't know...first of all, where is it?

PP: Yes, sir.

AL: This is, this is to....this is...

PP: It should be the Parking Enterprise Fund which is *part* of the 07 budget.

****MOTION APPROVED UNANIMOUSLY.**

Transfer of Free Cash

PP: Item 7, Transfer of Free Cash restricted to capital purposes only and pursuant to Massachusetts General Laws Chapter 40 Section 5. I'd ask you to move that money from free cash into this stabilization fund.

****MOTION PASSES UNANIMOUSLY.**

Capital Plan

PP: I'll continue to move through the agenda which is a discussion of the capital plan. Why don't we just get this thing up here?

Our job to manage the operating budget isn't our only job. Our manage to...our job to improve the capital budget, improve the quality of life, make investments, roads,

bridges, and schools is another part of our job. In doing so, for the first time in a number of years, we actually put together folks who are responsible for managing the city day-to-day, and asked them to tell us what their capital needs and concerns were. And you can see [on the screen] who was involved in making this series of recommendations to you. It represents, kind of, how you're supposed to manage [shrugs]. And these are the principal areas that they looked at: community and economic development, public works, municipal parks, school facilities and a few discretionary items.

Capital needs run the gamut from sidewalks to parks to schools to the libraries and the like. Excluded from this program, as we've talked about out, of the sort of operating items that should be appropriately placed in the operating budget, like cruisers and the like. They're not part of this budget.

I'm going to give you just a brief run-down of the broad categories and the, sort of, what I might call "signature projects" in them. It doesn't represent all of them, because there are about 400 projects in this capital plan, OK? But these are items for economic development where the city needs to make some investments if we ever hope to have these projects developed. Otherwise, they're all upside down. This is the public works highlights for roads, sidewalks, traffic signals, land [sic] closure and the like. As you can see, there's a combination of both city sources and grant sources to help us do all of these projects, and I'll have a summary sheet in a moment.

This is a listing of our efforts in the school department, specific investments in elementary, middle and high school, and then specific new schools that have been approved by the School Building Authority and the exam school which the city wishes to undertake on its own. Sir.

JJ: What's the \$27million grant for middle schools?

PP: I'm going to defer to Mary's....

CFO Mary Tzambazakis: That's a variety of funding sources that culminate in a total of \$27million that make up all the different project that...school projects

CVR: Does it pick up Forest Park?

MT: ...detail. It includes Forest Park, yes.

JJ: It's a school.

PP: Is Forest Park a new school or a rehabilitation?

JJ: We have the superintendent. Superintendent, what's going on there?

Superintendent Joseph Burke: The plan...the plan for Forest Park is to demolish the existing building and build a new building on that site. That's the current plan. It's in the...

PP: It should have been listed.

JB: ...state approved funding plan.

JJ: So then we're really talking about...to be clear, we've got then the Balliet Elementary, the Forest Park Middle School, the Putnam High School, and the exam high school as four, four new schools that we're talking about. Is that right?

MT: I think, Mr. Jacobson, there is some clarity that has to be worked out on the Forest Park issue, because the public facilities manager...

Patrick Sullivan of Dept. of Public Buildings, Parks and Recreation: We're going to be having a phone call with Katherine Craven on July 7 to discuss these projects.

JJ: OK.

PP: We should have listed it out specifically.

JJ: OK.

PP: But I believe the aggregate dollar amount is accurate.

JJ: I trust you.

PP: I hope.

Municipal facilities, we've talked about the need as part of the Buracker Report for a new fire station. We do need to build a public safety dispatch center. And here are the other items. These are...you know, the city has a huge asset in its park base, and they need to be maintained and improved, and there are investments here as well. And here is a summary of \$337million. I don't pretend to know the answer how to fund the whole \$337million.

What I'm asking for your approval today, though, is to authorize the CFO and myself to conduct a financing, capital bond financing, of approximately \$50million. We are in the process of interviewing financial advisory firms to help us put that together. We believe that we have the capacity of \$3million in annual debt payments, and, in addition as you know, as part of the legislation, we are seeking the state's approval of the state qualified bond act to get the lowest possible interest rate that we can get. But I wanted you to get a sense of if we get this \$50million, and I believe, that we will, this is where the money will go.

What I have not shown you today is the specific spending plan in the first couple of years of that \$50million.

AL: Any questions? This is 06-27-08?

PP: Yes, and what I'm specifically asking you for is to allow me and the CFO to enter into....bond financing to you.

JJ: I'd just make the comment that sometimes you have to be careful what questions you ask because you get the answers, and they're really ugly.

[laughter]

****MOTION PASSES UNANIMOUSLY.**

Bay State Medical Center Payment in Lieu of Taxes

PP: This is a discussion of the Baystate Community Services Agreement. As you know, the board has talked about its relationship with 501c3s for a number of months. We're happy to...I'd like to acknowledge Steve Bradley from Baystate Medical here in the audience. The control board has entered into very productive discussions with Baystate Medical really, I think, at *their* suggestion, knowing that they're part of the city of Springfield's future as well, and that we all have to kind of pull together. We've had a very fruitful discussion which has culminated in this draft agreement which David would like to share with you, and I'll let him do so.

Economic Development Director David Panagore: Thank you. Good morning, Mr. Chairman, board members. This is a community service agreement but with the city through to the control board with Baystate for \$500,000 starting in Fiscal Year 2007, running for four more years after that which would be increased to 2.5% per year. The payments would happen in two payments over the course of the year, and they would, of course, have to relate to Baystate's mission which is public health and health related. As well, Baystate would be obligated to do its normal filings with the state Department of Revenue regarding its tax status and, if there were any changes in the state law regarding their tax status, they would be deducted from the payments. And it recognizes our cooperative relationship, and, as well, Baystate is expected to continue to thrive and grow in the city.

CVR: Mr. Chairman, I'd like to say how pleased I am with this initiative by Baystate Medical...just so key to this city and it's future, and to have them come forward in this way, I think, an awareness on their part of the condition of the city and what an integral part this it's future the Baystate Health Center is. They're great people, they're our largest employer; some 9000 men and women have jobs there, and this is to me a tremendously responsible act of corporate citizenship. I hope Mr. Bradley conveys these sentiments to Mr. Tolosky and your other associates.

AL: To me, I view this as a great vote of confidence in the city and really appreciate that Baystate Medical stepped forward and did this voluntarily. This is fantastic.

TG: Is this money included in the revenue stream?

PP: Yes it is. I've included it assuming that the board would approve this, and I've included it in the revenue budget.

DP: The request is to delegate to the executive director to negotiate and enter into a community service agreement substantially similar to the document attached hereto.

****MOTION APPROVED UNANIMOUSLY.**

Purchase of Our Lady of Hope Convent

PP: As we move forward here...at the last board meeting, the board authorized me to secure the purchase of Our Lady of Hope convent. That has been completed and we're asking for your authorization to make the purchase. Is Ms. Breck here? It's pretty self-explanatory, the item itself. I think in the neighborhood of \$800,000 and...

Assistant City Solicitor Kathy Breck: ...\$50,000.

PP:which is consistent with the recommendation that we made at the last meeting.

KB: Good morning. The order before the board this morning is to authorize and appropriate funds for the purchase of the Our Lady of Hope convent which is located on Nye Street in Springfield. The purchase price is supported by two appraisals that have been conducted, one by the seller and one by the city, by expert appraisers in their field, and the property description should be attached. We received it just within the past day or so, and then also there's a draft deed attached. It's very similar to the order that was approved last August for the purchase of the St. Matthew's School from the diocese. And it would be used for school purposes. It would be transferred to the custody and control of the school department to be used for school purposes.

CVR: Do we have any further information as to the expected costs of renovations, Dr. Burke?

JB: If Patrick [Sullivan]'s here, I think he has the specific estimates on this.

PS: Those estimates are consistent to our original proposal of roughly \$3.5million.

****MOTION PASSES UNANIMOUSLY**

AL: I have two different pieces of paper here to sign. One is...

PP: I think one is the approval of the purchase, and the other is...

AL: ...the appropriation?

PP: ...is the transfer of the custody to the school department. Do we need to, Mr. Clerk, have a separate vote, and authorize...

AL: OK.

****MOTION PASSES UNANIMOUSLY.**

AL: We're on our way, I guess.

Energy Services Contract

PP: We're making rapid progress. I would like to make a presentation on the energy services contract. Can I have Ms. [Kathleen] Stanley? Patrick [Sullivan], do you want to come up here, please? They will run through this for you. As you know, one of our biggest challenges in the 06 budget was managing energy costs, and we have managed to do that successfully; we have a plan for the future and to improve the capital stock of energy management as well. You're on.

PS: So what we're going to be doing is just giving you an update of where we're at with our E[nergy] S[ervice] C[ompany] contract and give you an update on where we were with electricity, and you were part of that process last Friday. So we'll start with ESCO.

Kathleen Stanley: Thank you. Mr. Chairman, Mr. Mayor, members of the board. Thank you for speaking with us today. I just want to update you with our efforts on our energy performance contract.

We're going to talk about two major areas here, and engineering scope and project cost and financing. We've just completed an energy audit on 86 buildings consisting of public buildings and schools which represents over 5,600,000 sq. feet of space. We have identified energy conservation measures that include lighting, boiler replacement, energy management systems, all of these different features. Our engineering scope includes the construction time frame that will take over the next three years in three phases of work.

We've completed an investment-grade audit. Our next steps are to review all of the energy conservation measures and determine which of those options we're going to choose for Phase One. The scope represents an annual energy cost savings of approximately \$1.2million for the first phase only, and an estimated project energy cost savings of \$2.5million annually. The project...

AL: Do we have an investment of \$2.5million?

KS: Energy *savings* of \$2.5million.

AL: Oh, OK, savings.

TG: Investment hasn't come up yet.

KS: That's coming up.

CVR: Savings.

PP: Please inform the board on how we get that savings.

KS: Yes. That savings comes from reduction in kilowatt hours used for electricity and in terms of natural gas used to run our equipment in these public buildings.

AL: OK.

JJ: What unintelligible] is the price in natural gas?

KS: [aside to PS] Do you have those prices with you?

PS: We are currently negotiating the price for natural gas going forward, and we just negotiated for electricity at \$.1096/kilowatt hour.

KS: We've completed a procurement for electricity that goes through from July 06 through July 08. That was completed within the last month, and that price was \$.1096 of generation cost. We add our utility cost to that to get our total cost which represents quite a reduction over what we've been paying to the utility, and it also gives us some budget certainty.

Our natural gas price is fixed through 08, but we continue to watch these market. It's very important in our energy procurement strategy to always be buying on the down curve of these, of these markets, and just requires a diligent eye, but that will continue.

PS: And on oil, we've...

CVR: Have you locked in on natural gas now?

KS: Yes, we are, but we continue to watch that market, because we don't want to miss an opportunity to even buy further out.

CVR: So you're locked in if a better price comes along, you can go to it, is that what you're saying?

KS: No. What I'm saying is if we see a market drop-off in 09, we don't have to...

AL: You can lock in for 09.

KS: That's correct. We don't have to *wait* until 09, we can take advantage of it.

AL: Well, what if...

PS: We are watching the market now. We have not locked in on our oil yet.

AL: Can I ask you a question, just an aside? Give me a very brief answer. Why did this have to get done, the electricity in like three hours or something or other? We had to stand by to lock in, you know, be available.

KS: I apologize for the inconvenience.

AL: No, no. That's all right. I just wanted to know what was the reason you have like you have to give instantaneous...

KS: The energy supplier is able to price his supply to his city at noon. If we are not able to secure a contract by 4:00 that day, we lose that price. That is very standard in that...

AL: I just wanted to understand why I had to be standing by the fax machine.

KS: The supplier takes the risk essentially.

AL: Thanks.

KS: Back to the energy performance contract. We expect the project cost for all three phases to cost \$35million. We have been able to secure for the first phase of financing, a reduction in that capital due to qualified zone academy bonds up to \$2million for this year and utility rebates of over \$500,000. It's important that you understand that these two different types of "grants" (if you would) or monies from the state and the federal government become available every year, and the sooner we jump on the bandwagon at the beginning of the year, the more of that money we can secure. We are very comfortable with this particular estimate for this year.

CVR: My understanding is that this \$35million is for capital improvements that go above and beyond the proposed \$50million program Mr. Puccia was talking about.

KS: That's correct.

CVR: Is that right, Phil? \$35million in energy cost *improvements*.

PP: Yes.

CVR: \$50million

PS: We're going to be working with...over the next month, we're going to be working with Mary and the finance team to incorporate these projects in the overall cap

AL: But it is separate right now.

JJ: That just leaves us \$93million short, Charlie.

[laughter]

AL: Under a hundred. We're surrounding the beast. OK

CVR: We're surrounding the beast is right.

KS: That gives us a revised project cost of \$32.5million which is what we need to deal with in our financing of this project. (I apologize for the busy-ness of this slide; there was not a good way to do this.) The best way for us to finance this project is to do a tax-exempt municipal lease with the state's backing which would allow us to secure a interest rate of about 5%.

AL: OK.

KS: If we are unable to secure that, we will need to pay approximately 8% in financing costs. In addition, that 8% represents some significant administrative costs because of the vehicles we would need to use.

With the state's backing, that would give us an additional available funds of \$7million in the first phase which we can spend on equipment. In addition, there's...the tax reduction act allows us to use credits that, while they wouldn't be pertinent for the state to use, would be passed on to a lender and would allow us to draw up that 5% to 4.5% or potentially lower (those markets are falling) which would represent an additional \$7million in equipment. So the total estimated savings with the state backing of this would be more than \$14million which, over the life of the contract which will be structured for a 20 year term, would allow us to spend an additional \$7million in the entire project for more equipment.

The way a performance contract is structured, the energy savings that you realize on an annual basis pays the lease payment of the vehicle, and those annual savings are guaranteed by the ESCO which in this case is the Siemens Building Technology so there is an additional guarantee that you realize those savings and if you don't, then the ESCO will cut a check to the city for the difference.

AL: OK. Now just so I understand it, getting this guarantee backing of the state...how do we do that? Is that part of the legislation or is that just something different that we have to...?

KS: I think that's something...my expertise is definitely in energy and how to manage, how to structure these projects, but I think that's something that's...that we're asking for help from the board and from Phil.

AL: OK. All right.

KS: That's basically all I had to tell you on that today. I'd be happy to answer any questions you have.

PS: Why don't we just give a quick overview of the on the electrical. It's great news in that we've got this \$.1096 per kilowatt hour. We were paying anywhere between \$.17 to \$.20 a kilowatt hour with Western Mass. Electric last winter and with the tariff we will still pay Western Mass, you're looking at about \$.14 a kilowatt hour, so there's a great savings that we're seeing of a minimum of \$2million over this next fiscal year in electrical savings to the city.

KS: The last time I think I was in front of you we were talking about how we had issued...we'd started this process of this electric procurement, and I believe it was September, and we had a little visit from Katrina which was the reason that we couldn't proceed at that time. That situation caused a great volatility in the energy markets, and as soon as we saw a return to stability in those markets and an opportunity in a *falling* market (which is very important) to secure a long-term price for electricity, we did so.

AL: OK. Any questions? OK. I guess, Phil, we're asking for an executive order 06-27-11 Authorizing the Award of Energy Performance Contracts, is that correct?

PP: And taking the audit findings and you'll allow me to find a way to get to the state's backing so that we can do the kind of financing at 4 1/2% as opposed to 7%.

AL: Hopefully, they would realize the wisdom of that.

PP: Yes. I can't guarantee it until they give it to us.

AL: OK.

TG: Are we going to approve this regardless of whether that financing is obtained or accepted to it or what?

PP: Yes.

TG: Whatever financing we can get.

PP: Yes, but I'm confident we're I can't guarantee to you...but we would recommend entering into this relationship regardless...

TG: Regardless.

AL: It makes sense economically even without it.. It's a real win if we get the state to back us.

PP: That's correct.

KS: There's some significant improvements to these schools that are going to make a very big difference in your energy budget with or without the financing. It just comes down to the fact that we'd be able to make a lot *more* improvements with the state backing.

AL: OK.

****MOTION PASSES UNANIMOUSLY.**

Roadway Construction

PP: The next item is very brief. It just allows the Mayor to accept Chapter 90 funds for roadway construction. It's...I have to ask your permission, because it's in excess of the \$500,000. It's money the...that the city has coming to it, but just has to allow the Mayor to accept the funds.

****MOTION PASSES UNANIMOUSLY.**

Urban Pioneer Municipal Tax Repayment Agreement Ordinance

PP: Mr. Panagore?

AL: All right, give us the Cliff Note version.

PP: The Cliff Note version.

DP: You have...Good morning...you have before you the Urban Pioneer Municipal Tax Repayment Agreement Ordinance which you've seen on prior occasions. When last before the board, I presented to the board based upon staff work the areas of the city that we would start with and focused on to incentivize the residential redevelopment of tax title properties that are over-leveraged, meaning that they owed too much taxes in relation to the value. The ordinance *now* before you has incorporated these districts *into* the ordinance. It again would be a...

AL: Which number?

DP: It's item number 13. It looks just like an ordinance.

AL: OK. I'll...

DP: It does not have a board order. It would provide for a...if you buy the property, 50% of the taxes would be...the interest on the taxes would be waived if you remain in residence for five years. You would have 12 months to repair it if it needs a C[ertificate] of O[ccupancy] and, additionally, if a developer brought this...bought a property, they would have 18 months from the date of the agreement to flip it to a person who would actually stay. Any further questions this morning?

AL: Do we need a vote?

DP: Yes, this would be an ordinance, and, Wayman, I think you need to treat this as a city ordinance under Section 14 20? First reading.

City Clerk Wayman Lee: But you don't need...first vote today and come back, you know, we have to advertise...wants to come back in August...final steps.

****MOTION PASSES UNANIMOUSLY.**

Tax Increment Financing Policy

DP: Next item you have before you is 6-27-07-14. This is a request to approve an executive order adopting a tax increment financing policy. The next item on the agenda will be approval of the T[ax] I[ncrement] F[inancing] agreement for the P[erformance] F[ood] G[roup] deal, but in terms of our ability to go forward into the market and have the direction of the board for potential developers, a TIF policy, which we've prepared in conformance with state law and the new requirements of the Inspector General's office, this will be able to allow us to go out, have conversations, know the direction of the board. This is the item that I provided for reading last month. I can go through it if you so choose.

AL: Anybody have any further questions?

****MOTION PASSES UNANIMOUSLY.**

TIF Agreement for the Springfield Foodservice Economic Opportunity Area

DP: The next item is 6-27-15, and I ask that Sean Calnan from Mass Development come forward and join us here. This is Performance Food Group project at the Memorial Industrial Park 2. I just want to update the board that in the past week we received \$1million dollars for, from the federal government for an E[conomic] D[evelopment] A[rea] grant which will help support our infrastructure improvements inside the site. This is the final tooth in terms of our financing of the project, and really now, allows us to go market the site in earnest, because we can actually go tell potential developers that we can, that we are going to build the road, we have the funding to build the infrastructure to the back of the site. I also mention that the project has gone hard, that \$100,000 which was the deposit on the project was wired and received last Friday, and so that's happened and in the last piece is we are proceeding apace on the review of the

design documents. We've gone through the first phase which is what I would call about a 35% design. They went through by a coordinated review by all city departments including water and sewer.

What you have before you follows from that which is the TIF agreement which is part of the L[and] D[isposition] A[greement], and, as you will recall, this is a project to retain the 270 jobs currently in Springfield, adding another 232 jobs with \$30million worth of capital construction costs on the site, and, as you may recall, the TIF is tied to their performance on the job numbers.

Sean Calnan from Mass Development, our project manager on this project Mass Development, is here to walk the board through the technical aspects of the approval of a TIF agreement.

Sean Calnan: The city was offering a twenty-year tax increment financing deal to PFG as part of the negotiations. Ten years ago, the city designated a certain area of the city as the East Springfield Memorial Industrial Park Economic Opportunity Area, allowing them to offer tax increment financing to prospective projects therein. The problem is that economic opportunity areas only have a viable life of 20 years, and the clock on those areas starts to tick with the certification of the first project therein.

Big Y was certified for their headquarters in Memorial 1 approximately 11 years ago now, so technically on that East Springfield E[conomic] O[ppportunity]A[rea] where the PFG project will be located, there's only nine years left, so we have a problem that the company and the city have negotiated. The 20 year deal, nine years left on the EOA; there are a couple of procedural steps that need to be taken to correct this. The EOA was too big.

What we're recommending that you approve this afternoon is to dissolve the larger East Springfield Memorial Industrial Park EOA that was done approximately 11 years ago. You leave the Big Y corporate headquarters as a stand-alone economic opportunity area. Their rights nor benefits are effected under this; they would continue with the same deal they struck with the city 11 years ago. What this allows the city to do is to be more competitive with new companies that would potentially come into the area, allow the city to have the utmost flexibility to cut the deal that fits best, not necessarily saying that every deal coming in will get 20 years or that there will be any more deals here, but at least you preserve the flexibility and the competitiveness, because every other community around here is doing the same thing.

So two separate orders, really: the first is simply an order requesting the dissolution of the boundaries of the original East Springfield Memorial Industrial Park EOA and the approval of the Big Y parcel as a stand-alone EOA. That would be the first vote. The second vote would be to approve the certified project application and tax increment financing agreement specifically for the Springfield Foodservice Corporation as well as the economic opportunity area, which would comprise about 32 acres of what's known as "Memorial Industrial Park 2."

DP: In the past ten years, the practice, as people have learned how TIFs work, the practice has turned instead not to incorporate larger areas, but just to actually only incorporate the area of the parcel that you want while providing guidance to the market of the *general* areas that you *might* do one, so that this issue will not arise again.

AL: Any questions? This is 06-27-15?

DP: Correct, and there's a second one on the following pages, a two-page vote that starts with "whereases" and finishes with "the city clerk now therefore resolved." That would be the second item. So, there'd be a first vote on the first page and then the second vote which would be the dissolution and the creation.is one

AL:

DP: ...motion and this one would be the creation.

****MOTIONS PASS UNANIMOUSLY.**

Urban Land Institute Contract

PP: OK, sir. Mercifully, we're at the last item on the agenda. Mr. Panagore can go through using a provision of, I think, Chapter 169.

DP: Thank you, Mr. Chairman. Under Chapter 169, the control board is authorized with prior notice to the Statehouse, to the House and Speaker's office to provide sole source contracts. We've utilized this on one prior occasion for Chris Solnier in the assessor's office. We are requesting similar authorization here to enter into the contract with the Urban Land Institute. They are visiting tomorrow from Boston *pro bono*. The cost of the overall study is \$115,000. We are seeking funds working cooperatively with the Chamber of Commerce and the Western Massachusetts Economic Development Council and the local businesses to secure funds.

This is an authorization for the city to enter into a contract with the Urban Land Institute recognizing their expertise, unique expertise.

AL: Is this group all from Massachusetts or are they coming from all over the country?

DP: The group tomorrow which will help us scope the questions for the fall: they are from the Boston district office. And we'll be having a public meeting tomorrow night at 5:30 at Central High to go over the events of the day. But the fall group comes from the rest of the nation.

AL: That's what I thought.

DP: They cannot have prior contacts with the city and they are precluded from having a contract with the city two years afterwards. So no prior contracts and no conflict of interest.

AL: It's a real independent review? OK.

DP: And they do perform...they are here *pro bono*. They do not get paid.

PP: David, what is the estimate that you have today on how much it will cost the city out of the \$115,000.

DP: We are anticipating expending half of the cost, around \$60,000. However, we will continue to look at that as we go forward with the business community.

****MOTION PASSES UNANIMOUSLY.**

Board adjourns to go into executive session.