

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

April 15, 1998

5:30 PM

Chairman Hirschmann called the meeting to order.

The Clerk called the roll.

Present: Aldermen Hirschmann, Thibault, Girard, O'Neil

Absent: Alderman Rivard

Messrs: Mark Burkush, Richard O'Shea, Steve Tellier, Tom Nichols, Kevin Clougherty, JoAnne Shaffer, Mark Hobson, Janelle Larocque, Dawna Rooks

Chairman Hirschmann addressed Item 3 of the agenda:

Discussion of School Food & Nutrition expenses and revenues.

Mr. O'Shea passed out a report on Food & Nutrition and stated I am a little bit amiss of where we are going but I would like to thank you for asking us to discuss the program management issues which have already been addressed by the Board of School Committee.

Chairman Hirschmann stated the reason you were invited here is the Accounts, Enrollment and Revenue Committee has historically reviewed this account at least for the past two to three years that I have been on this committee. Performance has been good and to my knowledge there has been a funding balance or at least they have met their revenue targets. It is just the normal course of procedure to review you as one of the general fund accounts.

Mr. O'Shea stated please skip over to the Statement of Revenues. This is from the most recent audit and what I am concerned about is that there is a possibility that some of the revenues were over projected, particularly in the area of services provided. That services provided line is actually the earnings that Mr. Burkush takes in through the sale of food. It has been the practice in the past I believe that

as far as benefits that they are not included when they develop the budget. Until I came on board, I believe that Mr. Burkush was involved in projecting the revenues except for what the yield would be from the state and federal government. On the following page, it shows the audit on the statement of expenditures and the budget versus actual. You can see that with the exception of the employee benefits, which is shown as an adjustment, that he has been within his projected revenue. That is one of the things that makes it hard to try and run the program because we don't know what the benefits are.

Chairman Hirschmann stated the two things you are showing us, these are not for this fiscal year, they are for the previous fiscal year which we already know about when we did our last budget. I really appreciate this, but this doesn't mean anything to me. What I am more interested in, of course, is the current fiscal year that we are operating under and the statement of condition that the fund is in at this time, both revenue and expenses.

Mr. O'Shea replied the reason I put it together this way is I didn't know exactly what you were looking for. On the next page you can see that the total revenues don't match up with the total expenses. You start off coming out of the gate \$200,000 in the hole. We believe that we will be able to make that up this year. This is the operating statement that was presented to the Board of School Committee. The next page shows the budget for three years, 1997 actual and 1998 and the proposed for 1999. If you will notice in the 1998 budget it shows where we are going to be hopefully and Mark assures me that he will be able to do this. The way he is going to bring it out of the hole, and these things have already been voted on by the Board of School Committee, is by closing the faculty dining rooms in the high schools, eliminating substitutes for the end of the year, eliminating a truck driver's assistant and reducing the inventory by \$60,000. One of the things that you have in the food service program is a heavy standing inventory and he is going to work on reducing the inventory and work off the inventory that we have in stock. To carry forward into the proposed budget, we will keep the faculty dining rooms at the high schools closed, reduce the inventory further by another \$30,000 and also reduce the equipment repair. What helps us out is the recent meal price increase and we are projecting this year that it will give us an additional \$35,000 in revenue and next year will be in excess of \$100,000 in revenue. One of the things that people on the Board of School Committee were concerned about was in raising the prices that it might cause a little bit of a furor with some people saying that the prices are going up, we can't afford it and so on. Also, when you increase the prices what might happen is your participation will drop off. I think Mr. Burkush could speak to that better than I could.

Mr. Burkush stated there hasn't been any negative impact at all. We haven't received any phone calls at all. This leads us to question did we raise it enough and should we raise it some more.

Alderman Girard stated I am not exactly sure that I understand why we are treating this as an enterprise. Of course, at one point in time it was an enterprise which the City bailed out and eliminated some years ago because it wasn't carrying itself as a result of employee benefits, but when Mr. O'Shea you speak of this account being in the red sort of speak, that it is not carrying itself and not supporting itself, you are in my opinion treating it like an enterprise as opposed to a general fund account. I am not sure that anywhere in the budgeting, and I have a pretty good handle on that, I am not sure that anywhere in the budgeting for the past couple of years that we have expected the revenues to not only exceed the expenditures but be able to cover the benefits paid to employees so if you could explain why the Board of School Committee or the Administration is treating this as an enterprise account I would certainly be interested in knowing that.

Mr. O'Shea replied it is almost like you are reading off my script for the simple fact that we have done a similar analysis on it and found that, as you said, it has never actually been operated as an enterprise fund.

Alderman Girard responded that is not true. At one point it was, it just wasn't carrying the cost of the benefits and, therefore, it was as you put it in the tank. It is now a general fund account in which case to hold it to enterprise standards and say that the revenues have to cover not only the expenses, but the benefits of the employees, I guess I don't follow the logic because it is not an enterprise.

Mr. O'Shea replied in developing the budget, and again I am glad that Mr. Clougherty is here, when you put together your entire budget as far as your tax rate, the food service program of the school district does have an impact on the tax rate. The current year's tax rate, I figured it out and I can be corrected because I don't do this all the time, but it is about eight cents on the tax rate.

Alderman Girard asked is that a net impact.

Mr. O'Shea answered yes.

Alderman Girard stated so you are saying that the revenues generated fall eight cents short on the tax rate of covering the expenses, which I understand do not include benefits.

Mr. O'Shea replied no, not that way. It reflects the earnings of the program, or the revenues of the program. For this current year, the revenue amount there of \$2,990,000, that amounts to about eight cents on the tax rate.

Alderman Girard responded so in other words you are just looking at the expense side and you are not considering the revenue rates.

Mr. O'Shea replied no, that is the revenue.

Alderman Girard stated though it is not an enterprise, if this is a revenue neutral account, meaning revenue raised offsets expenses made, then there technically should be no tax rate impact. When you tell me it has an eight cent tax impact, you are telling me that the expenses exceed the revenue by eight cents on the tax rate. That is what I understand.

Mr. O'Shea responded no, the revenue figure that you see here of \$2,990,000 is used as one of the revenue figures in setting the tax rate.

Alderman Girard asked how much is a million dollars on the tax rate.

Mr. Clougherty answered about twenty-seven or twenty-eight cents.

Alderman Girard stated so if we are looking at almost \$3,000,000 in revenue, then aren't we actually looking at eighty-four cents on the tax rate. Really, if we are looking at straight tax rate impact, you can say that the revenues reduce the tax rate by eighty-four cents but the expenditures add that eighty-four cents back so really as far as the tax rate goes, it is basically a wash. There is no tax rate impact of this program on its considered revenue and expense. Correct?

Mr. O'Shea replied that is if you are running break even.

Alderman Girard stated as I understand the rationale for the price increases that the School Board approved and I think that is one of the reasons why we are here if I recall the discussion at the Board correctly, the School Board increased the prices because the revenues weren't covering all of the expenses including the benefits. So the action that the School Board has taken aside from increasing the prices has been to make these reductions in expenditure that you mentioned as a way of leveling it off. While I am not going to fault the School Board for doing that, I wonder why they did and what the urgency was because I think that a lot of people when they saw that the account was running a deficit I think immediately threw it back into the context of being an enterprise and not a general fund account. Do you see what I am saying? Now if you tell me that it is going to fall

short of revenue projections and you wanted to make the revenue projection that would be one thing.

Mr. O'Shea responded that is part of it.

Alderman Girard asked is this a general fund account.

Mr. Clougherty answered yes.

Alderman Girard asked does the School Board have the authority with School Food & Nutrition as a general fund account, to alter line items.

Mr. Clougherty answered as far as revenues, they set it. We give them the bottom line, and that bottom line is the appropriation. The revenue side, I think, is really within their authority.

Alderman Girard asked but aren't School Food & Nutrition and School Athletics line item budgets that the Board of Aldermen gives them as opposed to a bottom line of the general fund for the school.

Mr. Clougherty answered I think the City broke those out. You are going to have arguments either way on that, Aldermen as to whether the City has the authority to do that. To be honest, I think that the concept of running School Food & Nutrition as an enterprise is the way it should be run. The problem was, over a number of years, that it was not covering all of its costs so the City had to bring it back in. If I understand what Richard (Mr. O'Shea) has been telling me here, is that he would like to get back into an enterprise mode and I think that this Board agrees with that. That is fine with us. If you want to move in that direction, it is really the way it should be going and these plans, especially next year, to try and make sure that the reason they raised rates was so they could move in a direction of an enterprise, but before the Board of Aldermen is going to feel comfortable looking at that again, we want to make sure that we have a couple of years of success here where they are covering it.

Chairman Hirschmann asked should we, as a Board, be making a policy that these is an enterprise so that they can carry their fund balance. Right now, if they have excess revenues, that is general fund overage, right.

Mr. Clougherty answered if you look at the bottom lines here, we are talking \$6,000. He is not ready to make that leap into an enterprise. My understanding is that they could end up in 1998 reasonably well, hit 1999 at this level then maybe

in the following year you might see the School Board requesting the Board to do an enterprise but not before that.

Mr. O'Shea stated on that page that shows the three year spread where we are going to be ending up just limping over into the black, some of the members of the Board of School Committee had the same concern. What are you going to do with all this free cash. Well, that amount would just be enough to open the cash drawers on the first day of school. Mr. Clougherty is absolutely right. What our ultimate goal would be, as the Administration, and what we are proposing to the School Board and what our auditing firm, which is your auditing firm as well has proposed, is that we "put our house in order" and make this a paying situation to move towards an enterprise fund. The prices that we have raised are not out of line with any of the other school districts in New Hampshire and certainly not anywhere near what the prices are in the towns in Massachusetts. The advantage to you people, and I wouldn't want to gallop into an enterprise fund right away either, but the advantage to you people is that after you get a year or so under your belt and find out that we are able to make a run as a paying operation, then the time would be to come to both Boards and ask them to consider an enterprise fund. The advantage on the tax situation is that when you pull it out of the general fund, you immediately show some lower figures in the tax calculations. Am I correct on that Kevin?

Mr. Clougherty answered yes, it is a possibility that we could be enjoying something there.

Chairman Hirschmann stated my concern is on behalf of the schools if we keep it the way it is and there is an overage if I was managing it I would want to buy inventory, I wouldn't want to be giving a fund balance back every year. That is why I was saying it should be treated, policy wise, as an enterprise. You also don't want to run into the deficit mode which happened in 1997.

Mr. O'Shea stated it is not as bad as it used to be. We went back and did a 10 year analysis. In 1989, 90 and 91 deficits were running \$284,000 for both 1989 and 1990 and \$225,000 for 1991. With the exception of three years that showed in the black and those three years were 1994, 1995 and 1996 and they were just barely in the black. It has always operated in the red.

Chairman Hirschmann stated the reason you are here, I know that those years we were in the black but we wanted to know what changed from 1995 and 1996 to 1997.

Alderman Girard asked are you cutting back on the expenses, i.e. eliminating inventory, eliminating drivers and things like that because you are in danger of overrunning those expense lines or are you doing it because you want revenues and expenditures to relatively equal each other out. Are you cutting back to offset revenue shortages or because you are over-expending the line items?

Mr. O'Shea answered a little bit of both. One, we want to make sure that we hit our revenue target and at the time that we made the proposal we are going into the time of the year that you have usually a decreased revenue situation because you have kids going on trips, so on and so forth and the other part is we definitely want to level it out.

Alderman Girard asked the benefits line item for 1997, 1998 and proposed 1999 keeps increasing. Back in fiscal year 1995, I believe the Board took an action to eliminate benefits for all new employees coming into the system. So starting with fiscal year 1995, all existing employees with benefits may retain the benefits but new employees were supposed to be hired without benefits. That being the case, I am curious to know why the benefits budget has consistently risen.

Mr. Hobson answered the first piece of that and I want to make sure that we interpret this correctly, is that it was tied directly with hours, hours worked. When we are talking about the School Food non-affiliated employees, we tied it with their weekly hours. What the Board approved in 1994 was a policy that we have utilized for all part-time employees period. We didn't just create something, or the Board didn't just create something at School Food, but School Food people were specifically talked about in the proposal by Aldermen Pariseau.

Alderman Girard asked so it was for all part-timers throughout the City.

Mr. Hobson answered it was part-timers period. That applied only to health insurance benefits. It didn't address sick leave, sick leave accrual, retirement and severance pay. We still have people working 20 hours a week that are paid for a holiday, that can accrue sick leave. So that particular regulation, proclamation, whatever only applied to health benefits.

Alderman Girard asked these workers were on the Blue Choice or Matthew Thornton. They were not on the Blue Cross/Blue Shield?

Mr. Hobson answered correct.

Alderman Girard stated so the benefits is kind of an all in. It is not just health benefits. It is health, vacation, sick, etc.

Mr. Clougherty stated I think the reason that 1999 is up is because we got another school. We have the middle school and the addition of another group to deal with.

Mr. O'Shea stated there are regulations that if people worked over so many hours per week, that they are entitled to benefits under federal regulation too.

Mr. Hobson replied right and what happened in 1994 is that Mark Burkush, along with others, because I actually had to get in this writing from the Personnel Director at the time, Mr. Moran, Mark and others were directed that this is how you should be hiring certain people going forward in order to keep your expenses down. To the best of my recollection, we did not add any old time regular employees to School Food. One of the reasons why 1997 expenses went up is that we had four people that challenged the system and were grandfathered. It was approved by the Board of Mayor and Aldermen through their Personnel Committee and Mark had to eat those costs. He didn't expect that to happen. Then the non-affiliates got an increase which he did not budget for. That was in the salary adjustment account so that also got tagged. Those were your two big hits. You had some retirees as well. You had an unexpected retirement so 1997 salary took some explainable, but unforeseeable hits and the last piece as far as the revenues for 1997 and 1998, the School always set those revenues and then went into a sort of jousting process with the Mayor's Office and the Aldermen in terms of what we could really produce for revenue, so while I am not trying to correct Dick, we did set the revenues at Mark's level with me or with Len Benard and whoever was here and then we went into the process of bringing the revenue dollars down and it was a give and take about what you would want to do. The last thing I want to point out is that in 1996 the School Board did entertain, and chose not to increase prices back in 1996 and it was brought up again in 1997 and they chose not to increase prices at that time as well. I just want to defend Mark's position that we did try to put some of this stuff on the floor in the past and it wasn't necessarily acted upon until this year.

Alderman Thibault asked how come your telephone has almost doubled.

Mr. Burkush answered because in prior years, the general fund has picked up quite a bit of the expenses of the phones, but if there is a phone say at Webster School or Parker Varney School, the general fund has always picked up 100% of the cost of that phone. Now we have got to get basically prorating the cost of that phone which actually represents the actual usage of the phone. We have a party line in the kitchen so, therefore, we are basically paying for what we have been using for free.

Alderman Thibault asked those are pay phones.

Mr. Burkush answered no, they are just phones in the schools on a regular phone line, but there is an extension down in the kitchen and cafeteria area. We have never paid our share of the cost.

Mr. Hobson stated just to add to that, we were asked to do that in 1997 by Information Systems and Diane Prew and we worked with the Information Systems people here to try to set-up some phone system changes.

Mr. Clougherty stated that is really part of this whole cost thing that we talked about with the new computer system. We can tell now and we have been getting reports by school of how much milk revenue is coming in. It is really getting broken down much further and a year of experience I think will put you in a better position to be able to take a look at whether or not you want this to be an enterprise because you will have that much more information.

Chairman Hirschmann asked with this year's unaudited report, Account 740, Equipment, shows \$66,000 encumbered and the budget looked like it was for \$7,500. Is that new equipment for the middle school? What is all that?

Mr. Burkush answered basically a lot of that is new equipment for the middle school and that money will flow back into this account once that equipment is purchased and we apply it to the subsequent transfer from cafeteria equipment replacement so that \$7,500 we will come close to at year end.

Chairman Hirschmann asked is that a school budget transfer.

Mr. Clougherty answered we have that Sierra request. We hold it off to the side and we make sure that there is a motion by the Board that we release it. In the mean time, it shows as a deficit. There is more than enough money in the Sierra account to cover what he is talking about and that should be an ordinary request.

Chairman Hirschmann stated I just wanted to know because it looked kind of funny and I was trying to guess what it was.

Mr. Burkush stated you had mentioned something in 1994, 1995 and 1996. Just to let you know when the local economy was stronger some of the severely depressed schools came out of that because people were coming out of the recession and working, etc. So it is a double-edged sword, but that also affects federal funding in terms of what we get per meal as well as what we get for other thing. Most of the other federal projects are based on that barometer.

Mr. O'Shea stated that affects all of our federal funds because you get a grade yield from the federal government if you are a distressed area. The way they measure it is on how many free and reduced lunches you have in your schools. The fact that the City has been experiencing an upswing in the economy means that we get fewer federal dollars.

Alderman Girard moved to receive and file the report. Alderman O'Neil duly seconded the motion.

Chairman Hirschmann called for a vote. There being none opposed, the motion carried.

Chairman Hirschmann addressed Item 4 of the agenda:

Ratify and confirm polls conducted March 24, 1998 as follows:

- (1) communication from the Director of Public Buildings Services requesting Barbara Connor attend the HUG Education Conference in Orlando, FL from May 3-7, 1998 for a total estimated cost of \$1,063; and
- (2) communication from the Public Works Director requesting Don Pinard attend the HUG Education Conference in Orlando, FL from May 3-7, 1998 for a total estimated cost of \$1,200. (Note: Mr. Pinard's expenses will be paid out of the Highway Department's operating budget).

Alderman O'Neil moved to ratify and confirm the polls. Alderman Girard duly seconded the motion.

Alderman Girard stated I remember voting on the Public Building Services item, but I do not remember voting on the Highway Department item. Mr. Bergeron is it that habit of the Clerk's Office to stop the poll once they get enough votes one way or the other or do they poll all the members?

Chairman Hirschmann replied if you read the note, it is being paid by themselves so it may not have been included in the poll. It is coming out of their budget.

Alderman Girard responded I understand that, Mr. Chairman, but it is asking us to ratify and confirm a poll. I may have very well been called by the Clerk on this or received something but I just don't remember it.

Mr. Bergeron stated my understanding of the policy is that whoever is conducting the poll, and it is usually Paula, will contact all of the Aldermen. She will not necessarily follow-up once a majority of the Committee has responded.

Chairman Hirschmann called for a vote. There being none opposed, the motion carried.

Chairman Hirschmann addressed Item 5 of the agenda:

Communication from the Human Resources Director requesting approval for Janell Larocque to attend the HTE User's Group Conference in Orlando, FL from May 3-7, 1998 for a total estimated cost of \$935.00.

On motion of Alderman O'Neil, duly seconded by Alderman Thibault, it was voted to approve the request.

Chairman Hirschmann stated for the Board's information, I got a letter from the Finance Department and there is approximately \$10,700 left in the Travel account. That is before this \$935 so that is going to put us just under \$10,000.

Alderman O'Neil asked but it includes the items before.

Chairman Hirschmann answered I believe it did.

Alderman Girard stated we have gotten several requests from several departments at several different times about this HTE Conference. Have we heard from everybody or should we put something out to the departments? If there is anymore, can we just approve them ahead of time maybe.

Chairman Hirschmann addressed Item 6 of the agenda:

Communication from the Tax Collector requesting approval to attend the Spring Workshop for Tax Collectors in Meredith, NH on April 16, 1998 for a total cost of \$50.00.

On motion of Alderman Girard, duly seconded by Alderman O'Neil, it was voted to approve the request for \$50.00.

Chairman Hirschmann addressed Item 7 of the agenda:

Review of reports from the Board of Assessors.

Mr. Tellier stated the tax base is going up and this is the normal reporting procedure that we have been following for well over a year now. It gives you the baseline information that you requested which would be the status of the tax base, the overlay and the appeals. It also gives you a list of payment in lieu of taxes and an itemized list of those appeals that are on board. The shaded areas represent those that have been expedited and disposed of.

Chairman Hirschmann asked on the tax base summary, is it a mistake when it shows new construction as a negative.

Mr. Tellier answered that is a mistake. It was a typo on our part. It should be a plus.

Mr. Nichols stated on the third page, evaluations, in the middle that \$5,577,600 all down that column that should be minuses.

Mr. Tellier stated we will correct that and send you another copy.

Alderman Girard stated perhaps I am not reading the charts correctly but I wondered whether or not the Board has developed a formula to predict the City's probable liability on outstanding claims.

Mr. Nichols stated we do that presently utilizing...

Alderman Girard asked is it here somewhere and I am not reading it right.

Mr. Tellier answered no, it ranges quite frankly from year to year from anywhere between...it is a percentage where it is coming down as a result of Board of Tax & Land Appeals decisions or Superior Court cases. It ranges anywhere from 13 to over 20% on the assessed valuation. What we utilize, due to experience on our part in previous cases, we just allocate a certain percentage if you will anticipating.

Alderman Girard stated one of the things that I would find helpful is I know that what you have done here in part with this information is give us a number as to what the outstanding amount of value under challenge is. It is unlikely that the City is going to lose all of that value so what I am asking to see is, based on your experience and based on the information that is available from the rulings of the court and BTLA and everything else, whether or not you could give us a probable or an estimated liability. In other words, if we have \$100,000,000 worth of value

under challenge, what is likely to be the reduction in the value of the tax base given...I realize that you are not going to come up with a perfect number, but are we looking at \$10,000,000 liability, are we looking at a \$20,000,000 liability? I am sure it is different for commercial than it is for residential.

Mr. Tellier replied we try to do that for you Alderman, but it is not easy. We do that in the manner of a memorandum that usually starts as a request from the Mayor's Office during the most early process of the budget process. It is usually requested sometime around February what our anticipated overlay and tax base amounts will be. We don't really know a lot of that until early Spring. It is a crystal ball.

Alderman Girard responded I understand that and that is not my question. My question is not what will the tax base be once all of this is decided. My question is if you were to apply a formula, based on your experience, about what happens to the values that are challenged what would our potential liability be. I am not looking for a crystal ball Steve, but an insurance company when they develop their risk assessments or what not, take a look at what their probable liability is and they have those projections. If you are going to give us all of the different property that is valued as being challenged, whether you break it down as commercial/industrial or residential or however it breaks out, how the ratios are, is there a formula that you can apply, based on your experience with the courts and the BTLA that could say well all right we have \$50,000,000 worth of residential and our probable liability of tax base loss is x percent and the same for commercial and industrial. I am not asking for tax base figures.

Mr. Tellier answered no, this Board does not have a hard and fast formula because the status of appeals and the type of appeals change from year to year depending on what sort of properties are appreciating or depreciating at the acceleration or deceleration of those properties. The complexity of a lot of the cases under appeal change with the market. If you guys will remember, we had our evaluation in April. The effective date was April 1 of 1991. Who would have ever thought that October 13 the FDIC would have come in and locked up five NH banks. Now our residential has clearly rebounded and lost the least amount versus commercial and that is tracking back.

Alderman Girard stated I would imagine, though, that you see a pattern.

Mr. Tellier replied we do and that is what you ask of us as a professional Board.

Alderman Girard stated when that first condo challenge at the BTLA when the City lost on that there was a devaluation of x percent which was fairly universally applied to all similar types of condos if I am not mistaken.

Chairman Hirschmann stated this report, it moved us to quarterly and we are dealing with facts. That is how we have been handling the assessors. I don't think we want our assessors guessing too much. In my opinion, we have asked them for facts and figures and they have presented them in a pretty forthright manner and they have been doing a good job. I see things in a positive in the summary. If we were going in a negative I would be more concerned.

Alderman Girard stated my point, Mr. Chairman, and I appreciate the information and I agree with your assessment of it, my only point is though that pretty typically at least from what I remember looking at in the Mayor's Office, there is a pattern with a similar type of property. In other words, if you had triple deckers that were routinely seeing five or ten or twenty percent of their value knocked off by the BTLA and challenges to the City, you could pretty well predict that if you have \$100,000,000 worth of value under challenge of that particular type of property you can guess that your liability was twenty or twenty-five percent of that overall value that was being challenged. My only question to the assessors is can they give us, given their understandings of the patterns, predicted liability or what we are likely to lose.

Mr. Tellier stated the complexity, when you go from residential to commercial cases...when you ask us for a best professional estimate, we do that in the form of a memorandum with the information that we have at hand based on past histories and recognized successes and failures on different types of properties and what we see in a market for Manchester, NH. We have to base that on Manchester versus Nashua or further north in Concord and other jurisdictions. We have done a very, very good job utilizing the resources that we have. I would like this Committee to understand that the City of Nashua, just last year, had to go out and find an extra \$5 million that they had to bond because of overlay misconceptions and poor decisions. This Board has always or never to date put the City at risk. I don't mean to tell this Boards point, but the fact is that we operate conservatively and in a manner that does not put the City at risk.

Alderman Thibault stated it really doesn't matter because if there is an overage it comes into the next year so what are we worried about.

Chairman Hirschmann asked that the full Board receive the summary page on May 15 and June 15.

Mr. Tellier answered we will get a corrected copy to this Committee and Finance and the City Clerk's Office and they in turn will have it for the full Board.

Chairman Hirschmann stated well we have a list today, this is April 15 but what I am asking for is maybe May 15 for an update.

Mr. Tellier responded when we asked you whether quarterly would be appropriate, that was with the caveat that we would...

Chairman Hirschmann interjected I am not asking for this whole report. I am asking for a summary page.

Mr. Tellier replied sure.

Alderman Girard stated I just want to be clear that I am not criticizing the Board of Assessors. I am just trying to see whether or not there is a way to predict the liability. There are pretty well established patterns of what the courts, what the BTLA had ruled and that is my point. Can we have some way of predicting an estimated liability. I realize they can't give anything exact.

Alderman O'Neil stated I commend the Board of Assessors and I think the right approach is the conservative approach. We can't predict anything.

Alderman Thibault stated isn't that what Nashua did and they got in trouble.

Mr. Tellier responded no they were not conservative. They were very aggressive and operated with their own opinion and I don't believe it was within the confines of state statute and the courts found them in violation of state statutes and they, in turn, paid very dearly for that.

Mr. Nichols stated getting back to what Alderman Girard was stating, even in our 1997 cases we had 145 and we are down to 138. We have taken care of some of these cases. The filing period for these cases doesn't begin until July 1. They have from July 1 to September 1 to file with the BTLA or Superior Court so out of all these we had to think about how many are going to appeal. We might come out on target and we might not. Then we have to find out which ones actually did and that is a hard thing to predict.

Chairman Hirschmann addressed Item 8 of the agenda:

Review of revenue forecast for current fiscal year.

Mr. Clougherty handed out a revenue forecast report. He stated what we would like to do is as we get into this last quarter it is important that we start to focus on these things more. We may ask that you schedule more current meetings on the Committee so we can go over these types of things and keep the Board apprised of what we are going through. JoAnne Shaffer and Dawna Rooks from our office prepare the report. If you go through your revenue handbooks you will see that these numbers match up against that. If you wanted to see, for example, what these tax liens mean you can go to the Revenue Handbook and get the information. The first column is the approved budget for this current year. This is what you expect to get for a Boat Tax. The next column is what we have actually taken in from the Boat Tax for this period. If you go back and take a look at the last three months over the last five years in that Revenue Handbook, we kind of average that out. You have to understand that these are kind of gauges. They are indicators. What we need to do as you will notice in some of these columns we have adjustments, but in a lot of them we don't and some of these things like the Boat Tax or whatever are seasonal. What we need to do now over the next month is really get on those adjustments and make sure that it is getting translated over to the side. That is why we would like to maybe meet again next week and every couple of weeks to let you guys know where this is going. If you go down through all of these items, some of the things that are highlighted there, we have been telling you that we have been changing the revenue accounts. This report last year probably was three pages. Now if you take a look at all those highlighted areas, those are the new breakouts of all the different accounts. As you can see, there is a lot of detail; more detail than we have had. Some of what happens here is trying to get the departments to make sure that they are properly allocating amongst that so we are working with them in that regard but we still have the numbers.

Chairman Hirschmann asked when we get to Page 4, what is going on with the garage revenue.

Ms. Shaffer answered that is the same thing. That is because there was one particular item appropriated for certain revenues but we have broken it down into two multiple segments and that is why you have the highlighted areas.

Chairman Hirschmann asked don't you take some of the revenue and move it to the new highlighted areas so that the column doesn't look so bad.

Mr. Clougherty answered eventually that is what is going to happen, but it has taken the departments time to get coordinated and see what is going on there. That is what we want to make sure they are comfortable with.

Alderman Girard asked are these real numbers at this point.

Ms. Shaffer answered yes, that is the nine month actual in that column.

Chairman Hirschmann asked there is no daily garage revenue in any other column is there.

Ms. Shaffer answered no.

Chairman Hirschmann asked we are really off that much.

Ms. Shaffer answered you are looking at the way things are shaped or misshapen or reconstructed based on the new system so where you might find a shortfall in one area, you are probably going to find an overage in another. That is why for the most part we have tried to highlight those general categories for you.

Alderman O'Neil stated for instance, lets talk about the garages. We are talking about parking garages correct? The numbers are way up so I don't know how...I understand what you are saying but where is that going to show on the other end?

Mr. Clougherty stated what we are saying is that is where that adjustment column is so important for us to be able to take the time and sit down.

Alderman O'Neil stated but there is no adjustment column for the garage.

Ms. Shaffer responded no, that is because we didn't get a definitive figure of what they are anticipating for the next three months.

Mr. Clougherty stated what we are reporting to you is what they actually have. We haven't gone back and sat with the departments and basically the question we have is the same that you are thinking here. We have been able to get to some of the departments, but not to all of them.

Alderman O'Neil said you are saying that the \$273,994.11 is an actual number.

Ms. Shaffer stated what I am going to propose that we do for the next time is sort these by department so you can have a definitive number by department.

Alderman O'Neil stated that can't be the true number. The number of people using the garages is way up.

Ms. Shaffer replied that is because they have classified a lot of those revenues different and they are in different areas on this particular report. You are going to find four or five places where we have different groups of parking revenues categorized together. For example, if you go to Page 6 under 723, see where it says Parking Meter Permits, and then further down you have Card Lease basically which is 4650. That shows a budget of \$5,800 but they have collected \$432,185.76. So essentially, I think as I said because things have been reclassified...

Alderman O'Neil asked so we can get a report by department.

Ms. Shaffer answered yes. With parking it is cut and dry, but with a lot of the other revenue sources you are looking at city-wide so that is why we tried to group them basically in order by revenue source so you have something to follow along. However, with a department like Parking we need to zero in on it and group it all back together so you can see the total that they should have collected, the total that they did collect and what they are projecting.

Mr. Clougherty stated this is a much more sophisticated breakdown than we have had and we have to give the departments time to get used to it.

Alderman O'Neil asked how far away are we from that.

Ms. Shaffer answered we would like to get together within a week or so.

Alderman O'Neil stated and then you would be able to give us a new report.

Ms. Shaffer replied yes either that or we can send it to you and you can schedule a meeting after you have looked at it.

Mr. Clougherty stated we would like to have some time and unfortunately a lot of this stuff comes in and we are the last on the agenda and get two minutes to talk about this stuff but we would like to spend some time with you on this report. We have given you this idea, you know what we are going through and in two weeks we can come back and tell you a more definitive analysis.

Alderman O'Neil stated I agree with Joanne's suggestion that we get the report ahead of time and have our questions ready for when we meet.

Mr. Clougherty stated we can do that next week or the week after; whatever is convenient for you people.

Alderman Girard asked how confident are you that we are going to fall \$4.2 million short of estimated revenues.

Mr. Clougherty answered a lot of that \$4.2 million is in one line item. If you go up and take a look at school tuitions you can find that it is off \$4.2 million.

Alderman Girard stated that doesn't answer my question. My question is how confident are you that we are going to be that short.

Mr. Clougherty replied I don't think you are going to be that short. If some of you remember when we were doing the budgets with the departments we asked them if they thought they would make their number. He (Superintendent Tanguay) is going to make his bottom line number, but his tuitions are going to be off. We have been able to make some adjustments because we know what his actual state is, but he has to get to us where he thinks those differences are and that is where those adjustments are going to occur. That one number is the bulk of what is happening down here. Some of his other revenues are offset and some of ours are off, but usually going into the last quarter we are in a negative position in our revenue forecast and it is about \$1 million or so. I think the City side is working it is just a question of the school side.

Chairman Hirschmann asked School District Tuition.

Mr. Clougherty answered right. That is something that we really have to find to where that is sorted. We are giving you tonight a report of what is coming off the system but you need to understand that after we go through this process over the next couple of weeks with departments we can then sit down and give you a more definitive report. I don't think you will be that far off.

Chairman Hirschmann stated thank you for this. I think we will meet again in two weeks. Where are last quarter's reports?

Mr. Clougherty asked for the financial statements. We will be giving those to you in two weeks.

TABLED ITEM

Communication from Roland Gamelin, President of Riverfest, Inc., seeking the City's aid with their financial obligations.

(Tabled 2/10/98)

There being no further business to come before the Committee, on motion of Alderman Girard, duly seconded by Alderman O'Neil, it was voted to adjourn.

A True Record. Attest.

Clerk of Committee