

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

**March 4, 1997**

**5:00 PM  
Executive Conference Room**

**PRESENT:** Alderman Elise, Alderman Shea, Alderman Pariseau, Alderman Hirschmann

**MESSRS.:** Randy Sherman, Joan, Shaffer, Armand Gaudreault, Leo Lafreniere, Eleonore Melanson, Douglas Gherlone

Chairman Elise calls the meeting to order.

City Clerk Leo Bernier called the roll.

Chairman Elise called item #3 on the agenda:

Communication from Alderman Domaingue requesting the Board refer the subject of Building Impact Fees to Committee to determine whether there is a need to increase these fees.

Alderman Pariseau said he did not know what Alderman Domaingue meant by the increase.

Chairman Elise explained the Fire and School.

Alderman Pariseau said that the impact fees were set.

Ms. Shaffer answered that ordinance established in September of 1995 and in accordance with that Ordinance it says there will periodic review of the Impact Fee schedule. It says: It will be reviewed annually by the planning board using the methodology report. Unfortunately, Bob MacKenzie is the one who put all of these figures together and established was is known as the Impact Fee Ordinance now, in conjunction with some other individuals.

Alderman Pariseau asked if we wanted to refer it to planning.

Ms. Shaffer continued that Mr. MacKenzie was unable to attend the meeting because he other commitments at this time. So, he would be unable to address the issue, but he would be glad to speak to you at another designated date. Essentially, his rationale and all of the figures would not change drastically. He does not foresee undergoing a periodic review at this time.

Alderman Pariseau said he would like to motion that fees not be increased during FY98, Madame Chairman.

Alderman Shea said he would second it.

Alderman Hirschmann said he would like to discuss why it was sent here.

Chairman Elise asked whether or not they would like to table it until all the Alderman Domaingue can address it.

Mr. Sherman stated probably because it requires that.....

Ms. Shaffer interjected stating that any Ordinance it says there should be an annual review. Of course, this was instituted in September 1995 which is about a year and a half ago, roughly. From what Planning Board says there is no drastic change in any of the numbers that they would be using in this methodology report. This is quite an extensive report that they put together.

Chairman Elise responded okay.

Ms. Shaffer continued by saying to determine the cost of the schools, the occupancy, the development, the amount of the pupils that would be coming in should.....

Alderman Hirschmann said he thought that the Alderman put it on the agenda because she felt that the numbers were too low. The fee was too low because of the development that was going on in the wards. She feels that we could recoup more.

Alderman Pariseau said that was a Planning...

Alderman Hirschmann responded that I respect that Mr. MacKenzie has to have a solution.

Ms. Shaffer said that he would be glad to speak to the committee.

Alderman Hirschmann agreed that it should be tabled.

Alderman Pariseau said he did not feel there was a need, I made a motion that they not be increased for FY98.

Chairman Elise acknowledged Alderman Pariseau's motion.

On motion from Alderman Pariseau, duly seconded by Alderman Shea, the motion not to increase the Building Impact Fees for FY98 was passed.

Alderman Pariseau continued by saying that at our annual review, next year at this time, the committee can review it again. If they want to increase it in FY99, or if there is a reason to increase it in FY99, that would be up to the committee, making reference to planning.

Chairman Elise recognized Alderman Hirschmann.

Alderman Hirschmann replied by saying that we did say that we did not feel there was any need to increase.

Ms. Shaffer said that she thought there was a list of criteria in part of this report where the methodology section is addressed. It lists all of the different economic circumstances and they do not feel that they have changed drastically to simulate the need for a review at this time.

Chairman Elise asked whether we should send a letter to Alderman Domaingue address her inquiry that the Planning Director has evaluated.

Mr. Sherman said you have to report back to the Board.

Alderman Pariseau said you tell them that this Committee recommends that there be no increase in the Impact Fees.

Chairman Elise added due to the recommendations of the Planning Director. According to the methodology report, no increase is recommended.

Ms. Shaffer stated that it says in the periodic review section. The Planning Board shall furnish such recommended changes to the Board of Mayor and Aldermen who shall have the authority to change the Impact Fee schedule.

Alderman Pariseau said he told you that he could not be here but he does not see any need for an increase.

Ms. Shaffer responded that he also said he would be glad to address you people.

Alderman Pariseau said were doing what we are supposed to.

Chairman Elise recognized Mr. Gaudreault.

Mr. Gaudreault stated that he felt you should send it back to the Planning Board.

Ms. Shaffer said that she thought it went to one of the other Committees.

Mr. Gaudreault replied that they are the ones who are supposed to make the recommendation.

Alderman Pariseau answered that Mr. MacKenzie made the recommendation that there should not be an increase. He is Planning.

Ms. Shaffer said just for the committee's information, we have collected \$400,000 since the inception of this Impact Fee Ordinance and the majority of that money is for the school segment of the Impact Fees. There were two separate accounts set up, one for Hacket Hill and one for Bodwell for Fire Station. Hacket Hill only used \$760 thus far, and Bodwell Fire Station \$18,000. So, \$386,000 of that total has been collected for the school purposes.

Alderman Hirschmann asked how does that money be appropriated to those two accounts.

Ms. Shaffer replied that it's not appropriated under these accounts. This is special revenue accounts that is accessed to these individuals when they get a certificate of completion.

Mr. Sherman added that actually the CIP program will be set up and these funds will be used.

Ms. Shaffer continued by saying that if it's determined to defray the cost of construction. This money would be appropriated at that time or reduce the amount of the bond issuance. Or they might choose to keep the money aside and just pay up or subsidize the debt service on an annual basis. So they can keep earning....

Mr. Sherman added escrow until then.

Chairman Elise stated that the motion would be that according to the Planning Directors' recommendation following the methodology report that no increases are recommended.

Motion carried.

Chairman Elise called item #4 on the agenda:

Communication from Alderman Elise suggesting the Board eliminate the increased motor vehicle registration fees in the 1997-98 budget; and further indicating that if a majority does not agree to this, then consideration should be given to an elderly exemption.

(Note: communication from the City Solicitor to the Mayor dated 2/13/97 relative to RSA 261:154-155 enclosed.)

Alderman Pariseau moved that as a recommendation, Madame Chairman, that it be eliminated as of the end of FY97. I would suggest that if we could that we get it to Board of Mayor and Aldermen this evening. So that the Mayor was aware that this Committee is not going to support this additional license or registration fees.

Alderman Shea second the motion.

Chairman Elise said that it was moved by Alderman Pariseau and seconded by Alderman Shea.

Alderman Hirschmann wanted to clarify that were eliminating the increase not the entire fee. Is that right?

Alderman Pariseau replied the surcharge. We are eliminating the increase motor vehicle registration fees that were currently charging for the foolish garage rate.

Alderman Hirschmann will drop down to....Let's hear from the finance office.

Mr. Sherman said just so you will know what you are voting on. My concern is that to many people do not understand it and that's why they object to it.

Alderman Pariseau asked whether Mr. Sherman wanted his telephone calls.

Mr. Sherman said he will take them. Anyone that I have talked to on this, when I explain it and when I get off the phone have no problem with it. Let's start with where we are on this current budget. This is the budget you adopted. \$147.6

million in expenditures, you add in items such as county tax, the overlay, veterans exemption, that's another \$10.0 million. You had non-tax revenues of \$44.8 million that includes this auto registration fee. We use \$1.25 million of fund balance and your raise \$111.6 million in property taxes. You gave your tax rate at \$30.79 when we actually set the rate, because the valuation changed, were actually at \$30.84, 3.9% increase. If you go back and you back out the auto registration fee.

Chairman Elise said and this is not for this year this is for next year, right.

Mr. Sherman agreed that what were looking at is the impact that it would have had on this year. Because I do not know were the budget is going to be next year. I am just trying to show you the numbers here. Expenses don't change, you still spend \$147.6 million. The county tax, the overlay, the veterans exemption does not change. What happens is that your non-tax revenues go from the \$44.8 million to \$43.591 million that's the \$1.2 you had in the auto registration. Would have to more fund balance by eliminating this and what happens is that your property tax requirement change from \$112.8 million which is \$31.12, which would have been a 5.03% increase in taxes. If you pull this out, instead of having a 3.9% increase you would have a 5.03% increase.

Alderman Pariseau asked why you did not put the parking meter revenue somewhere else.

Mr. Sherman said we will get to that, okay. Just to go back, and look at your sources of all your revenues. In 1984, you raised 61.7% of your revenues from property taxes, 38.3% from non-property taxes. In 1987, the current budget you adopted including that \$1.2 million, you raised 71.4% from property taxes, and 28.6% through fees. Point is your not feeling people to death here. In fact, your going the exact opposite direction. Your property taxes are rising faster than your non-property taxes. The problem that you have is on the next page and you cannot tell the lines because it's originally done in color. The top line is your residential component of your tax bill. The bottom line is your commercial and industrial portion. What happened is that you are always at about a 52-53, 47-48 split. Until you did revaluation. You are currently at about a 58-42 split, in other words, even without increasing your property tax that you raised residential counts would have gone up 12%. Without even raising another dime. Every time you raise property taxes, the residents are picking up a larger portion. These two lines keep getting further apart. The burden of the property taxes is going to the residential customer.

Alderman Pariseau asked why is that?

Mr. Sherman answered that because the residential accounts do not have the ability to come in and get abatements the way the commercial accounts do. You could have 20 residential accounts and settle half of them and you get one settlement on the Blue Cross building and that takes the whole west side as far as residential accounts. These accounts are getting further and further apart and every time you increase property taxes more of the burden falls on your residential accounts.

Alderman Shea asked why the large commercial buildings are getting abatements so easily?

Mr. Sherman responded that it's not that they are getting so easily, it just that the commercial accounts have not bounced all the way back. At one point, your residential accounts have not bounced all the way back but there closer to were they were during the rebound period then your commercial accounts are. Drive up and down Elm Street you still have a lot of vacant buildings. The only reason the City can get office space at the Hampshire Plaza because nobody else wants it. That affects their valuation. Ms. Shaffer if you can pick up the next two pages here and explain the cuts that would have been required to take this out of the budget.

Ms. Shaffer took over by saying what would happen at this late stage in the game, because you would have to cut expenses to equal revenue that you are going to cut.. This is if you were to eliminating the increase and giving refunds. You would have to make up this amount of money in this year's budget. This would be the proportionate cuts for each department.

Mr. Sherman continued by saying that if you did not want to go from 3.9% to 5.03%. These are the types of cuts that your departments would have suffered last year. The school department already telling you that there about \$600,000 short this year. This is another \$600,00 they would have to cut, and this was put together when we were talking about doing it retro. Now let me explain to you a comment made earlier about were the revenues are going. The city, at one time, use to take it's parking revenues from the garages, lots and meters, and they use to co-mingle it. They use to put it all in one place and the only thing they would pay for out of that was for the garages. Ample funds was not a problem, however, it was against State Statute. Prior to 1990, I do not think that anyone in the Finance Department ever read the State Statutes. They just were not being followed. If you go to the State Statutes, it's very specific on what the meter money can cover. It can be used in metered lots, for street maintenance and to cover any work that

needs to be done on those meters including the meter maids as they go around. It cannot be used for parking garages and that is the way the Statutes are now.

Alderman Pariseau said that if we would have any premonition of this we could have someone some state legislature sponsor..

Mr. Sherman stated that you do not have enough meter money, well, we will get to that further down, to take care of what meter money can take care of.

Alderman Pariseau asked whether or not we could have had someone sponsor a bill to amend the current statute.

Mr. Sherman said yes, but we will get down to what kind of money the meters are generating. Now, the garage money, the money that is paid with monthly permits or hourly in leased lots and in garages, can only be used in leased lots and garages. You cannot use that money for other items. They specifically target that money. That money that you earn on the garages pays about half of the expense of those garages. You wanted to take those garage fees and jack them up to \$90 a month you cover your expenses.

Alderman Pariseau said to Mr. Sherman that this is the problem. Why should I and my constituents pay this additional fee for parking garages when they don't even use them.

Chairman Elise added that she had more of a concern that the private garages in town charge less and people lease in those parking garages. If we charge less maybe more people would lease in our garages and we would have more revenue to fix up the garages. Also, the general public does not understand the idea that if they are paying an increase on there auto registration fee, why are employees parking free in the garages. It would at least be, I do not see any reason why people would oppose, even a \$10 contribution, why should the citizens also pay for the employees to be in the garages.

Mr. Sherman said he was not a campaign of that one Alderman. The Aldermen's voted on.

Chairman Elise continued by saying that she just wanted to add this before we go on. Other communities don't have the auto registration fee, they don't have 50 cent meters Downtown. They do not have...a lot of the fees that we do...I cannot see where, we have not reduced fees, we increased fees.

Mr. Sherman responded by saying that you have not increased fees to the same level that you have increased expenditures. You have been increasing property taxes' 2%, 3% a year. Your non-property tax revenues have been flat. They have not been increasing but your expenditures have been increasing. So, the more you increase your expenditures and you're not increasing the non-property tax, your property taxes are going up further. What really causes the problem is as it goes up it falls more on the residential accounts than it does on the commercial.

Alderman Shea added that what people say to him that if something loses money, why do we still maintain it? In other words are we obligated to maintain garages, can't we somehow, rid ourselves of an expense that is not really sustained.

Mr. Sherman said that he made that recommendation in 1992, when the Canal Street garage was being held up with 2 by 4's and we got no buyers. First of all, we got very little interest from the Aldermen to do something like that. We had a gentleman come up from Boston that said he would be interested but when he found out what we had and the fees that he could charge. The Aldermen did not want them to come in and charge \$90 a month..

Alderman Shea said that his point was, we are city fathers, and were saying that garages only carry half the expense, in other words, the fees, why are we in the business of having garages. It does not make sense to me.

Mr. Sherman replied that's what he was just going to get to..

Alderman Shea asked how do we get rid of them? How do we...."Do we blow them up?" Seriously, what do we do to get rid of the garages because they are not paying for themselves.

Mr. Sherman said there is a reason why you have garages. If you recall back when they were talking about increasing the meter fees and the mayor actually had a proposal to raise the garage fees. Mr. Rich Davis came in and explained at that point garages are economic developments. If you do not have garages you do not have businesses Downtown. Your Downtown district is too congested to have open surface lots. Now, in Downtown you have roughly about 2,000 parking spaces, but I would say half of those are in your three garages. If you eliminate those garages or you jack those fees up to \$90, you cannot fill these office spaces now. That's why the city has always covered the losses of the garages through property taxes. It's an economic development tool.. The problem is when it's portioned into the property taxes it is thrown in there with items such as school, police, fire and the city doesn't fund it. There is a reason why we put three new floors on that garage in 1984 and in 1991 the garage is falling down. We put more money in to

repairing that garage, than we did in putting those three floors on. Because the city cut those expenses and what this does is it segregates the revenue out. This revenue is raised for this purpose and you can't touch it for any other reason. What we have been able to do with it this year is put \$1.0 million worth of repairs in the garages that were needed.

Alderman Shea said that they are still half empty and there not paying for themselves.

Mr. Sherman replied that there not half empty. I do not know what garages you have been in but the ones I have been in are not half empty.

Alderman Shea asked then how come you said were only raising half the amount.

Mr. Sherman said that's right your only raising half the money because your only charging \$45. Again, when I put \$2.7 million in this garage in here, that I shouldn't have to put in. How can you expect the fees that you charge cover that? What your saying is the person that comes in and parks in that garage should pay for this mistakes that the Aldermen have made in the past for not funding the maintenance. That's what you are telling those people. Then you're telling the people in the Hampshire Plaza, well that's too bad, you rent our class A office space but were going to charge you \$90 a month to park. By the way, thank you for your millions of dollar property tax.

Alderman Shea said that you have to back and go to the Aldermen that made these decisions and not to the ones that are sitting around this table.

Mr. Sherman replied that what you have to do is to find a solution to take care of your parking garages. Because they are an economic tool. If you don't take care of them your going to lose your Downtown businesses. Now, there is two ways to take care of them, you throw it on the tax rate or you have this auto fee. There is a third way, back in the 70's when they were building these garages, they didn't adopt that third way. So, it's not an option anymore. Now, you're down to two ways, you can do it with property tax or you can raise the fees to \$90. Raise the fees to \$90 they are all going to move out. They will not pay those rates.

Chairman Elise stated that she knew that a lot more people would feel more justified if that increase auto registration fee would be going to roads in there neighborhood.

Mr. Sherman replied okay. Let's keep going through here if we can. Meter revenues, in your 1997 budget, you are collecting \$1.1 million of meter revenues.

Direct cost, now that's your meter maids, and new meter heads, under the \$732,000 there is road work in there. There is road resurfacing money in there, because meter money, meters are on the road so you can use that money to maintain those streets.

Chairman Elise said that people would like to have it more than just for Downtown.

Mr. Sherman responded that it was city wide. It's street maintenance.

Alderman Pariseau said that he would take them down to Ward 9 and I will show you the mess.

Mr. Sherman continued that the next page was the garage and lease lot revenues. Again, you had \$1.6 million, \$1.5 million were used for direct cost of operating the garages.

Alderman Pariseau interrupted by asking if the \$1.6 million included the registration?

Mr. Sherman answered that it did not. That's the \$2.00 an hour or \$1.00 an hour, whatever the people who go in and out of the garages and also the \$45.00 a month, that's the \$1.6 million. As you see, that whole \$1.6 million is spent, those no excess dollars there.

Alderman Pariseau said which is fine.

Mr. Sherman agreed that was fine. However, you go to the next page, and this is where the auto registration fee comes in and you are raising \$1.2 million and as you see you spend a \$1.2 million. You are spending those dollars, it's not like you can take these dollars out of the revenue side of the equation and expect to take them out of the expense side of the equation.

Alderman Pariseau responded that he understood.

Alderman Hirschmann asked whether Granite Street cost.

Alderman Pariseau added that his problem was and I said it once. The majority of those people that register their vehicles in the City of Manchester, do not use the garages.

Mr. Sherman said no they do not, but they the get benefit of the property taxes of Downtown. Garages are economic development. They are no more non-economic development that putting in Pearl Street lot. It's no more economic that building a museum, a CenterPlex or an airport. When you put money into economic development there is a reason for it. It's to spur on more development and bring in property taxes.

Alderman Shea responded that a lot of people object because they have 3, 4 or 5 cars, either they run a business or they have different types of business. They are claiming that they are still paying to have those trucks registered in addition other people have said that because of this...

Mr. Sherman finished by saying that we are going to hit the \$1.2 million this year even if we started late.

Alderman Shea said he gets complaints, it's almost as bad as the CenterPlex.

Alderman Hirschman asked whether he could tell them about this fee on Granite Street Garage \$469,000 is that one time.

Mr. Sherman said that garage is 12 years old and then I do not know when we put those new floors. Again, we have big cracks on the side, we would have to shut down that garage, if you didn't do that maintenance. Is that a one year fee to get the garage back to what it should be, but you don't want this garage to start rusting like the one on Canal Street. You need to do the annual maintenance on the garage. Is it going to be the fact that we need to raise \$1.2 million every year, we may not need to raise a \$1.2 million every year. If we need to raise \$750,000 a year to maintain the garages so we don't have large capital expenditures, your better off raising the money and doing that.

Alderman Hirschman asked then Granite Street is being taken care of this year?

Mr. Sherman responded that Granite Street was being taken care of this year.

Ms. Shaffer added that this was in lieu of issuing bonds to do these types of constructions.

Alderman Hirschman then asked if Numerica was the same thing a smaller share of it.

Mr. Sherman stated that you could very easily not do Granite Street, you had to do Numerica because that was under contract. Out of this \$1.2 million, you had

\$652,000 in debt service and another \$95,000 that you had to spend. There was \$750,000 that you could not avoid spending.

Alderman Pariseau asked that was all for garages?

Mr. Sherman answered that it was all for garages.

Alderman Shea then asked if this was all because of economic development? In other words, the keep the Downtown viable.....

Mr. Sherman responded that when you put in something like the Hampshire Plaza or the Center of NH. You have to put in garages, you just do not have the open surface space. Every time you put in a parking lot, like Pearl Street or Merrimack Street, when your taking away valuable land that the city owns. The best you are doing on that land is break even. You're not collecting any taxes, you're not generating any employment, any payroll. You take up land and assets here. You can take Bridge and Elm and you can pave it, very cheaply, as we did down at Riverfest, put up some meters and you can make some money off that lot. Would you rather do that, or would you rather put up a 20 story building down there that's going to give you a \$1.2 or \$1.5 million every year in property taxes. Now if that needs 200 parking spots, your better off putting in the 200 parking spots. The way that all these projects and these garages were justified is the property taxes that you earn off those more than pay for the parking garages. Problem is you do not take those property taxes as the Statutes allow you to, and apply to the general fund. The problem is we continue to put into the general fund and did not take care of the parking garages. It's unfortunate that we are at the situation that we are. If something had been done 10 years ago we wouldn't be in that situation, that debt service would only be about \$300,000. Now the next one, the Statute allows the communities with a population greater that 50,000 this Statute RSA 261:154-155 was put in place specifically at the request of The City of Manchester in 1969 for the Hampshire Plaza. It was never implemented but it was put in. You have testimony, you got Mayor Mongan and everybody else, the entire city was in favor of it. In order for them to build the Hampshire Plaza, they would not build there unless there was a garage. They put in a garage for their executive employees, but they did not put in a garage to take care of all their employees or customers. They needed that garage there. So, the city went up there to request this in 1969. Two years later, the City of Nashua went up, you have this set at a population of 60,000 we cannot do it but we want to be able. So, the legislature decreased it to 50,000, because Nashua thought it was such a good idea. What it does is it allows the City to charge to charge 5 mills on a current year model. Now what that means is that it, for every thousand dollar your paying 5, that's 1/1000th of a penny. For every thousand your paying 5, if you have a

\$10,000 car the first year you would be paying an additional \$50. The second year it goes to \$40, \$30, 20 and \$10. The value of the car always stays the same, it always goes by the initial value.

Alderman Pariseau asked it does not depreciate like it use too?

Mr. Sherman answered that the car does not depreciate the rate that you apply does. They reduce the mill rate.

Alderman Pariseau continued by asking that at one time did not the price of the vehicle when you registered it...

Mr. Sherman said no, even on the other side, it starts out I think at 18, then it goes to 12 then 9 the mil rate always drops.

Ms. Shaffer added as opposed to the value of the vehicle.

Mr. Sherman continued by saying that if the City had adopted these rates. We would have been raising over \$2.0 million. At that point, the Aldermen, this Committee and the Traffic Committee looked at it and said well raising \$2.0 million when we only need \$1.2 million does not make a lot of sense to us.

Yes, it would be nice to build up some reserves to be able to do something in the future. It's too costly at this point. What the Board adopted is what is on the next page. We realized we can go to 5 mills but were going to start at 1.5 mills. You have a brand new \$10,000 car and you would be paying \$15 a year. Now the problem that you have is the second year you pay \$15 because the mill rate is the same. We kept the mill rates the same to generate the minimum amount of dollars that we needed to cover the expenses last year. The least that you can charge is the 1 mill and that's what you see in that fourth preceding you. If you want to take this and put into perspective between building into your tax rate or putting into auto registration go to the next page. We thought we were more than fair when we looked at these numbers. We took a \$20,000 car, first year at 1.5 mills you pay \$30.00, second year \$30.00, third year \$30.00, fourth year \$30.00. Then the fifth year it drops down to the 1 mill so you only pay \$20.00. If you recall back from the beginning and you pull that \$1.2 million out your tax rate goes up from \$30.79 to \$31.12 goes up 33 cents.

Alderman Shea asked how much of a difference this 33 cent would be like for \$100,000 home.

Mr. Sherman answered that was the bottom part of that chart. The average house, according to the assessors last year, when we got these numbers from them was \$105,000. The additional tax on that house would be \$35.00.

Alderman Shea stated that most people would be saving money because they have two cars.

Alderman Pariseau agreed that they would be paying \$60.00.

Chairman Elise also agreed that most people have two cars.

Mr. Sherman said that most people who have two cars do not have \$105,000 home either.

Alderman Shea responded they do not!

Mr. Sherman said that your average home, is not your average cars. Your average two cars, what is your value of your average two cars.

Alderman Shea continued by saying that basically even if they do not have a new car, they would have a car that's 3 or 4 years old.

Mr. Sherman asked what is the value of the two cars?

Alderman Shea asked what difference does that make?

Mr. Sherman responded that if you have two cars that add up to \$20,000 you are still paying \$30.00. You have to look at situation by situation. If I have Camary at \$20,000 I am going to pay \$30.00, if I have 2 Escorts at \$10,00 a piece I am still going to pay \$30.00.

Alderman Shea stated that the people in his Ward. I do not know what their property is valued at. Let's say it's valued at \$100,000 average and they have two cars. The two cars are 3 years old, the values of both cars say is \$30,000. I do not know.

Mr. Sherman said that at \$30,000 they are going to pay \$45.00 here and down here they are going to pay \$45.00 there \$10.00 a year behind year one. Year two they paid \$45.00 here, are property taxes going to stay the same?

Alderman Shea answered that maybe it will go down, depends on how much spending. Maybe, it will go up.

Mr. Sherman said that the problem is that the tax rate keeps going up, this does not. This is going the opposite direction. The guy with \$180,000 home with the two cars is certainly paying more here. The guy with \$70,000 home that's driving a Mercedes is paying more here. Your right it's an individual situation.

Alderman Shea stated that it favors the rich more than the poor. That's what I am trying to say.

Mr. Sherman said no that it did not.

Alderman Shea said yes it did. The man who is driving in a Mercedes has a car that's worth a lot, but he is living in \$500,000 house, so he would pay more taxes than he would for this right here.

Mr. Sherman agreed that was right. So, he is not complaining. The problem is that if you take the average, and this is an average from the Tax Collector and the Assessors, you take those two numbers it's more expensive to put it on property taxes. You know why, when you put into property tax, the residential.

Alderman Shea that might be right, but he claims it on his income tax. You cannot claim the fee on, which does not make that much difference.

Mr. Sherman said that if you look at the breakdown between your vehicles, commercial and personal, and the property that's commercial and residential. These lines are a lot closer when you are talking about vehicles. They get a lot closer in the commercial accounts pick up a bigger bulk of that \$1.2 than the residential accounts..

Chairman Elise stated that I know that people in my Ward have definitely noticed the increase on the registration fee. They just cannot make sense out of why they have to pay for the garages. Now this increase on our registration fee was to go roads in our wards, they could make some sense of that.

Mr. Sherman said they cannot.

Chairman Elise continued by saying that she had half a mile paved in her Ward, it just does not make sense to them. I do see that some people want to speak. Although this is not a public hearing, I know there are individuals that want to make a comment on this auto registration fee. I will let you speak now.

Ms. Melanson said that she was very disturbed by the fact that we have to pay this tax which we didn't even know anything about. It suddenly appeared and nobody had to come to a vote or anything like that. Also, following the arguments that this gentleman brought out the parking meters seem to pay for themselves. They even make a profit, but the garages are a detriment to the budget. They eat up money for no good reason, we have to pay for them. The projection is that if well if we have the garages we can build property and it will bring in property tax. Well, that has not come about, goodness knows in how many years, has it? It's not about to happen now. The Downtown area is not going to ever become a thriving a metropolis, I do not think so, I do not know what your projections you people have but I do not see it forthcoming. Very few of the people do come Downtown, because there is nothing here to come Downtown for. If you have to park way up over there to come to the couple of stores that are right on Elm Street, people are not very likely to do so. There are other areas to go. Also, the money that apparently was in the budget at one time for the garages was suddenly put into the general fund. It was lost, I spoke to Mr. D'Allasandro who is going to try to put the bill through that this is going to be reversed. Why should this have happened, if that money could be taken out of the general fund, now maybe you have funds available to pay for the deficit on the garages. There is some planning here that I really do not care about at all. And all of this so call logical conclusion that you are drawing about well the money comes out of here and goes into there really does not address the problem. That as a general public we all have to suffer to pay for the few who actual use the garage. Why should we be forced to do that. If this is something that is really essential why doesn't it come out to a vote for the average voter. Why aren't we asked to give our input? Why is it something that's done just by the Aldermen and the Mayor. I am not suggesting that you people are not truly trying to do a good job for everyone. This is something that affects every individual and suddenly we are told you have to pay this. Why? Why do I have to pay this? I like to be consulted if someone is going to dip into my pocketbook. I really do not like any of what I am hearing here. This report, and I should have written down, it had so many areas of argument in this particular budget report. I could have refuted to me it just does not hold up that we should be held responsible for the...

Chairman Elise asked if she could give her name and address for the records please.

Ms. Melanson responded surely, Eleonore Melanson, 527 Fox Hollow Way, Manchester, NH. Thank you very much.

Chairman Elise told Mr. Sherman that it was an excellent Finance Department.

Mr. Sherman said that he would take exception to the fact that there are problems with the report. If she had problems with the report I wish she would spell them out and not be afraid to say it. Because I'll take a challenge on any of these numbers. Second of all in 1984, 1985 parking garages had excess money. As I said before they were using the meter money and the garage money, they were combining together and all they were doing is paying for the garages. They were building up surplus, they were not using the money in accordance with State Statute. The Board at that point raised the fees and took the parking garages and set them up as an Enterprise Fund. If they are self supportive get them out of the General Fund let them maintain themselves. Within about 5 years they would run to a deficit, they are in a deficit, and the general fund, I do not know where Lou D'Allasandro thinks took \$2.0 million. Because, when we rolled that Enterprise Fund back into the General Fund, it cost us \$140,000 of deficit that we had to absorb. So, I do not know were Mr. D'Allasandro is getting his numbers, he testified he is gotten a bill in to repeal this. What I understand, it was him and one other individual that testified against it. He does not have a lot support up there to repeal this. It was put in specifically for Manchester, Nashua thought it was a good idea, they came up, had the law change so they could take affect of it too. Nashua has the same Downtown problems that Manchester does.

Alderman Hirschmann responded that he really respected Mr. Sherman's position. You have a task to give us a report. The Finance Department I am sure feels strongly that this is what is right. You said the magic word, you said it's an enterprise. It's not a very sufficient supporting enterprise and in the business world when things fail. You pack it up and you go away. So, by us supporting this, mill rate we would just be prolonging the agony and keeping these garages in public land. I really don't see these as an economic development thing, myself, I see them as an economic boom dog. Because there not doing it, it's not happening.

Mr. Sherman said that every time someone wants to move into the Millyard. What is their main issue? Parking. You do not have parking. There is a reason why, when we were doing Canal Street, I do not know if Mr. Gaudreault remembers when we were talking about these 5 years ago. Mr. Sherman continued by saying that we talked about shutting it down..

Alderman Hirschmann said that all the high rollers that want to move into the Millyard can move in there right now. They can give Dean Camann or whoever a pile of money and buy all these vacant buildings, knock them down, have all the parking they want. Those no high rollers walking Downtown. We are going to foot the bill on the Civic Center because we want to bring them here, but these garages are.....

Mr. Sherman interrupted by saying that Downtown was in trouble and if you do not provide parking your not going to get anyone down here.

Alderman Hirschmann disagreed and said that you were. We are not getting rid of these surface lots. The surface lots are making money, right?

Mr. Sherman said that his opinion was that you should get rid of your surface lots. I think that Pearl Street is the biggest waste of land that you have in this Downtown area. You have a beautiful park there, Victory Park, and you have Hartnett Lot right next to it, it's a waste.

Alderman Hirschmann responded by saying that Hartnett was always being used. You have people going to the Library and fill those meters up like you would not believe.

Mr. Sherman agreed that they did. They use the garages less. Those garages are not at capacity because nobody wants to park on the roof. People do not feel safe going in the garages.

Alderman Hirschmann said that when he sees numbers like \$100 Grand that gives to the Numerica Building. I do not know what that little deal or lease is, if it's to have department people park there, I would say cancel that contract and you do not pay them another dime, ever.

Mr. Sherman said that was maintenance.

Alderman Hirschmann asked if we owned that garage.

Mr. Sherman said no, that we leased spaces.

Alderman Hirschmann asked why are we leasing these spaces? For who? For department people, right?

Mr. Sherman said no that we lease and we have meters in there.

Mr. Gaudreault said that was part of the deal you gave them for an existing parking lot and they were going to give us spaces to stay there. The city wanted the parking lot to stay there, it's all metered.

Mr. Sherman repeated Mr. Gaudreault.

Mr. Gaudreault continued by saying whoever signed that contract did not do a great deal.

Alderman Hirschmann said that he knew when it expired and he would cancel it.

Mr. Sherman said that the worse agreement that you have, the one that you have that really pulls you down is the one that you have at Wall Street Towers. You pay them \$360,000 a year for those public spots and there is no way those spots are used. People do not go in there because they figure its for the apartments and for the restaurants and they won't go in to park. They will go into the Canal Street lot but they will not park into the Wall Street lot. People do not know that is public parking.

Alderman Hirschmann stated that he did not even know that those were public parking spots.

Mr. Sherman repeated that you give them \$360,000 a year. They owe MDC \$6.0 Million dollars. It was a lousy deal.

Mr. Gaudreault agreed that was another one of those deals that was made because of the parking lot.

Mr. Sherman said that you cannot get out of these expenses. That's what I am trying to tell you. It's not as if you can stop paying expenses on these. Victory is all paid for, we have a little bit of maintenance on it a couple of years ago, I think there may be a small bond out there. Victory is not your problem. Canal Street you just put over \$2.0 million, that's dragging you down. Wall Street is dragging you down, Numerica's not a problem, either. Granite Street for most part is not a problem, but it needs maintenance and upkeep. If you do not upkeep them it just gets to be more expensive.

Alderman Shea asked on Wall Street, we pay \$360,000 a year to who?

Mr. Sherman answered to Wall Street, not only that we pay a portion of their property tax.

Alderman Shea asked why do we do all this?

Mr. Sherman said that was the agreement that was made when that whole deal was worked out with, I don't know who that was.

Alderman Pariseau said Hugh Gray?

Mr. Sherman continued with saying, GMDC, MHA. I do not know if MHA was in on it.

Alderman Shea asked how long this contract was for?

Mr. Sherman responded by saying that he tends to say it thinks 30 years.

Ms. Shaffer agreed that she felt it was long term.

Alderman Shea surprised said 30 years?

Ms. Shaffer continued by saying well into the year 2000.

Chairman Elise interrupted by saying that they would have to move on with this because there are other items that we need to be address. It's been my experience talking with building owners and developers that there is no lack of people looking to lease or buy space. Once they start dealing with the City, they become scared and they do not like dealing with the City. If we treated people, that looked at space a little better, they would gladly pay the parking rates for garages.

Mr. Sherman said that he did not thing that the auto registration is what that they are talking about. I know someone who moved from the fifth floor to the third floor and had to pay a fee to have cable moved. That's the fee, they had every right to charge him.

Chairman Elise said there were other factors involved in keeping people from moving in the Downtown Millyard area. If we treated people right they would want to lease space or buy buildings. They would want to pay, either this rate for parking garages or higher. But, I know where getting off the subject...

Mr. Sherman said not when they can go out 101 in Bedford and park for nothing. That's were the businesses are going.

Chairman Elise said that those communities treat them much better. They work with the companies.

Mr. Sherman agreed and added that their property taxes were much higher because they absorb it all in the property tax. There is a reason for it and that's how they can afford to do that for the businesses.

Chairman Elise said that the people do not mind paying the increased property tax because they working with a community that want's to work with them.

Ms. Shaffer wanted to briefly mention the trust fund. The Trust Fund for parking facilities' reserves, established in 1992, right now I only have a balance of \$450 that I am basically retaining just to keep the account open. That's because in all of these years we did a synopsis to justify on this bill that Lou D'Allansandro had presented. All of the years since 1987 there is not one year that the parking has come out on the plus side of the operations. The operation has always exceeded the revenue collected. As Mr. Sherman said, they tried to keep the fees down to be able to entice people to come to the Downtown area. Basically, all the expenses have risen in the course of the years, but the revenues have not. You have the debt service that has risen too, because you have had to repair these garages. The intent of the trust was to leave a little bit of money on an annual basis that would cumulatively be there for you when you needed some garage rehabilitation. That has not happened because the expenses have consumed the revenues. If the city is going to retain the ownership of these garages, they do need to take that into consideration and be able to ear mark some money for that trust. So, there will be money there when the repairs are necessary and needed.

Alderman Hirschmann said that why don't we have all the guys that tee off at the Derryfield Country Club pay a fee so we can build the garages. Makes about as much sense they do not park there either.

Chairman Elise said that no one will dispute that the Finance Department works very hard. In terms of this particular fee, that you could see the value of this particular fee. As elect official, my constituents can not, so what I think we need to do is to look at another revenue source.

Mr. Sherman said that was fine. What you are doing, and I will tell you right now, you are raising property taxes.

Alderman Hirschmann said that they were not they are going to cut expenses.

Mr. Sherman repeated you are raising taxes.

Alderman Hirschmann responded we will cut expenses.

Mr. Sherman said you already saw that the other night. We were already looking at 4 or 5% increase in property taxes. We had in there that our non-property tax revenues were going to go up by \$.5 Million instead what we are doing is taking

out \$1.2 million. Now, you're short \$1.7 million, you can take every one of these numbers that you have for the departments and add another 50% to it.

Alderman Shea asked Mr. Sherman if we would have to raise property taxes if we used the Room and Meals Tax, for this.

Mr. Sherman said you certainly would. You do not get enough in Room and Meals for this.

Alderman Shea asked how much are we going to get from Room and Meals this year?

Mr. Sherman responded said that you received \$350,000 this year.

Alderman Shea asked how much next year?

Mr. Sherman answered according to the Governor you will probably get about \$600,000.

Alderman Shea asked whether \$600,000 would not that be a pretty good amount.

Mr. Sherman responded that would be a start.

Alderman Hirschmann said that money was committed the other night.

Alderman Shea said that would be a good start, would it not?

Mr. Sherman stated that it would go against \$1.7 million, but you are still short \$1.1 million from where we were at a 5% tax increase.

Alderman Shea continued by saying that we could use that \$600,000 if we wanted to do that.

Mr. Sherman agreed that we could.

Alderman Shea said that he did not think anyone would object to that.

Mr. Sherman said that he thought a lot of people would object to that.

Alderman Hirschmann agreed yes.

Mr. Sherman continued by saying that if you want to kiss economic development good-bye you property taxes are going to go straight through the roof. You can not give up on economic development, count the dollars that you have gotten back from the airport.

Alderman Shea agreed that was wonderful.

Mr. Sherman replied that if you do not continue to do that the Downtown is going to deteriorate. The residential property taxes are going to sky rocket.

Chairman Elise stated that economic development doesn't only mean working on the Airport or the Civic Center.

Mr. Sherman said you have \$40.0 million plus a year return from that Airport.

Alderman Pariseau asked where?

Mr. Sherman responded by saying in all the businesses and the payroll that's paid. You get more than enough back from that Airport.

Alderman Pariseau said that it was not helping the tax payers.

Mr. Sherman said of course it was.

Ms. Shaffer said that you had all those new facilities out there.

Mr. Sherman asked what the value of that air park that just went in out there. That air park would not be there if you did not have an Airport.

Ms. Shaffer continued by saying you have Federal Express and all of those.

Alderman Hirschmann said that we should sell the Airport, too.

Mr. Sherman said it would start in 1981 and then it never got off the ground until the Airport expanded.

Alderman Shea asked what is our debt now, Mr. Sherman? What is our bond debt?

Alderman Hirschmann answered that our total indebtedness is \$197.0 Million dollars.

Ms. Shaffer said it was \$190.0 million in principal..

Alderman Shea repeated \$190.0 million.

Mr. Sherman said but \$80.0 million is enterprise.

Ms. Shaffer agreed that part of that was enterprise.

Mr. Sherman said that half of that which is \$40.0 million is your Airport.

Ms. Shaffer continued by saying \$108.0 million is general.

Alderman Shea asked how much has it increased every year. In other words, what was it last year. Higher of lower.

Mr. Sherman said that we did not issue anything.

Ms. Shaffer said that we have not issued bonds since late 1995.

Alderman Shea continued by asking in the last 5 years how much has it increased?

Ms. Shaffer answered that the biggest bonds that were sold in the last fiscal year are your conversion bonds. That would be an impact of .....

Alderman Shea said that what he was trying to get at was that the indebtedness is going up every year by how much? Or is it going down that's what I'm asking?

Mr. Sherman said that you CIP bonds are usually calculated based on the tax impact. They try to stay around a certain dollar amount on taxes that you are going to pay for bonds. As your assessed valuation has dropped what you have bonded has dropped. Now that your assessed valuation is starting to bounce back up your bond will start to bounce back. Your debt right now is lower than it was back in the 80's. If you back out the fiscal year conversion bonds.

Alderman Pariseau asked if that was at \$45.0 million.

Mr. Sherman said yes that was right. In place of that \$45.0 million we were borrowing \$35.0 million the first week of January because we could not make payroll.

Ms. Shaffer continued by saying that as your budget gets larger and larger, you would have to borrow more money to sustain yourself. Your interest cost at some

point and time would have been exorbitant. You would have been just like the government. You would have been selling those just to pay interest.

Mr. Sherman said that we were at the point now, that the interest we would have been paying is about equivalent to what we are currently paying for principal and interest. We can do away with the tax notes forever. That's why you are at \$108.0 million rather than \$60.0 million.

Alderman Shea asked what were we about 10 years? We've increased our bonding...

Mr. Sherman said that you were at the \$50.0 to \$60.0 million.

Alderman Shea repeated \$50.0 to \$60.0 million 10 years ago.

Mr. Sherman continued by stating that again we are at \$108.0 million but \$40.0 million of that is the fiscal year's conversion.

Alderman Shea said that we have gone from \$50.0 million 10 years ago to \$190.0 million.

Mr. Sherman said no \$50.0 or \$60.0 million would not have been included into funds.

Mr. Shaffer said we're talking about the general fund \$60.0 million compared to the \$108.0 million.

Chairman Elise interrupted by saying that we really do need to go on with this vote. I know that economic development is very important but it's not just focusing on the Airport and the Civic Center. We are the slowest community to recover our tax base in the State. The slowest to recover our Downtown, we have more space available than any other community. That may not have happened if we had not scared off so many people that came to look at the assets we have, our building and our space. We would have more of a tax base to work with now, if we had catered more to building owners and businesses. We would not have had to increase a tax rate as much as being looked at. If we had the revenue from the increase tax base of development buildings.

Mr. Sherman said that your tax valuation is cost you about \$50.0 million over the last 5 years. Had your valuation stayed the same, not even gone up but stayed the same, you would have had an extra \$50.0 million to spend over the last 5 years. You would not be sitting here arguing about \$1.2 million. It has not stayed the

same and that is why it's become a larger portion of your budget. This 6 year period, 9% of it went up into property taxes. That's because your valuation went up to. You lost a lot of money in that. That doesn't even count what went out in abatements which is another \$20.0 million.

Ms. Shaffer added that our alternate revenue sources are dwindling down. There is not many other places to draw some of that money from. So if you continue to drop some of these individual charges, as he said, it's your property tax owners that are going to pick up the tab. Your tax is just going to grow and grow, and you can use the same argument there. Not all of them use the garages, either.

Chairman Elise replied to Ms. Shaffer that she knows the buildings Downtown and the Millyard would be worth twice as much if they were developed. There is not a lack of people that come in to look at these buildings. If they are treated properly, and if the buildings are worth twice as much, the taxes on those buildings are worth twice as much. So, there is a lot of different factors that we are talking about here. I think that we probably.....

Ms. Shaffer said that we've taken the first couple of steps. We are optimistic about long term tax release. That includes building, spurring economic development, and increasing your valuation throughout the City. Not only in the center City area but throughout the City with the influx of what we are hoping will happen in the next couple of years.

Chairman Elise continued by saying in terms of this item we had a motion by Alderman Pariseau and seconded by Alderman Shea, since there was no opposition motion was carried.

Alderman Hirschmann asked if the motion could be read to make it clear.

Chairman Elise said that the motion would read that this Committee recommends that for the 1997-1998 budget that the increase for the Auto Registration Fee be repealed.

Alderman Shea and Alderman Pariseau added eliminated.

Alderman Hirschmann said effective June 30, 1997.

Chairman Elise continued by saying that motion also stated that we wanted to present it to the full Board this evening as a Committee Report.

Discussion ensued relative to the wording of the motion.

Alderman Pariseau moved that the Committee recommend that for the 1997-1998 budget the increase for auto registration fee be eliminated, repeal effective June 30, 1997, and that the report be submitted to the full Board of Mayor and Aldermen this evening. Alderman Hirschmann duly seconded the motion. There being none opposed the motion carried.

Chairman Elise called item #4 on the agenda:

Copy of a communication from the City Clerk in response to the Finance Department's inquiry regarding the expenditure for lodging at the Sheraton Hotel in Portsmouth, NH on January 10, 1997.

Mr. Bernier said as you know there is a policy of 65 miles, Portsmouth is 55 miles. I thought it was 50 miles, it happened to snow that evening and we stayed but we did make reservations, in all fairness. I thought the policy was 50 miles, Mr. Sherman brought it to my attention that it was 65 miles, which means I should have come to the Committee first before...

Alderman Pariseau moved that the bill be paid. Alderman Hirschmann seconded the motion.

Chairman Elise questioned if the item was referred to the committee by the full board. Mr. Bernier responded no, and advised that the bill was for \$180 for two people.

Alderman Hirschmann then asked if this was supposed to go to the full Board or not.

Mr. Bernier stated there are certain items that come to the Committee and stay at the Committee level. What we have written is a policy that is in the Mayor's office to address those issues. It's like traffic, you can't until everything goes through.

Chairman Elise said that she would not debate Mr. Bernier on that. I know that the Mayor's policy is that everything goes to the full Board. In this Committee nothing has come here without going to the full Board and I certainly want to expedite business. I am not going to dispute this, but the Mayor said that, I am just going to write it down that we are waiting for his new rules.

Mr. Bernier said all right.

Chairman Elise called for a vote on the motion to approve payment of the bill. The motion carried with none recorded in opposition.

Chairman Elise called #6 on the agenda:

Review of quarterly statements.

Mr. Sherman said that the quarterly reports are out. We don't know if anyone had any specific questions.

Alderman Pariseau said that he browsed through them quickly.

Alderman Hirschmann said that he didn't bring that specific report with him. It wasn't mail with this agenda.

Mr. Sherman added that it was mailed separately.

Chairman Elise addressed item #7 of the agenda:

Ordinance amendment to Chapter 13, Article IV, Section 13-214(b) relative to Housing Code Inspection fees submitted by Alderman Reiniger.

Note: On 9/17/96 Committee directed Finance and Building to develop preliminary plans and/or fee structures based on cost analysis.

(Tabled 2/11/97).

On motion of Alderman Pariseau, duly seconded by Alderman Shea, it was voted to remove the this item from the table for discussion.

Mr. Sherman stated that he thought they had cleared this last fall. I understand that the issue came up again at the last meeting. We had sent Ms. Parsons out with Mr. Gaudreault staff to go through to try to do some costing on this. With the systems that we have, it just can not be done. It's a shame to say. I think the conclusion that everybody has come down to is \$25.00 is probably to low.

Chairman Elise asked for rooming houses?

Mr. Sherman said yes, \$25 doesn't buy a lot these days. You would really need to go through and cost those items out and get the time. There is no doubt we need to set up some time of tiered structure. Maybe group 1 to 4 rooms together and get type of fee for that. Sometimes they can go in and buzz right through them, but other times they cannot. That's the problem that we have that when you go to one and there is 20 rooms you get to that 17th room and there is problem. So what do you charge for room 1 versus and it starts to add up. You have to go back and ....

Alderman Pariseau stated that it just cannot be a walk through, because, God forgive if something should happen to that rooming house, a person gets killed for whatever reason, fire or whatever. Then the people would come back and say inappropriate inspection. The cities dead.

Alderman Hirschmann said that what he brought up at the full Board level. Just to restate it is that for people who have these units and buildings. For them to see their value a fee structure has to be set up so that the overhead pieces seen,. The guy comes in the door and says I am going to charge you \$60 an hour starting now. He goes through 15 or 20 rooms. It takes them 3 hours, he's charged them \$180. So, there is a perception that they are getting there monies worth. He just does not open the door and look here and there and charge him \$180. He spends the 3 hours going through. We asked for an overhead analysis of the Inspector. His piece of his salary, his benefit, gas, FICA and everything for an hour. If it's \$200 for that hour, so be it. It will be fairly stated that it's going to cost \$200 starting now. That was the concept I thought we could investigate.

Alderman Pariseau stated that you do not have to do something that way. In fact, most of the service companies charge from when you leave one job till you go to the next. Your paying for that guys transportation over to your house.

Mr. Sherman said that you have to allocate all the time in between.

Chairman Elise asked Mr. Sherman are you saying that the inspection program on the rooming house is too low. Are you saying that the inspection for apartment buildings per unit is even lower.

Mr. Sherman replied that what they are asking for now is to leave the fees were they are. We do have a new system coming starting July 1. Let the departments start building these systems.

Chairman Elise asked what new system is that?

Mr. Sherman answered the new Financial System, the HT system, you had a presentation a couple of months back. There is a special building code module that goes along with it, we are going to be able to break hours down. There are work orders and project codes. We are going to be able to break dollars down 20 different ways. It's going to require the staff to keep better track of their time. They are going to have to know how much of their time is overhead time. Coming into the office, getting their assignment, I think they come in twice a day, 3 times a day right? They come in the morning, noon, and later. There coming in here, there's time here, paperwork needs to be done. As the Alderman mentioned there is traveling time. That has to be all allocated out somehow. That system all has to be built. What I am saying at this point we do not have the system to build it.

Alderman Pariseau said that it should be put back on the table.

Chairman Elise stated that she can understand what you are saying in terms of going to a system that would analyze the data the you need in order to come out with a fee. In terms of just economic development, we have inequities in the city. We have rooming house downtown that need to be developed. The fee for the rooming houses is the same as the apartment buildings.

Chairman Elise stated she wanted to recognize a gentlemen who came in.

Mr. Gherlone said my name is Douglas Gherlone, I reside at 204 Chase Way in Manchester and I own a rooming house at 77 Market Street. The initial concern that I voice to this Committee was that I had an Inspector come to my building. He spent approximately two hours time which I received a bill from the City for \$1,325. Now, I have just heard from the City, that it does not have the mechanism to be able to adequately assess that \$1,300. That I was charged was either proper or improper if I just heard right. I am fighting very hard to keep my temper on this. That \$1,300 was too low for two hours of that man's time. Now, I understand that....

Alderman Pariseau replied that we did not say that, we said that it was proper.

Chairman Elise asked that they let Mr. Gherlone finish. I know this could get heated so, I would like him to say his peace.

Mr. Gherlone stated he would like to have the courtesy to finish. The man specifically said it was too low at \$25 per unit. I did not mishear that and...

Alderman Pariseau told Mr. Gherlone that he was right, and apologized.

Mr. Gherlone continued by saying that means that more than \$1300. I know that the Inspector is just not the Inspector. There his boss Mr. Gaudreault, there are secretarial help, clerical help etc. If I am being charged \$300 that I brought up to this Committee before to have an apartment building with 12 units inspected that has the identical number of rooms. To be inspected to receive my COC and I am being charged \$1300 for my rooming house. There is an iniquity there that must be addressed, if it is that the apartments need to be raised because that's not fair. I understand that, but it cannot be justified to say too bad, your going to pay the \$1300 or your going to pay even more at this present time. It was left and it was agreed to by the Finance Committee that they would come back. I have been going through this for the past 3 years with different Committees of the City. It was left that they would come back with the study. Say specifically what that amount was, now the City or the department has come back and said sorry, we cannot do that. Now you have table this and wait several more months, and in the meantime I am going to have another inspection. I am sorry but I just feel I have just been put upon unfairly.

Chairman Elise agreed that she felt it was unfair, also.

Alderman Hirschmann stated that he respected Mr. Gherlone's comments. If they went into his building and spent two hours there, that's \$650 an hour. What are you going to charge? So, I am asking the building to try to give us an hourly rate, Is there anyway that we can spend anytime on that to figure it out. What it takes overhead to have one of you guys to go out per hour.

Mr. Gaudreault replied that we could probably come up with an hourly rate.

Alderman Hirschmann continued by saying that even if you included, as Mr. Gherlone said, your overhead includes secretarial help.

Mr. Gaudreault added what it cost for office space here and everything else.

Alderman Hirschmann stated that once that number was formulated, if he can do that, it would be fair to this gentlemen so he's not paying \$650 an hour.

Mr. Gherlone stated that it simply cannot take an Inspector the same time. The same amount of money to inspect a 5 room apartment as it does one room in a rooming house and say I am going to charge the same for both. That's the iniquity of it.

Mr. Gaudreault said that there are a lot of factors that go in. How many times did he go back to your place.

Mr. Gherlone answered once. He did the inspection, because there were two smoke alarms that were not working. So he came back.

Chairman Elise replied that there is an iniquity.

Alderman Hirschmann wanted to add that the Fire Department does do it. They send an Inspector out to check the fire alarms in the guys building. I don't know if it's \$75 an hour, but they figured out a fee. If the guy has to return, it's so much per hour. It seems fair.

Mr. Gaudreault said that was for a new installation.

Alderman Shea said he wanted to ask Mr. Gherlone if he said that he wouldn't be affected if there was a study done. Because your rate is, what you paid it and its three years from now you'll have to pay it again.

Mr. Gherlone replied that he was due again this year.

Alderman Shea asked Mr. Gherlone what time this year? October? November?

Mr. Gherlone replied later this year. I'd have to go look at my slip.

Alderman Shea wanted to know if it was going to be in June or July?

Mr. Gherlone said he honestly didn't know.

Chairman Elise stated that she would propose until such time that we can get a handle on these fees. That we do compromise between one of the proposed fees by Mr. Gaudreault's office and Alderman Reinigers' and decrease the rooming fee inspection to \$15 per unit. Until such time, were we can up with some hard numbers on everything.

Alderman Hirschmann said why don't we give Mr. Gaudreault a chance to come up with. Mr. Gaudreault would you rather figure out the hourly piece or would your rather have it cut down.

Mr. Gaudreault replied whatever they wanted.

Alderman Hirschmann said that it was his department.

Mr. Gaudreault said that you are the policy makers. It 's the revenue. We can come back and give you that at the next meeting.

Chairman Elise stated that she would rather set a fee. If you can come up with an hourly rate, how come the Finance Department and the Revenue Administrator cannot come up with a cost analysis.

Mr. Sherman said that if you want to go with an hourly rate. What happens is that now you need to do all of the building department fees at an hourly rate.

Alderman Hirschmann asked why not just Inspections Fees.

Mr. Sherman replied that you already part of their time already built in to a building permit or a plumbing permit. Some years you win and some years you lose because of the volume that comes in and out of the department.

Alderman Pariseau added that in fact they went to two years. We only inspect once every three.

Mr. Gaudreault replied that what happens now is that we brought in \$178,350 last year and it cost \$290,000 to bring that in. You are figuring all the overhead.

Mr. Sherman added that now you want to cut it 40% on the rooms.

Mr. Gaudreault continued by saying that the Building Department side carries all the....

Alderman Hirschmann stated that what his proposal would do is reduce this gentleman's bill. But this gentleman's bill would go up. It's an hourly proposal, it's a fairness issue that's all it is.

Chairman Elise stated that we are going to get into whole other thing with the hourly rate.

Alderman Shea stated that the amount of money that you have put into your budget is somewhat predicated upon the fees. It would be confusing if we changed our votes in mid-stream now. In other words, what I am thinking about is that if a change was to be made, wouldn't the most appropriate time be when the new budget is coming out. I think that makes more sense does not it? Rather than now,...

Alderman Hirschmann stated that this was right. This will come out of Committee in time for that.

Alderman Shea stated that 's what I'm saying. I am not agreeing with the proposal to cut the rates now.

Chairman Elise stated that you can never guarantee how much revenue you are going to get from permits. Sometimes it's up and sometimes it's down.

Mr. Sherman agreed that your right. If your number of permits goes down, your fee should go up.

Alderman Hirschmann asked whether it would actually help Mr. Gaudreault in his estimation if he had a 1000 units to inspect this year. He could estimate in his head, well this is going to take 2000 man hours times \$75.

Mr. Sherman said that's what he does and that's how he comes up with \$25 per room a unit.

Mr. Gaudreault added that it all took different times, because you have the old stuff, the new stuff, it's hard to put a cost on that.

Mr. Lafrenier stated that the danger in just the dollar thing, an hourly cost for a man hour for inspection time. And applying that to an individual inspection post to a unit cost is that makes an assumption right off the bat that you have all of your man hours to be billed to cover those costs. That is not the case, obviously. You have to have, in order to apply the cost, if your gold is some self sufficiency in the department for the revenues to actually match your expenditures for the service. Then you need a basis to apply those costs so it would include how much cost for that period of time with the basis that Mr. Sherman is talking about. If you are going to do that type of analysis and the only way you can do that type of analysis is with basis the time of recording information and timing.

Alderman Hirschmann asked Mr. Lafrenier what about fairness. Do you think it's fair that this gentleman?

Mr. Lafrenier answered absolutely not.. We concur that there is an iniquity in the fee structure.

Alderman Hirschmann said that is what we are trying to adjust.

Mr. Lafrenier continued by saying that he thinks there are ways to address that. My concern is taking the direction of applying at an hourly rate. I think is something to work towards, but I'm not sure that you will get to where you want to get by applying an hourly rate up front without having an analysis behind it to determine what that hourly rate would be.

Alderman Hirschmann stated that as a Manager, I think it's a good thing if I go into her unit. Her unit is up to snuff and it takes me an hour at \$75. I go into Bob's unit he is got 10 problems in there so I'm in there 90 minutes. So your bill is higher buddy, I was here 90 minutes. That is fairness. We are trying to work towards.

Mr. Lafrenier said that it made a lot of sense in terms of budget, more fairly appropriated funds.

Chairman Elise stated that it's taken us how many months to get us to this point. I think that something should be done now. I would recommend that we go with the \$15 fee for rooming house.

Mr. Sherman said that you have already heard, your expenses are already not being covered by your revenues.

Mr. Gherlone said that what you are saying sir, is that I should bear an equitable portion of that because I have the misfortune of owning a rooming house.

Mr. Sherman said that what he is saying is that the revenues are not covering the expenses. I do not know how many hours they spent there, I do not know how many hours there going to spend there next year compared to what they spent there 3 years ago. You do not know that, and that's the problem. What we are saying is hold it level were it is, don't go back in and cut more revenues out of the system.

Chairman Elise stated that this is why we are not developing downtown.

Alderman Pariseau replied Madam Chairman we cannot cut.

Alderman Hirschmann said were not going to cut. We run it like a business, we charge more for the ones who take more and we charge less for the ones that take less. Run it like a business.

Alderman Pariseau said that what he is talking about is doing away with the structure that's in place now. We cannot do that.

Alderman Hirschmann agreed and Mr. Gaudreault can give us that component that I talked about. He can come back and give us..

Mr. Gaudreault said that it would be a component it would not be exact.

Alderman Pariseau stated that the Chairman said she wanted it done now. We cannot do that.

Alderman Shea stated that it did not affect anyway.. He does not have to pay his bill till November or December. He told you that.

Alderman Hirschmann replied that it was something we could correct for July 1.

Alderman Shea said that was right.

Alderman Hirschmann stated why not let the Building head go back and do that.

Alderman Shea said he agreed with him but Chairman said she wanted it now.

Mr. Gherlone replied that he did not have the difficulty letting the commissioner or the staff figure out what the hourly rate should be. Hopefully not having to take another .. I am not here to shirk my fair share of the tax burden. I decidedly am not, I would just like to be treated fairly. That's what I am looking for if Mr. Gaudreault comes back and says it figures \$100 an hour, fine I do not feel that's fair.

Chairman Elise said that the motion would be that Mr. Armand Gaudreault comes back with an hourly overhead component rate that it would be charged for inspection.

On motion of Alderman Hirschmann, duly seconded by Alderman Shea, it was voted that the item be tabled until the next meeting.

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

A True Record Attest.

Clerk of Committee