

**COMMITTEE ON ACCOUNTS, ENROLLMENT
AND REVENUE ADMINISTRATION**

**November 26, 1996
PM**

5:30

Executive Conference Room

Chairman Elise called the meeting to order.

The Clerk calls the roll.

PRESENT: Alderman Elise, Alderman Soucy, Alderman Shea, Alderman Pariseau, Alderman Hirschmann.

MESSRS.: Kevin Clougherty, Randy Sherman, Joanne Shaffer, Dan Healy, Tom Arnold. Tom Nichols, Paul Porter, Artemis Paris, Mark Hobson

Chairman Elise called the first item on the agenda:

Communication from Alderman Pariseau recommending the City exercise its right to review all payments in lieu of tax arrangements currently in place and suggesting that the Board designate the Committee on Accounts, Enrollment and Revenue Administration as the group to review current arrangements and, if appropriate, re-negotiate and make recommendations back to the Board.

(Note: referred to the City Solicitor's Office on 9/17/96 and copy of a communication from the Finance Officer dated 11/12/96 enclosed.)

Alderman Pariseau said that he really did not know what we are going to do with that, Madam Chairman. I get the feeling that the City did not really want to do anything with the non-profits and we have been dragging our feet since June. So, I really do not know what to do. You see the letter from Kevin Clougherty saying that the Housing entities are paying that basic service fee that we requested from the not-for-profit housing entities. The original request wasn't necessarily limited to housing entities it was non-profit entities throughout the City which included

Churches, Hospitals and other non-profit entities. I get the impression that the City really does not want to do anything with non-profits. I probably would make a motion to say "receive and file" instead of keeping it on the agenda. I think it's unfortunate.

Alderman Shea stated that part of the response that we received from Kevin Clougherty it was mentioned that there would be a discussion at the New Hampshire Municipal Association annual meeting. I do not know what the result of that was. I think that there was some discussion at an earlier meeting concerning whether we did have the proper authority to require non-profits to give certain types of revenue back to the City. I thought that was something we were waiting for response from the State.

Alderman Pariseau answered that the whole purpose was not to mandate to the non-profits to come across with the "core service fee." A letter was supposed to be devised by the City representative to go out to these non-profit entities, to ask if they would be willing to make payments in lieu of taxes which would be voluntary. That did not get off the ground. We sent it on Housing, we called the Housing Authority and that was it.

Chairman Elise asked Ms. Shaffer if she had any results of the New Hampshire Municipal Associations' opinions.

Ms. Shaffer answered that essentially this has become something that a lot of communities are doing because of the fact that there are revenue short falls. There are lack revenue sources to be had in a lot of communities. Especially in some of the other Towns and Cities in the State of New Hampshire they have a lot of property that is tax exempt. For example, Concord because they have a lot of Governmental property. Plymouth because of all the college facilities and so forth, Durham the same thing, UNH, there is a lot of facilities there that are non-taxable.

Being a Town or a City, you have to provide certain services for the whole basic area there. Basically, the rest of the tax payers who pay property tax usually bear the brunt of all those charges. Even though some of those things were done for the non-profit entities because your not only going to plow part of the City, you are going to plow the whole City. You are going to provide Fire and Police protection to everyone. To help some of these communities, when non-profit entities are growing, I think all over the place. You have seen an increase in the properties and the valuations for the particular pieces of property that there are set aside for those charitable and other types of organizations.

Alderman Pariseau said that we have an example of that today. You have Optima selling Pearl Manor to Currier Gallery, non-profit to non-profit. Optima made \$400,000 on the sale. Nothing to the City.

Ms. Shaffer responded yes, that's right. What a lot of these communities have been doing is they have been establishing a type of a "basic" or a "core service fee" so that these entities. Regardless of the fact that they are non-profit or not-for-profit because they are getting some of the services that they can share some of the expenses. They do not have to share the School portion of the expense or the County.

Alderman Pariseau said that he thought his original suggestion was Police, Fire and Public Works.

Ms. Shaffer stated that what she did was prepare a few figures if you want to take a peek at them. I know a couple of meetings ago, I had talked briefly about the fact that I had gone up to a session in Mortaville Valley. It was put on by the Government Finances Office Association and the New Hampshire Municipal Association. This is something that is getting a lot of attention now, because there is more widespread acceptance of it. People, of course, are not going to be receptive of it initially a lot of times. Because they have gone without paying taxes all of these years and they feel they are also providing a service to the community. By doing whatever they are doing, whether it is a charity or a hospital. A lot of them do not think they should have to pay. So, in some instances, some of these communities that have established these fees and Plymouth is a prime example. For those, they sent out the first set of letters, and asked them to pay it voluntarily, because as you said there is nothing that says that this is a mandatory type of payment. There is a House Bill that allows you to proceed with sending out the bills and asking people for a voluntary sharing of the cost of the services.

Alderman Pariseau said that we have not even gotten that far.

Ms. Shaffer said that she had a couple of samples that she handed out a couple of meetings ago of those letters. I believe, Ms. Johnson and Mr. Arnold, thought about sitting down at some point and being sure that we did not compromise any legalities in the writing of it.

Mr. Arnold answered that he had not seen anything yet.

Ms. Shaffer replied that he probably did not receive the packet at one of the other meetings. It's states simply that because of the increase cost of services and so forth, and because of the fact that they receive some of those services. They are

asking to share in some of the expenses. Now some of those people did come forth and did voluntarily pay. Others felt, well nobody is going to charge me interest and nobody is going to come after me and say I am delinquent, so some of them have chosen not to pay. What they have done is they sent a second letter as a follow up, to ask if they could sit down with them, so they could start a negotiation process. Some communities, I guess that have gotten to the point where they want to play a little bit more hard ball. They published the name of those people who are coming forth and paying "core service fee." They indicated those who have refused to pay and those that also refused to sit down to negotiate with them thus far. I do not know if you want to go that far, this is a big City. I think you would get a lot of publicity for something like that all depending on what direction you want to go.

Alderman Pariseau said he did not see why not? At least, we get something positive at this meeting.

Chairman Elise stated what she would like to do is to set up some type of steps or some type of timetable to go forward with this. There have been some letters drafted and Ms. Shaffer you feel they have to be reviewed by the City Solicitors.

Ms. Shaffer responded yes because again we want to make sure we are not stating anything out of context with the law. If another community has used, I would assume, it's basic and simple it does not demand any money or any type of thing like that. It simply states that it would be a sharing of the cost of the services. It is voluntary and based on whatever fee has been developed it would cost them x amount of dollars based on their assessed valuation.

Alderman Shea stated that there is an adjunct to that which he would like to mention that the Kansas City Royals are a non-profit organization now.

Alderman Shea stated it was given to some trust and they don't pay a cent for taxes now.

Alderman Shea stated that it was a baseball team. I think the more special we can bring to there the better off we are because you never know what is going to happen.

Mr. Shaffer continued by saying that this here just to give you a kind of an analysis of what "core service fee" entails. You can go as broad or as small as you want on the "core service fee" area. The letter that Mr. Clougherty sent to Alderman Pariseau indicated that it might make more sense to just use the municipal portion of the tax rate. When you figure the "core service fee", if you

look at this little listing that I gave you. Some departments bring in a lot more revenue than other departments. "Core service fee" when you are usually looking at the core of the fees that would be offered to all of these different entities. Police, Fire, Highway and Traffic are the basic services. I think you could use solid waste removal and different types of things like that, because in most instances, they use refuse disposal services. What I have done here is take the 97 Budget totals, this is just simple, just so you can take a gander at it and see what the rates would be. The 97 Budget for Police, Fire, Highway and Traffic comes out to a total of \$41.0 million and that is just the plain budget per say. The budget allotted that department plus fringe benefits. The estimated tax rate based on the same valuation that the City's tax rate calculated on would be \$11.57 that would mean \$1,157 for every \$100,000 worth of valuation. What we do usually when we are talking "core service fee" we eliminate any of the charges that are related to school and so forth. You do not want them to pay any of the school portion of the tax rate. Now within some of these budgets there are items that are applicable to school. For example, police have crossing guards on their payroll that we apply to school when we actually break it down between municipal, school and county. That is why you see that second line with negative figures, those are all applicable services that are extended to schools. The first sub-total is less that amount that would bring the estimated tax rate down to \$11.46. If you want to include the debt payments each of the these particular segments of services Police, Fire, Highway and Traffic. The amount on the third row is the debt service payments for 97 for those particular entities and that would bring up the rate to \$12.03. Some of these departments are smaller revenue producing departments. We then subtracted out the anticipated 97 revenue to give you a net between their cost of operation and the revenue. This would bring you to \$9.89 tax rate. Now, the funny thing is, if you look at the municipal portion of the tax rate. The total assessed valuation that was calculated for using the tax rate which is 3,624,331,550 and I can make a copy of this for the record. Of course, we know that the tax rate was \$30.84, the municipal portion of the tax rate is actually \$11.37. Now over here because as I said a lot of these departments are smaller revenue producers that some of the others. The tax rate if you just base it on a "core service fee" comes out to more than the municipal portion. That is why I think it would make more sense if you were going to go forward. If you just said that you were just going to stick with the municipal portion of the tax rate and assess that to everybody or break it down to police and fire, if you want a starting point. You can, at least, get them into the habit of paying "core service fee" or some type of recompense for the services that they are getting. That would be, I think, again something that could be done too. This is just to show you how some of these figures play out. The first time I put these figures....

Alderman Pariseau stated that at this rate this is more than we heard since June. The City is willing. I would make the motion that we go ahead and pursue the payment, municipal portion in lieu of kit and caboodle.

Chairman Elise asked these groups on this list?

Alderman Pariseau answered yes, all the non-profit.

Ms. Shaffer added that one of the other things that I think I had sent out a memo at some point and time. This is when I requested the list of the tax exempt properties from Tom Nichols initially and this was part of the other items that had to be thought of also. If you look in the last paragraph it says. "Still to be addressed would be the determination of whose responsibility to bill the related entities, to collect these fees and most importantly whether this should be all inclusive of all non-profit entities as adopted by the Board of Mayor and Aldermen on June 4, 1996." Now I have another tax exempt listing that includes all the churches and all those types of properties. I think that one of the determinations that had been made was that initially they would not be included to be billed for a "core service fee".

Alderman Pariseau stated that he thought we would have to exclude the Manchester Housing Authority because they have already been in to discuss their situation.

Ms. Shaffer agreed and said that they would not count because of the RSA 72.23 they fall under that particular jurisdiction. On this tax exempt listing that I gave you also, Parks and Recreation are listed as is GMDC and I wouldn't think that you would bill those particular entities because those are considered City departments.

Alderman Soucy asked that she noticed that UNH is on the list but I did not see anything for the Youth Development Center.

Ms. Shaffer asked if that was also in Manchester?

Alderman Hirschmann said that is Municipal Government that's not a non-profit.

Alderman Soucy said no it's not it is State Government. You have UNH is on the list so is the Technical College.

Ms. Shaffer said that maybe other State agencies are not list on there. I think the Colleges are because they are considered separate entities.

Mr. Porter replied that the State of New Hampshire would be on the non-taxable list instead of the tax-exempt list.

Ms. Shaffer said that because we have the State facility down here, whether they collect.

Mr. Porter continued by saying all the City Government buildings would be on the non-taxable list.

Alderman Shea asked whether Notre Dame College is the same operation somewhat as Optima Health, if they purchase building they are exempt even though it is used for housing.

Ms. Shaffer stated that at the seminar she went to they said that part of the problem they ran into is because some of these entities as you are saying they purchase. Like they have one holding company and a couple of different corporate names. Some of them actually run Health Clubs that are for profits. With some of them what they did was actually asked for a copy of their financial statement. Then they could determine exactly what was being put back into the non-profit entity. Also, what was being put into the profit making side of the operation and they negotiated with them to get even a larger "core service fee" on that part that was producing profit. Some of them have bought buildings, malls or other types of things and are expanding. If they bought a building and they're housing a segment of their operation in that building but they don't need the whole building. They are renting a part of that building out to other entities and collecting rent. Rent is a profit making operation.

Alderman Soucy asked whether or not portions of the buildings that are not being used for education purposes in housing considered taxable.

Ms. Shaffer responded she was not sure about that. I would have to refer to the assessors on that.

Alderman Soucy asked about colleges.

Mr. Porter answered that dormitories are taxable, in excess of \$150,000.

Alderman Soucy continued by saying dormitories are, but would not other buildings used for non-educational purposes be taxed. Either we dealt with legislation like that or we.....

Mr. Porter said he was trying to think of what would be classified as non-educational.

Mr. Sherman said how about NH College like the gymnasium.

Mr. Porter replied no, that would be considered part of the educational.

Alderman Soucy asked what about a Pub. We have a liquor license that is on St. Anselm's Campus.

Mr. Porter said that would probably be we would look at that. That wasn't put there on purpose to call to.....

Alderman Soucy said that is in Goffstown, anyway, that's over the line..

Ms. Shaffer said that would be a good example.

Mr. Porter said that we would look at it from a principal point of view. Cafeterias and dormitories are taxable. So you have a Pub that serves alcohol but it is under the cafeteria, that would be taxable.

Alderman Soucy said she could have sworn that we had a statute or tried to enact one that was non-educational purposes. The dormitory issue was also a question, I can't remember what school it was, but one of the prep schools was buying residences in a residential neighborhood providing it for faculty claiming it was for educational purposes.

Mr. Girard said there is a court case on a lot of that precedence. The auxiliary buildings were indigenous to the use of the educational facility. The only above and beyond, was like Mr. Porter mentioned earlier, dormitories above and beyond, which goes to your argument if they just bought it up as an income maintaining purpose above and beyond a certain ceiling becomes taxable at that point.

Chairman Elise asked Ms. Shaffer that your concern at this point, after letters approved and the list identified, who is going to handle sending out the letters. I think we need to have a consensus on whether we want to go forward and sending out letters, taking a vote.

Alderman Hirschmann asked if he could ask a question?

Ms. Shaffer responded to Chairman Elise and said that first you would have to decided what method you would want to use for the fee. There would be other

variations on the thing if you wanted us to go even farther than that. As I said most of these rates are higher than the municipal rate so it would seem that the municipal rate would be the most logical one to go with.

Alderman Hirschmann said that what he was going to say was that he was not opposed to this concept. What is kind of funny to me is that if we go by this schedule say \$1,000 for \$100,000 a value, just for giggles. You have like the YMCA would have to pay \$32,000, the Currier Gallery of Art would have to pay \$32,000. Why can't we go with a flat fee rather than something based on valuation?

Alderman Pariseau asked instead of the \$9.89?

Alderman Hirschmann asked do you think the YMCA can come up with \$32,000?

Alderman Pariseau responded go \$9.80.

Alderman Hirschmann replied what he was saying is that these are all non-profits some of them may be able to come up with, what if you asked them all the same rate throughout the City. Not based on valuation but a rate for being here.

Alderman Pariseau answered that we do not set a different rate for the different populations in the City. I mean the north end is paying the same as the South.

Alderman Hirschmann said that his concern, I'm just going to say it straight. The valuation of the property may be high but it may be a cash poor organization. I do not see \$32,000 coming out of the YMCA.

Alderman Pariseau replied that we ought to know that, it's the purpose of sending out the letters asking them if they voluntarily want to pay.

Alderman Hirschmann asked if they agreed with what he was bringing out or what?

Alderman Pariseau stated that we were not going to twist arms. What we want to do is send them a letter asking them for a voluntary donation. It is not going to be put on an accounts receivable bill or a ledger that is kept up in finance.

Alderman Hirschmann said that if they send you \$100 you would be okay with that. I am serious.

Alderman Pariseau said it's just that letter.

Alderman Hirschmann repeated then if they send you \$100 you would be all right with that.

Alderman Pariseau replied no. They will be told what to pay, it's not cast in concrete.

Alderman Soucy said that they can't be told what to pay.

General discussion followed.

Alderman Pariseau said that the letter should state that if so and so comes out to \$980 per \$100,000 valuation because of financial restraints or whatever. Whatever you could pay of this amount we would accept it.

Ms. Shaffer said that is right and that is when you would meet with them and sit down and find out what their circumstances are.

Alderman Soucy added that okay so no one on this list can meet that amount and every single one of them wants to meet with the City.

Alderman Pariseau said that was the original thing we wanted to set up a schedule for these non-profits to come. The letters haven't even been sent yet.

Chairman Elise stated that these would have to be individually reviewed. Chairman Elise continued by asking Ms. Shaffer what kind of schedule would you suggest that we follow.

Ms. Shaffer said that she assumes that this will go to the Full Board first.

Alderman Pariseau said that our recommendation would have to go to the Full Board.

Ms. Shaffer added then at that point you would have to decide what rate you recommend that they pay. Then I would say to you send an initial letter to them and wait to see their responses.

Alderman Pariseau stated that we would probably want it. Madam Chairman, to go into effect the next budget cycle that would be July 1, 1997 for FY98. We would not want to do anything now.

Ms. Shaffer said that you would have plenty of time to do that before the next budget cycle.

Alderman Pariseau responded if we can scoot it along.

Chairman Elise asked what are we going to recommend to the Full Board.

Alderman Pariseau said we should recommend that we proceed in trying to get money from non-profit entities throughout the City.

Chairman Elise added for "core service fee."

Alderman Pariseau continued by saying churches and City.

Ms. Shaffer said she had another list with all the churches. She had a separate list for simplicity.

Alderman Shea added that we should send with a recommended amount per thousand.

Ms. Shaffer stated that the letter from Mr. Clougherty suggested the municipal rate but if you think at a starting point you would like to start with something less.

Alderman Shea said we will not lose anything if we gain \$100 it will be \$100 more than we would have otherwise, which is not much but it is better than nothing.

Ms. Shaffer responded that it is going to be hard for some of them to swallow. They have set up their budget and so forth to not allow payment of taxes.

Alderman Shea added probably impossible.

Alderman Pariseau stated that we may not even be able to collect a dime.

Ms. Shaffer said that is right.

Alderman Pariseau continued by saying that this has been sitting there since June.

Ms. Shaffer said that if you want to set it for the next budgetary cycle then we can send a letter. That in the next budgetary cycle that they would be getting.....

Alderman Pariseau said then the recommendation to the Full Board would be that we recommend to pursue payment in lieu of taxes from non-property entities.

Chairman Elise continued by saying that this would be at the municipal rate for core services and what department would do this?

Alderman Pariseau moved to recommend to the Board of Mayor and Aldermen that they send an initial letter for payments in lieu of taxes at municipal rate for FY'98 to tax exempt properties eligible for "core service fee". Alderman Shea seconded the motion.

Clerk Bergeron wanted a clarification. Are we going for the municipal rate or core service?

Chairman Elise responded municipal.

Ms. Shaffer added that she had a separate list with all the churches.

Alderman Pariseau said that all this list should be used to mail that initial letter.

Ms. Shaffer said that the only two that she had mentioned that was on there was Parks and Recreation and GNBC. So any City Departments, of course, would be absolved into having to pay a core service fee.

Clerk Bergeron asked for the purpose of defining the motion what is this list called.

Ms. Shaffer answered tax exempt list, I think if you look on the second page, you will see for "core service fee." That's just indicates that the churches and those related properties have been eliminated from that list.

Chairman Elise asked whether or not we needed to get some advice as to which department would handle this.

Ms. Shaffer said the Assessors basically do the calculation for the Housing related entities. MHA is based on there net profit and so forth. Would you gentlemen be willing to send out those bills?

Mr. Porter said that he did not think it belonged in his area. It's not a tax. I personally think it's the City Clerk's without dumping work on them. I think it is really a function of the Board of Mayor and Aldermen to send this. It is not a statutory tax so I really do not think it belongs in our office.

Ms. Shaffer replied that she thinks when this was first discussed that it was suggested that the City Clerks' Office send it out initially. Basically speaking, technically it is an extension of a tax.

Mr. Girard said that's not quite correct. In other municipalities the precedence has been those that have made any effort to try to go after those funds it has been a representative of the administration in their capacity. Either their clerk or one of the finance people in the few that have had to go after those funds.

Mr. Porter stated that just as a point of propriety here, we don't send out the tax bills.

Ms. Shaffer said she knows.

Mr. Porter continued by saying the Tax Collector does. The Board of Assessor does not send out the bills. So really anything requesting money should not come from us. If the Board wants us do this, obviously, we are certainly not going to say no. I do not believe it belongs with the Assessors office. It is a function of the Board of Aldermen sending out a request for something, normal course would be through the Clerk's office.

Clerk Bergeron asked if he could address this.

Chairman Elise said yes he could.

Clerk Bergeron asked who handles payments and who handles taxes it's not the Clerk's office. Whichever department handles that now in some capacity should be handling this. I do not mind doing towing fees and that sort of thing and that sort of licensing but to start collecting taxes and start negotiating non-profits is certainly not a function of the Clerk's office.

Alderman Pariseau said the Tax Collector, right?

Ms. Shaffer said that currently with the Housing related entities I believe the Assessors office sends out the billings to these particular people so that they know. Because the assessed valuation is listed there and they simply

Mr. Porter interrupted by saying a payment in lieu of taxes is a statutory mandated tax which does fall under our purview it is not a voluntary tax that is done by the assessors. We have the warrant, we can prepare a warrant that will show how

much somebody will have to collect, but I do not think it belongs in our office to send.

Chairman Elise stated that the Assessor, the Tax Collector and the City Clerk have been suggested.

Alderman Pariseau suggested that Finance handle it.

Ms. Shaffer replied that is why we would like to have Central Cashiering.

Chairman Elise stated the wave of the future.

Mr. Porter said that we would not want to have checks coming to our office, anyway.

Ms. Shaffer replied a lot of them are going there now.

Mr. Porter said they do come to us, but we try to have checks sent to the Tax Collector's office.

Chairman Elise asked whether or not there has been any calculations made as to home many hours will be dedicated to this particular project.

Ms. Shaffer replied no. I would think on a negotiation side that talking to these people assuming that this passes I would be more than happy to sit and discuss this with whomever is going to be represented about these other entities. Maybe myself and a couple of other people so you can establish a committee of sorts. Because I think it's going to be your not going to convince everybody initially. It's going to be a long term process but eventually I think they will be won over to the fact that they should be paying something for the services that they are getting.

Chairman Elise said that she thought Ms. Shaffer had a point in regards to negotiating. It should not necessarily be one department that would sit and talk with people it would be a representative of a couple or three to provide that information.

Ms. Shaffer added that even an Aldermanic representative, for example, you have kind of suggested this. You might be very convincing.

Chairman Elise said that this was Alderman Pariseau baby. Chairman Elise asked then it is the consensus that we go forward with this and the municipal rate will be

used. We do want to send out a letter to this particular list that in the next budget we will be requesting a municipal fee. Then we will send them a letter asking for that fee. There is a consensus on that but which department. I would feel that the City Clerk would send the letter out but then the negotiation part and the receipt of the money should go to Finance.

Ms. Shaffer responded that we are not really the collector.

Chairman Elise answered okay.

Ms. Shaffer said that someone else, in my opinion, should be receiving that money and depositing it.

Chairman Elise said that would it be better for one department to send out and receive.

Ms. Shaffer responded that the way this is structured here is the Board of Mayor and Aldermen would be sending out this letter or the City Clerk would be sending it out on behalf of the Board of Mayor and Aldermen .

Alderman Pariseau said then they should mail their checks to the Tax Collector.

Ms. Shaffer said that we try in the Finance Department, currently, to have as much of the collected by other departments as possible because we are in the auditing stage of whatever is being collected. We prefer, for the most part, not directly to get any of that money. We can discuss this further to see what would be most beneficial to all of us.

Chairman Elise stated that she could see that the City Clerk would send out the letter and the payment would be made to the Tax Collector. Then a team would be put together to sit down with people to negotiate. At this point, and then after that time assess the man hours, put into this, then a recommendation as to who would handle this the next year. Ms. Shaffer do you think that is workable.

Ms. Shaffer answered that she did not think things would happen overnight. It is a step in the right direction.

Alderman Pariseau said we have been waiting since June.

Chairman Elise said that she knows this will involve your department, how do you feel about this?

Clerk Bergeron responded truthfully for us to send a letter out telling people to send a check to the Tax Collector but if they have a problem to call the Finance department, it really does not seem to be very efficient.

Ms. Shaffer said that it's because it's representative of Board of Mayor and Aldermen that this is initially going. It is not a billing per say.

Alderman Soucy said that Mr. Bergeron's point is rationally. Somebody gets a letter from somebody to send a check to somebody else that somebody else will answer if they have problems. Who is going to respond to that?

Clerk Bergeron stated that whoever is going to be the final negotiating authority is the person that should send out the letter. Whether it is the Finance Department, the Assessor's Office or the Tax Collector. If it is strictly a letter that signed by the Mayor or by the Chairman of the Board and all we are doing is physically sending out that letter on behalf of the Alderman, certainly, we can do that. That is just a clerical secretarial function and that is our responsibility. If it is coming, really saying that this money should be sent to the Tax Collector. That is the first contact that is whom the recipient is going to want to call. Are they going to call the Mayors' office when they receive one of these letters or do you truly want them to contact the Tax Collector.

Ms. Shaffer said most of them will call the Mayors' office.

Clerk Bergeron repeated they will call the Mayors' office any one of these people.

Alderman Pariseau said they can call John Toole.

Alderman Shea stated that a letter should be drafted and the Finance Department should sign it because that is where the negotiating is going to happen. Is your department going to negotiate with these people?

Ms. Shaffer nodded yes.

Alderman Shea continued by saying that the chances are that these people will then contact you that they cannot pay the fee we would like to sit down and discuss what are problems would be. That would make more sense I think. That would be one person responsible, your on the committee, and you could bring forth your ideas to negotiate with different people.

Chairman Elise asked what Mr. Sherman thought.

Mr. Sherman said that is not unheard of to have dual signatures on a letter. Maybe what you want to have here is to have the Finance Officer and the City Clerk signs the letter. I tend to agree with Clerk Bergeron if all you are going to do is send out a letter and then maybe they do not just want to have their signature on there. The City Clerk cannot sign it and say this a request coming from the Board of Mayor and Aldermen and the Finance Officer is going to be part of the negotiating team. I think as far as collection goes, I think that the Tax Collector has the best collection system in the City. We certainly can get something from the Assessors that we can load in there that we can keep track of the initial bills. Also, what it has been changed to or what it has been negotiated to, you'll have some record.

Chairman Elise said that she cannot see where that would not work. In terms of having a number for somebody to call and say what is this. It wouldn't be the Tax Collector, would it be Finance?

Ms. Shaffer answered that was right? We would be the ones who addressed the questions with explanations.

Chairman Elise said okay. Chairman Elise continued by stating that you would have the City Clerk's office send the letter out initially, the Tax Collector receiving the payment, the Finance person answering questions. What do you think about that system?

Alderman Pariseau said fine.

Chairman Elise stated that these departments can then access on how it is going to be handled next year. It hasn't been assessed on how many man hours you are going to put into this. I cannot see one department handling it all at this time. I can see that working for now.

Alderman Soucy said he was ready to put it in receive and file.

Alderman Pariseau said there was really no hurry, unless.

Alderman Hirschmann asked that if you added all these up and we did collect \$989 per thousand how much would we get?

Ms. Shaffer said she did not do that calculation.

Alderman Hirschmann said he just wanted to know budgetary wise how much money are we potentially looking at.

Mr. Girard said that it's not \$989 per thousand it is \$9.89 per thousand, the municipal is \$11 or \$12.

Alderman Hirschmann said he was looking at the "core fee" Mr. Girard, I'm sorry, per \$100,000, okay. Regardless of whether I said it right or not, I want to know what the total budget would be. If you collected every dime you think you can.

Alderman Pariseau said you know that is not going to happen.

Chairman Elise said that in terms of negotiating there would be Finance and who else working with these people.

Alderman Shea said he thought an Assessor should be on that Committee.

Alderman Hirschmann said why do we need another Committee?

Chairman Elise replied that this would be to sit with the people who want to come in and negotiate.

Alderman Hirschmann responded to have one strong willed person get them in the room and do it, I mean why do you have to have a whole committee full of people, common.

Chairman Elise said that it might help them get the input regarding the data we just heard.

Alderman Hirschmann stated that it's just another Bureaucratic thing. Just send the bills out, if we are going to do it, send it out and get somebody in there to meet with these people. Otherwise, it's just a wishy washy thing, we are sending out four feet of letters and have a nice little meeting and getting nowhere.

Alderman Soucy added that we have no authority to tax them anyway.

Alderman Pariseau said and it just may happen. At least, we have made the effort.

Chairman Elise asked Ms. Shaffer if she felt if just her department would be able to handle the appropriation or would you like to have somebody else?

Ms. Shaffer responded that she would be glad to handle it.

Chairman Elise said okay.

Ms. Shaffer continued by saying that in the event of her absence of whatever somebody else should be there that can speak to or address the same concerns or the same type or arguments.

Chairman Elise asked if it would be somebody else in her department.

Ms. Shaffer replied either an Alderman. We have other people in the department who have a lot of knowledge about this subject matter, too. It would be helpful if there would be somebody else to share the burden.

Chairman Elise agreed this is a new effort, it's not mandatory and it's going to acquire authority with these people negotiating with them. I do not know if it should be an Alderman though. I think the policy in the Administration. You should have had this all looked up before you came here Alderman Pariseau.

Mr. Sherman said that he thinks the reality has to be the Finance Department. This is where the safe coordinator we have a role, but in lieu of having a Safe Coordinator I'm not sure there is another department that really would play into this. I don't think the Assessors, that's not their role, they'll assess property.

Mr. Porter said that he thinks the other term you used Alderman was the term negotiate. The negotiations when you have two sides, right now there is no way of doing this, whoever is doing this will have to have some direction. I guess, basically, what you'd be looking for is give us as much as you reasonably can up to a certain amount. The goal is to get it all, but I agree with Alderman Hirschmann, if they come in that's just one I don't mean to pick on the Y, but the I think it would be difficult to get much out of them, because there always looking for money themselves.

Chairman Elise said that Mr. Sherman felt that it is a function of the Finance Department. Ms. Shaffer would like to have somebody else to work with her.

Ms. Shaffer said either that or we could come back to the Committee to keep you informed about

Alderman Soucy asked when would these negotiations begin.

Ms. Shaffer said I would say when they call you then you basically sit down and talk.

Alderman Hirschmann said how can we afford to pay a Coordinator.

Alderman Pariseau said that first of all you have to see if the rest of them want to pursue it. If not the discussion was futile.

Chairman Elise said the rest of the full Board.

Alderman Pariseau said no he is talking about the Committee.

Chairman Elise stated that we should take a vote as Alderman Pariseau indicating on a motion. Do you want to clarify the motion Alderman Pariseau?

Alderman Pariseau was to pursue the billing.

Clerk Bergeron said may I try to help.

Alderman Pariseau said yes.

Clerk Bergeron said this is what he had. The motion was to send an initial letter for payment in lieu of tax arrangements at the municipal tax rate for FY'98 to tax exempt properties listed eligible "core service fees". That's how the documents titled and then with an additional mention that the letter would be sent by the office of the City Clerk on behalf Board of Mayor and Aldermen with request of payment, get sent to the Tax Collector and any question be sent to the Tax Department.

Alderman Pariseau said it was a little shorter than that, we had to make a recommendation to the Full Board to go ahead and pursue the billing of.....

Chairman Elise agreed under that concept.

On motion of Alderman Pariseau , duly seconded by Alderman Shea , it was voted to recommend that the Board of Mayor and Aldermen send an initial letter for payments in lieu of taxes at municipal rate for FY'98 to tax exempt properties eligible for "core service fee". Alderman Soucy was duly recorded in opposition.

Chairman Elise continued by telling Ms. Shaffer that it would go in front of the full Board for their approval at this time and then you can of the negotiation of payment.

Chairman Elise called the second item on the agenda:

Communication from the Board of Assessors requesting to address the Committee relative to House Bill 331 Optional Elderly Exemption.

Chairman Elise recognized Alderman Shea.

Alderman Shea said he would like to make a motion to send this to the full Board of Mayor and Aldermen for discussion.

Alderman Pariseau said he would second the motion

Chairman Elise called for a vote. The motion carried.

Chairman Elise called the next item on the agenda:

Review of reports from the Board of Assessors.

Mr. Nichols stated as you can see the first page is representing our tax base. What we did we reflected the last tax base of when we set the tax rate. The \$3,692,748,300, so you have a starting point again, the last time we met is was \$3,677,031,000 did all our cases, all our pick ups, the difference shows that we have a net increase of \$15,177,000 net valuation. The overlay sheet shows you what we started with, as far as \$15,690 what we put in for the overlay amount was \$1,910,123 gave us a total of \$1,925,813. Less all our expenditures give us a new balance of \$1,595,734 that balances to the Finance Department figures.

Alderman Shea asked if that was the overlay remaining right now?

Mr. Nichols responded yes it was.

Alderman Shea continued by asking if he felt that was enough to assure....?

Mr. Nichols answered he hoped it would. Mr. Nichols continued by saying on the valuation summary I put in last month's figures, if you look at the figures for September 17. The figure is in the first column less abatements granted in the third column, and the last column is where we are right now. Every one of these figures that you see on the valuation summary sheet, if you look at page 1 of 3. It shows \$8,618,000 you come back to the cover sheet, this is the detailed end. If you go to page 3 of 3, you will see \$53,046,800, the figures all tie in together. Now, if you go to sheet 9 of 9, which is your last sheet, you will see your 1995 abatements of \$143,730,000 that reflects right here at the Board of Assessors \$143,730,000. Each one of these figures ties in to the totals. We also have the new taxes and the new amounts and the tax base that we start in October. We get to close the computers in October so we can set the tax base in November.

Chairman Elise asked if anyone had any comments? Is there a motion to accept the report.

Alderman Shea said he had a quick question. What does C and R mean?

Mr. Nichols responded that C meant Commercial and R meant Residential.

Alderman Shea continued by saying that these were applications and the abatements for 1995 have they been granted?

Mr. Nichols answered that these are still outstanding.

Alderman Shea repeated that these are outstanding.

On motion of Alderman Soucy, duly seconded by Alderman Shea, it was voted to accept the reports from the Board of Assessors.

Mr. Nichols added that if anyone had questions they could always call them at the office.

Alderman Shea said he had a comment. He wanted to thank the Board of Assessors office for all the work.

Mr. Porter said he wanted to make a comment, also. It has been very helpful to us, in 16 years there never was a Committee that we reported to and I think it was an excellent idea and we appreciate the understanding. We face the tax payers in a different role than a lot of people, but it has been extremely helpful to us,. Account has pointed to us more numbers that we were really aware of, not so much as what we were doing, but the volume. We would like to extend our appreciation.

Chairman Elise thanked Mr. Porter. Chairman Elise continued by saying that there was a letter distributed at our last meeting from Artemis Paris. She requested some time before our Committee. It is not on the agenda, so I do want to give her some time. We only have a little bit of time left.

On motion Alderman Pariseau, duly seconded by Alderman Soucy, it was moved that item #7 be removed from the table.

Review of policies and procedures relative to enactment of zoning ordinance amendments.
(Tabled 9/17/96)

Chairman Elise recognized Ms. Paris.

Ms. Paris started by saying that she made copies of two materials for each member of the Committee.

Chairman Elise reminded Ms. Paris that we did not have a lot of time.

Ms. Paris replied that she would try to be very brief. Alderman Soucy who was not at the public hearing related to zoning changes on August 26. What happened at that hearing, revision was brought in for which there was no public notification. All the testimony given that evening to the full Board of Mayor and Aldermen, testimony actually did not reflect the scope of the ordinance changes that were being brought in. It was even reflected testimony. At the September 3, Board of Mayor and Aldermanic meeting, the proposed zoning changes regarding limited business parking in business districts and not to impose on residential districts. Unfortunately, appeared on the consent calendar and I called my Alderman Soucy on that too. Alderman Soucy was also concerned because she was unable to attend the public hearing on August 26. Alderman Soucy understood exactly, I believe, where I was coming from. We started to make phone calls, I and others who participated in the public hearing. We felt it was in error to allow this consent item beyond the calendar to have the full Board vote on it. At the end of the public forum session, I have the minutes and Alderman Elise stated, I am not quite sure exactly what happened at the last meeting regarding the procedures. What happened was a new amendment was brought in to where there was no public notification and the Board of comprising Bills on Second Reading voted for the entire package and that this did not meet required laws. Alderman Soucy said she thought if we refer this issue to Committee on Accounts and Enrollment, we could just review it and see if the appropriate policies in place. I would like to suggest that there are three words here it's not only policy and we have to talk about land owner's policy. I'm not talking about ordinances in general, in reference to you Mr. Bergeron, our rules and the rules of the Board of Mayor and Aldermen just refer to ordinances. For zoning ordinances there are some, I think, added protection for governing our procedures. If I may, I would like to point out to the first sheet that does not show the legal notices, I am not going to read everything. It's a starting point, I guess the whole purpose of my being here, and I do thank Alderman Elise for suggesting that we come together on this to review what procedures are in place, what confirming land use policy are we making our decisions. Ultimately, do we all understand what the required statutes are governing ordinance changes. What I did for you is I gave you two of the main statutes that govern ordinance changes and one is that you the Aldermen have a legislative body that shall determine the manor in which a zoning ordinance is

established and amended. I think you have a right to ask anyone who brings in a change. You cannot bring in a change at a public hearing for which there has been no public notification. The worst part of it is that the testimony then is not representative. The second statute is the "Notice Reformation Public Hearing." You have to give at the minimum an adequate description of what you are setting forth as changes. I have put together some of the legal notices so you can see the difference. At the very top that was the first meeting and Alderman Shea you were correct, you were not at that first public hearing August 26 this was August 12 in preparation for the August 26. You will see how vague, I believe, just proposed changes to the zoning ordinance relative to limiting parking lots for business use within residential zones. Now, unless the person went to the City Clerks' office to get the proposed ordinance, find out what the rationale is. When that amendment was brought in, the night of August 26 Alderman Pariseau, those of you who were present you weren't even given the rationale for it. It never went back to planning for recommendation. The Planning Board saw something different from what was ultimately presented to you on August 26. Then when some of us made calls and I guess the City Solicitors was involved. You notice the difference to the right here September 10, how much better this notification is, what they did here they also added the new amendment. As further amended by deleting something called 40345 and that is very important because you need special exception. Remember, Alderman Pariseau, in your zoning service you need a special exception. I did this to help you and then what happened on September 10 we had another legal notice that the Board of Mayor and Aldermen are considering the following ordinances. I bracketed the amendments to the zoning ordinance and you will notice that the 40345 wasn't even included and yet you would have been voting on it on September 3, Alderman Elise. I put forth some questions that I would hope that you would feel would have merit to look into. For example, what written procedures right now exist at City level to indicate manner in which zoning ordinances are enacted or amended? Do we always have a rationale brought forth so the Aldermen will understand, what is the purpose for this? If something is on the consent calendar and the minutes have not been available for the Aldermen and even those that are absent. The Aldermen who have been absent for a very valid reason have not been able to attend. They would be voting on something they saw a recommendation that the Committee report to the full Board and those members that voted that night, that's what Alderman Elise, she did not know what happened. There was no rationale for the new amendment brought forth. Do you remember, Alderman Pariseau, on August 26? To save time, I am not going to read other questions but I am just making other suggestions. What really prompted this was because this is the Committee that has to enroll the ordinance, you have to assume that everything done before it gets here has met the required laws and is consistent. If I may quote you, Alderman Elise, in the Board of Mayor and Aldermanic agenda it says that under

your Committee. Chairman Elise advises that ordinances be considered for consistency with the rules of the Board. Those are the rules 14 and 15 here and I would suggest you look at them and you will notice there is no distinction between zoning and the regular ordinances. Zoning is critical because your tax base is tied in with zoning. I do not think people realize how important zoning is. So you see, she says it here with required laws. Now that had moved along and come to this Committee all of you would have assumed that the ordinance proposed changes had met the required laws and then you could have had a legal challenge. It is basically to protect the City that I have chosen to do this. I think my tracking it was.....

Alderman Pariseau said that he thinks we should have had the Building Commissioner or the Planning Director here. They are responsible for the ordinances and whatever.

Ms. Paris added also the Planning Board. You proposed this, all these ordinances came from the Planning Board but you the Planning Board never had the opportunity to see it again.

Alderman Pariseau answered right.

Ms. Paris continued by saying in the zoning ordinance, because you all have zoning ordinances, article 15, there is a section that talks about amendments. When something is brought, you have a right, you are the ones that have that authority and don't let it be taken away from you to send it back to Planning and ask for their opinion. That is right under article 15, I know zoning is very technical, so my recommendation after you have looked at this material that I have put together based on Alderman Elise's suggestion. Maybe, you as a Committee would review what happened. Make this a case study and set forth your findings as a Committee and then bring your recommendations to the Board. I would be more than happy to assist you. Then we can have publicly accountable procedures. Like Alderman Elise said "be consistent" with the rules of the Board and with required laws and we don't find ourselves in a situation like we did with these zoning changes.

Alderman Pariseau asked whether it was in violation with article 15?

Ms. Paris responded that it only said, I've got my zoning ordinance here Bob. Of course always remembering though the whole zoning ordinance is being changed and re-drafted. In the meantime,

Alderman Pariseau stated that they are in the middle of doing that now.

Ms. Paris replied exactly, but in the meantime, I have talked to other Aldermen they told me they have to work with what is here, see section 15. This is so old that they even refer to the old statutes, but it says.

Alderman Pariseau asked whether she had a newer book.

Ms. Paris answered no. This is the regular zoning ordinance, things are not updated, this is not from the 60's or 70's. I bought this 4 to 5 years ago. "Any provision of this ordinance or boundary shown in the zoning map may be amended or repealed unless contrary to the statute of any subsequent amendment Board of Mayor and Aldermen before acting like any such proposed amendment may refer to it in writing to the Planning Board for its review and report. If no written report of the amendment is received by the Board of Mayor and Aldermen from the Planning Board within 20 days then it shall be construed that the Planning Board recommends the amendment." We have a new amendment brought forth which the entire Planning Board did not see, when you sent that letter to the Board, it excluded 40345, the part that's accessory parking. I will show it to you. I've learned zoning, thanks to people like you, Alderman Pariseau. Right here see, special exception in R1B, it's not appended in use. It's always been that way. The two sites, one on Hanover Street and further up on Hanover, always had to go for special exception to do business parking. Is that not true? It is a matter of record, and March 13, 1995 are the most excellent minutes of the Zoning Board meeting. I would urge you to get them. Then you will see what is happening, if we want to be efficient in our City, I think we all have to start integrating. I have done this as a public service and I thank my Alderman for putting up with my observation.

Chairman Elise wanted to know what Ms. Paris' recommendation would be?

Alderman Hirschmann stated that Alderman Soucy wants to make the recommendation.

Alderman Soucy said that she would be happy to, but without reviewing, she does not have a copy of her rules in front of her.

Ms. Paris said she had a copy.

Alderman Soucy stated that was the older one.

Ms. Paris said this was 1988. Have they changed?

Clerk Bergeron said that they probably changed.

Ms. Paris said they have changed. You don't have it, but that's not the charter, the rules are different.

Clerk Bergeron said that the rules are adopted by each Board and they have a right to change the rules.

Ms. Paris said that she was referring to the rules that are ordinances, resolutions and orders.

Clerk Bergeron stated he was not here in 1988.

Ms. Paris said that she was referring to this part here, the rules of the Board.

Alderman Soucy answered that was right, these could have changed. I do not have the copy with me. Typically, the ordinance procedures that are in the rules have remained the same. The only thing is that the Zoning Board needs to comply with statute, I do not think we ever had separate rules to deal with zoning ordinances.

Ms. Paris said that she just thought it would be helpful,

Chairman Elise asked whether or not we had a recommendation.

Alderman Soucy said yes, I think until we have a more concrete proposal to change the rules we should probably table it to the next meeting.

Alderman Hirschmann said he would second that.

Alderman Shea asked if someone could explain what you said because you kind of lost me in the what do you call it. What are you proposing?

Alderman Soucy said she was proposing to table it.

On motion of Alderman Soucy, duly seconded by Alderman Pariseau, it was voted to table item #7. Bob MacKenzie, Director of Planning and Armand Gaudreault, Building Commissioner were to be invited to the next meeting to discuss this issue.

Discussion ensued where Alderman Soucy stated that the problem really was that the notice went out and it said that the City was doing one thing. Then when it

came to public hearing, Bob MacKenzie, brought in an amendment that had never been advertised to the public in the notice. Legally we cannot pass on something that hasn't been advertised to the public and hasn't had a full public hearing.

Alderman Shea said that he brought it in on the recommendation of the Building Commissioner.

Alderman Pariseau added that the Building Commissioner is the only one in the City that can interpret zoning ordinances.

Chairman Elise asked if she could have a motion to take item #8 off the table. The school department is here to give us an update on this issue.

Discussion relative to the School Department's FY96 budget.

(Tabled 10/15/96)

(Note: communication from Ald. Elise dated 11/18/96 enclosed.)

On motion Alderman Pariseau, duly seconded by Alderman Soucy, it was voted that item #8 be removed from the table.

Chairman Elise said that there is some documentation with this if you have had a chance to read it. We had a very cooperative initial meeting and all parties agreed to have a financial analysis done. Special Ed budget and it was a very productive meeting.

Mr. Hobson started by saying that he would be very brief. We have been meeting every Friday morning as a group with Kevin Clougherty, the Superintendent, others and myself to talk about the Special Education Audit. What I have been doing is trying to give every week to supply more information to Mr. Clougherty about what we do and what I am aware of over the past two years. I brought, I did not know I was going to be on tonight, Mr. Clougherty asked me at the last minute to come. Forgive me for not giving you these before hand, I brought a sample of the stuff I have been sharing with Mr. Clougherty. My concern is that frankly at this point and time we are heading in the same direction as we were last year. If I can just get you to see, this is a special sheet that our system cannot do this, so I actually have to do this as a spreadsheet. This is a Forecast Budget that I'm doing with receivables and items that I'm transferring right now. Our meany cash cow is the fact that we hired so many teachers at the first and second steps. We had so many teachers on the top steps retire. So, I am able to take some money out of teaching professional salaries to help offset other expenses. My bottom line, if you flip to page 2 of the Forecast Budget FY97 is that I am at 50.33% of spending through 12/31/96, but you have to understand that I'm closed for business and

normally that would be neat. I am closed for business in July and August. I don't have kids in house, I'm not running at full tilt. I am afraid I am going to be maxed out come around May. If you look at the next sheet, this is something we have been tracking called Requisitions on Hold. Our Finance Committee has said to us, what came in that you could not spend this year. You had no money to spend on so you had to put it on hold. We went after buying text books and furniture for kids. Those are the two requirements. I still have if you look at my balance \$380,000 in requisitions on hold for this year that I can't spend on. So, I told those principals, building directors, sorry, you might want it but I cannot buy it, I do not have the money. If you go to my next line item, these are specific to talk about special education cost. I have two quick tables for you to look at, one is educational assistance, the next one is tutors. These are two big drivers that we have had to deal with in terms of special education costs. The more kids you try to keep inside the District so you're not spending very costly out of District tuition. More often in these individual education program meetings or planned meetings we then have to give educational assistance or tutors to the kids. So, they are not going outside. What we have tried to do is be a little bit more efficient with these dollars but frankly it is still a losing battle. If you look specifically at tutors I had budgeted, up to this point and time, to have 62 tutors I have 81.5. The only good news I have to share with you is that last year at this time our ratio was that I had one tutor for every 1.5 kids. Now I am up to one tutor for every 4.13 kids. So I am making tutors work with more kids, but it's still a tough cost. My next sheet is pupil transportation for FY97. We have 575 more kids that have moved into the District so far this year. I am projected to be over \$87,900 in regular Ed spending. In Special Ed, it's more frightening, if you turn to page 2 of the Pupil Transportation FY97 spreadsheet, I am \$224,000 over projected. So that is \$300,000 in transportation that I am going to spend on kids and I do not have the money. Let me then go to the next spreadsheet that tells you what happened last year.

Alderman Pariseau asked on page 2 Pupil Transportation FY97, Kearsage Regional you have one bus \$89 x 180 days for that one bus for \$16,020 one student.

Mr. Hobson said that's Kearsage, no that is a Special Ed bus shared by 2 kids. Many of these Special Ed buses for a fact, these little mini buses carry under 4 or 5 kids. You try to do whatever you can to put kids together, but it does not always work that way.

Alderman Shea asked if the kids come from Kearsage do they not reimburse us?

Mr. Hobson said that some of them are and some are not. It all depends on the way the tuition is structured. I will give you a very specific example. This happened today. We had a 20 year old child, we have to educate them until they are 21 by law. She is mentally retarded and she is blind. Her family moved in from Derry over the weekend to Manchester. It cost me less to transport her back to Pinkerton Academy that is where she goes to school and pays for her tuition to go there than it does to set up a plan here. My cost analysis was \$23,000 here, \$11,400 there. I didn't plan on that, nobody put up a sign, not that I'm trying to put the family down, to tell that child to move here. They moved here I own them. We are trying to analyze every cost but it just happens. I do not have control over those things that is what I am trying to project to you. I have control over other things, I don't have control over that stuff.

Alderman Pariseau said that there should be a way that we can collect from that community that they might have resided for the last 20 years.

Chairman Elise addressed Alderman Pariseau that there is a list of things that fall under AFSHAR has listed things that we should look at regarding advocating the State.

Alderman Pariseau stated that there was something in there about the age.

Chairman Elise said also something about the residency time table.

Mr. Hobson said that we had a very positive conversation about those kinds of issues. We talked specifically about legislation items that we can go after. Then the last piece, I just wanted to show you, we are not sitting on our hands over here. On September 25, we went through a reorganization of Special Ed. We stripped out six management positions, brought that down to three management positions saved \$76,000 and then if you, I am on that little sheet called Special Education Administration Restructure. If you go to the very last three sheets. This is what Special Ed looked like in 1995-1996, it looked like a spider that went totally out of control. Through Management Structure we made it look like this starting October 1, we eliminated positions and then next year hopefully, we are going to make it look like this. This is going to eliminate another three management position. We are trying to get the common denominator or factor down into the schools and trying to eliminate overhead, supervisory, management positions. We are attempting to do everything we can, our books are open, I give any information that I can possibly can to Mr. Sherman and Mr. Clougherty to work with us. My bottom line to you is that I am very concerned that I'm going to sit here in May and tell you that I'm at like another \$.25 million over in Special Ed expenses forecast that are going to come. My bills, my Special Ed Summer

School actually runs into the fiscal year, my bills come all the way through into October. My projected overruns that I carried over from last year, I ate them up this year, but my bills keep coming for FY. I don't want you to be surprised, I want you people to know what's going on.

Alderman Soucy asked what about revenues from Medicaid Enhancements.

Mr. Hobson replied thank you for bringing that up. We have a clerical person who is working full time on Medicaid. Her Medicaid looks good. We hope, we are projecting to bring in \$1.0 million, \$200,000 comes to the City, \$800,000 goes to the school. We also have the Magical Evening of Giving program that Sue Puchasz and Len Bernard dreamed up. We hope to generate anywhere from under \$100,000 to \$200,000 revenue on that. Now that is \$1.0 million, but I have already included that on my projections.

Alderman Soucy said that was her question to you, even with increased Medicare Enhancements. You are still projecting the \$.75 million, okay.

Mr. Hobson said yes. I showed Mr. Clougherty where my hot buttons were, transportation, professional services. I'll give you one last, war story, I had \$85,000 established for Easter Seals Physical Therapy on severely disabled kids. I am talking kids that are in wheelchairs, etc. I just got the bill from them, we're up to \$115,000, it's November, there is \$30,000. I do not have that \$30,000.

Chairman Elise said that the bottom line is that this is a Budget that you can do as best as you can at this particular time. Through a lot of different factors it may be a lot more than this.

Mr. Hobson responded 200 to 250 and we are, another thing one of the reasons I am showing you the transportation fees. Ron Roy from the MTA has met with me four times, we are looking to work with them to try to combine busses, move kids around save every dollar we can there. He has been very helpful, he is a City Department if you will, in my perspective. We try to work with him to lower those costs. If you want an eye full, go over to Chandler School at 2 o'clock and watch those 14 mini Special Ed busses pull up. Watch those kids get on, it is unbelievable, it's incredible.

Chairman Elise said that we need to provide these services, but we have to obtain adequate revenue to provide the services. What is happening right now is you're developing financial analysis with the Finance Department on Special Ed Budget over time. In terms of meeting, you are going to make recommendations regarding lobbying for certain items at the State House.

Mr. Hobson answered that's right.

Chairman Elise continued by saying that Manchester is not the only community facing this.

Mr. Hobson responded no.

Alderman Soucy stated that the whole State faces it, every community. You have to provide for Special Ed until 21.

Chairman Elise said that in terms with this particular budget.

Mr. Hobson said that he just wanted them to be aware. I do not want it to be a surprise. I don't want it to be name calling, finger pointing, let's just get it out on the table.

Chairman Elise said that she totally agreed with him. Next years budget we have to look at that still may be the case for next year's budget and we have to get some mechanism will be formulated to allow for that.

Mr. Hobson stated that we sent our budget package to the Mayor's office and to City Finance. We are doing a zero based budgeting process this year. We are making the principals accountable and responsible for 12 to 18 line items. When they maxed out those line items, that's it, there done. Special Ed is another separate case on that, but we are looking at 2.5 percent more kids in Special Ed by the end of FY98. There is an excellent article in the Wall Street Journal that I would like to share with you. In the New York Times, they did an excellent article on the whole Special Ed structure that major cities are doing. New York, Washington, Chicago, Mayor Daily just took over the City School systems, got out of the State, he's put different people to look at the funding. It is a national problem, that's my point. New York City is spending 23 percent of there budget on Special Education, Manchester, NH is spending 25 percent. We are spending 25 percent on 16.5 percent kids.

Alderman Pariseau asked 15 percent on the budget, right?

Mr. Hobson replied no. It is 16.5 percent of our kids, we are spending 25 percent of our budget on them.

Alderman Pariseau said that these coded kids, that really bugs me. They are really not handicapped or special needs. It's just bratty.

Mr. Hobson said that there biggest drive. I am not disagreeing with you, because I have my own opinion on how kids are coded. The biggest driver that I am seeing right now Alderman Pariseau is the kids moving in with severe physical disabilities. Those are the ones frankly are rowing the big bucks.

Alderman Pariseau said that something should be done to charge those communities that they are coming from.

Alderman Soucy said what if they move out of the community.

Alderman Pariseau stated that they do not move out of the big cities, Alderman Soucy, you know that. They come where they think the Golden Egg is.

Alderman Soucy said the Derry tax would pay for some kids from Manchester if you moved to Derry. It is a reciprocal relationship.

Alderman Pariseau said nobody goes to Derry.

Alderman Soucy then said they move to Nashua.

Alderman Hirschmann said he had a question on pupil transportation. What about this Hartford, CT.

Mr. Hobson replied that this child is profoundly deaf and we lost the court case.

Alderman Hirschmann said that is sad. Why is Bedford so much compared to so far away?

Mr. Hobson answered that was because there were multiple kids on the bus.

Alderman Shea said that most of the cost incurred by the severely handicap children. Those that are multiply handicapped. There are people beating the system because basically there are a couple of lawyers in Vermont that advise parents on how to collect Social Security as the result of kids being coded. This is a prominent thing and what happens in the School Department Alderman Pariseau the people on the team make an assessment. We do not think that this kid should really be coded, the parent then goes in front of a hearing officer or a judicial board in Concord. Nine out of ten times they favor with the parents, so what happens is you pay the law firm, you pay the fee and the kid is coded and you've lost.

Alderman Pariseau said maybe we ought to get rid of the State Board of Education, that would be a step in the right direction. Why do we need them? They were established years ago because of central purchasing, basically, Now they've gone.....

Alderman Shea said they're not controlling what happens it's federally legislated, I believe. Is that right Mr. Hobson?

Mr. Hobson responded yes in 75 or 72 IDEA and originally it was supposed to be 40 percent of the Districts we were supposed to get 40 cents on every dollar. We get eight cents on every dollar. That is a national figure, the Mayor's aware of that, he is plot that at his Mayoral Conferences that he goes to, it is a big battle. Special Ed is a tough nut.

Alderman Pariseau stated that we had this situation where this family moved in with three children into a neighborhood. They wanted to send their children to another school they had to make that school handicap accessible. See, I do not understand stuff like that, if I live in Bakersville School area my kids should go to Bakersville School.

Alderman Soucy said provided their adequate facilities in the school.

Alderman Pariseau continued by saying that they do have adequate facilities at Bakersville. Because a parent wants there children to go to Jewett Street.

Mr. Hobson said that a lot of it is negotiated. I was talking with Alderman Hirschmann about we are looking at some of the transportation costs. Some of the transportation cost that you see are negotiated out of court cases. It cost us x amount of dollars to bring a child to x point, because that is what was negotiated. We've lost and had to negotiate three cases in the past month, we've lost \$170,000 out of our bottom line. We have lost those cases. One of them is a national case that we are appealing. The child is 18 years old and a felon, he is in the State Prison and we are footing the bill. It's a national case that we are fighting.

Chairman Elise stated that we do know that there is a problem and we are taking steps to do something about it.

Mr. Hobson continued by saying that he felt good about this process, frankly. I feel there should not be any secrets here.

Alderman Pariseau asked how many Special Ed are educable. Sure you can send them to school and have a baby-sitter there, but how many really learn out of the severely handicapped.

Alderman Soucy asked Alderman Pariseau to define learning?

Alderman Pariseau said all it is the parents send them out to be baby-sat.

Alderman Soucy said that was a jaundice view of what people with disabilities have to overcome.

Alderman Pariseau said that he is not saying all of them. Some of them that cannot learn because of the severe handicap.

Alderman Soucy asked learn what Alderman Pariseau?

Alderman Pariseau asked why do we have to foot the bill for \$40,000 to go to school and he doesn't learn anything.

Alderman Soucy replied The Constitution.

Chairman Elise said that the State might be looking at the whole problem too and saying how can we better provide these services at a lower cost. That might benefit all the communities in the long run. There are a lot of different ways to look at it but I think we are going in the right direction. In terms of the reality situation at what we can do.

Mr. Hobson said that he did not want to get everyone flabbergasted, but I just wanted to let you know what was going on.

Chairman Elise stated that the information was the best thing.

TABLED ITEM

6. Discussion relative to the Recodification of City Ordinances relative to Chapter 8.

“Finances”.

(Tabled 7/23/96)

This item remained on the table.

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

A True Record. Attest.

Clerk of Committee