

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

**February 8, 1999**

**5:30 PM**

Chairman Hirschmann called the meeting to order.

The Clerk called the roll.

**Present:** Aldermen Hirschmann, Thibault, Girard (left early), O'Neil

**Absent:** Alderman Rivard

**Messrs:** S. Tellier, T. Nichols, L. Lafreniere, M. Sink, T. Bowen,  
R. Sherman, M. Hobson

Chairman Hirschmann addressed Item 5 first per request from the Assessors.

Review of reports from the Board of Assessors.

Mr. Nichols stated the tax base is going up and the abatements are going down.

Chairman Hirschmann asked outstanding abatements.

Mr. Nichols answered yes and the amount that we put in the overlay.

Chairman Hirschmann asked new construction is going into \$82 million.

Mr. Nichols answered well what happened was, if you look back at April 13th of 1998, up until we took the tax rate in November, we closed in October and in November when we closed for good, from November until now that is what has been added, about \$35 million.

Mr. Tellier stated for purposes of discussion, the number is a little deceiving. In last year's tax base increase, it was approximately \$75 million. There has been some increase since then and some decrease. We have let Chairman Hirschmann know about some properties that are coming off the tax roll this year. We expect the tax base to continue to grow and the appeals to go down and the amount of overlays requested, that to go down also. As this Committee remembers, last year our initial request was for \$1.2 million. The Mayor cut it to \$1.1 million and by the time October came around and we had a good handle on the amount that went

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to a further court of appeals, we further reduced that overlay request to \$550,000.  
That is where we are right now.

Chairman Hirschmann stated you had told me over the phone that there was a \$7 million impact number. Tell us about that because that is a bad number. We want to hear about that.

Mr. Tellier replied that would include properties, for example, 300 Hanover Street that was a former property known Treisman's which has been bought by the State Department of Employment Security. The Art Institute bought one of the other office buildings down the street. The Airport expansion, as all of you know, I think the total number is somewhere in the vicinity of about \$80 to \$90 million in properties total that they are taking.

Alderman Girard asked that is residential property.

Mr. Tellier answered residential, but that would include, that is part of the reduction, off the tax roles.

Chairman Hirschmann asked when will those come off, as of April or next fall.

Mr. Tellier answered it is over a number of years so you will see some, a percentage of that over a number of years.

Mr. Nichols stated \$3 million that should be, the next time we meet you will see that \$3 million come off plus the amount that Steve has been talking about. That will be on the next agenda.

Chairman Hirschmann stated so knowing that you have these in open balance or limbo or whatever you want to call it, how do you chart your base growth. Do you do it over so many months?

Mr. Tellier replied over the course of time we receive a copy of all the permits that are issued in the City of Manchester so we are tracking the residential and commercial growth. Last year, a substantial amount of last year's growth really was attributable to one taxpayer and that would be the Mall of NH. \$40 million was the Mall and another \$12 million was one of the anchor stores. The rest was assorted commercial and a substantial amount of the remaining was residential, new homes. This year we don't have another half of a regional mall coming on board, nor do we have a substantial amount of large industrial or commercial growth as we speak. The City, we anticipate in years down with the development of the Hackett Hill site, good things coming from there but generally the growth is still in the black but nothing like last year.

Chairman Hirschmann stated last year was a big spike. Would you say that for the Year 2000 season that there would be a 5% growth or can you say anything like that?

Mr. Tellier replied it is hard to say. We are tentatively letting the Mayor know about some of the ideas that we have. We have informed the Mayor's Office of the accounts that are coming off the tax roll and this report indicates, for example, local appeals. We estimated probably 300 last year that we would receive and we have only received 53 to date.

Chairman Hirschmann asked were there any real big ones like \$1 million or more.

Mr. Tellier answered they are on here. There are a couple of big ones but some of them really, JC Penney is \$8 million.

Chairman Hirschmann asked the new JC Penney.

Mr. Nichols answered yes.

Chairman Hirschmann asked why is that. They had an addition.

Mr. Tellier answered JC Penney bought one of the former anchor stores and rebuilt it. It is another addition. JC Penney was an addition to one of the anchor stores already there.

Chairman Hirschmann asked and that was assessed at a different number of something.

Mr. Tellier answered no that is additional storefront and someone, another anchor took over part of the old Filene's and did some shifting around over there.

Alderman Girard asked is it possible that we ask the Board of Assessors to forward this information prior to the meeting so that we have a chance to review it and ask some questions. I can appreciate that this is a lot of work, but it doesn't do me any good to get it the night of without having had the opportunity to review it.

Chairman Hirschmann answered the Assessors did explain to me that there were extenuating circumstances. There was an injury that happened to one of the assessors and I accept that. They previously have brought this in before the meetings. This was a one time thing.

Mr. Tellier stated we would certainly open ourselves to whatever questions you have. Once Alderman Girard or any of the Aldermen have an opportunity to digest the information, we would certainly make ourselves available to answer any questions.

Alderman Thibault asked did I hear you right. Is there \$80,000 or \$90,000 that is coming off the tax rolls because of all those houses being bought.

Mr. Tellier answered it is \$80 million.

Alderman Thibault asked how much of that, how much of a portion of that will be this year, effective this year.

Mr. Nichols answered right now, I think that we are up to \$2.7 million of residential homes that have come off or will come off as of April 1. There could be more because we still have another month and a half to go. As soon as the deed comes in, we have to take them off because if we don't then we get hit with a double whammy. Not only do you lose the exemption part but then you have to date the amount that is outstanding because the bill went out incorrectly.

Chairman Hirschmann stated other things we discussed were that Hackett Hill could come off sometime next year when that deal closes.

Mr. Tellier stated 400 Commercial Street. That is another one on that \$7 million. Now obviously in the trade that would be coming off the tax rolls also. That is not a done deal, of course.

Alderman Girard asked the residential. Basically tell me if my impression here is right. It doesn't break my heart to lose \$80 or \$90 million worth of residential property because it doesn't pay for itself. Is that a fair statement? If each house that comes off the tax rolls has got one kid, it costs the City more than they generate in taxes.

Mr. Tellier answered for the record, it would certainly be recognizable that the impact it has on the budget with respect to schools and municipal services probably would be a little higher than commercial property, yes.

Alderman O'Neil stated I know two people who are having their homes bought and their kids are already through the school system. That is not a fair statement.

Alderman Girard stated I am sure you are going to find a variety of situations.

Alderman Thibault stated well some of these people are going to be moving somewhere else in Manchester so you will recapture those taxes.

Alderman O'Neil replied not necessarily.

Alderman Thibault stated well not all.

Chairman Hirschmann stated well there are no building lots.

Mr. Tellier stated just for the record, I want to make a correction. It was \$8 or \$9 million, not \$80 or \$90 million. It is about \$8 or \$9 million and we are a third of the way into that.

Alderman O'Neil asked do you have any idea of, in that end of the City, what new property has...

Mr. Tellier answered there has been a lot of growth and it has increased in value. For example, Rosecliff Estates which started in the low \$100,000 range and towards the end went up.

Alderman O'Neil stated I am talking specifically, we are taking property off the tax rolls.

Mr. Nichols replied there are only about three new homes that were built down there.

Alderman O'Neil asked how about commercial development.

Mr. Nichols answered the church, but the church is not paying anyway.

Alderman O'Neil stated I would be interested in that. I don't know if the rest of the Committee would be.

Alderman Girard stated if you take a look at the houses on Harvey Drive off of Goffs Falls Road...

Mr. Tellier replied what Alderman O'Neil was asking is are there any new houses being bought out as a result of the expansion.

Alderman O'Neil stated no, what I am looking for Steve is, we are projected to lose \$8 or \$9 million off the tax roll. What new commercial development has happened in the greater airport area to be put on the tax roll.

Mr. Tellier replied Abby Road is a good example.

Alderman O'Neil stated you don't have to answer that tonight.

Mr. Tellier replied just for purposes of discussion, that was one of the ventures that Jay and MEDO and the City undertook as the airport expansion and the development of Abby Road which is a connecting road between Mammoth Road and the airport and they are all commercial entities there that really don't impact a lot on the tax base.

Alderman Girard stated on the need to provide services you mean. They certainly add value to the tax base.

Mr. Tellier replied they add value to the tax base, but they don't impact the need for services.

On motion of Alderman Thibault, duly seconded by Alderman O'Neil, it was voted to accept the report and forward it to the Board of Mayor and Aldermen for informational purposes.

Chairman Hirschmann stated before you leave, if the State ends up with a state-wide property tax, what does that do for your department.

Mr. Tellier replied we don't know. There are too many plans out there. Obviously if it is a state-wide property tax, who knows what the minimum or maximum adequate education funding level is going to be. We don't know if the Department of Revenue Administration or the extent to which it is going to oversee the assessing function and work with assessing departments throughout the State. There very well may be an income or sales tax that is a portion of that fix.

Chairman Hirschmann asked who is delegated on your board to follow legislation. Is it Finance or is it your area?

Mr. Tellier replied well all three of us are. Our professional association, the NH Association of Assessing Officials, has members involved with a number of committees that are working with the Governor. I know that the Finance Department...I was speaking with Kevin and he can elaborate or Randy can elaborate further on their counterparts in their professional association along with the Governor and the Legislature. So, we are all watching and hoping. We are looking at a number of scenarios or a combination thereof. Really we are not in a position to report anything because there is nothing to report yet.

Mr. Nichols stated we let each other know what is going on. Steve is the liaison for the county.

Chairman Hirschmann addressed Item 3 of the agenda:

Communication from the Building Commissioner submitting a draft Building Code Ordinance.

Mr. Lafreniere stated I find myself in a position also of apologizing for giving you information later than you would like. What we did was try to give you some background information which we will hand out. What we are doing, essentially, here is taking a look at our entire code structure as I had described and trying to adopt an entirely new slate of codes. As historically has been the way we have approached this, we used this opportunity to do a reanalysis of our fee schedule and our fee structure. We haven't increased our fees since 1991 so we are about eight years into our fee structure. What we have here as passed out is some documentation and I will let Max respond, I think you all know Max Sink, my deputy, to specific questions as he has really been wrestling with the fees and trying to get us some comparisons with our counterpart communities. We have a situation where we, I included a draft of the and I will back up a second, of what will appear as our service indicators for purposes of the budget but I felt that there was some germane information here that may help your discussion and in addition to that we tried to put together some cost comparisons so we could demonstrate how we stack up against some of the other communities as I had indicated. We saw last year that the building permit valuation has slipped in terms of what we have seen coming in on an annual basis. In 1997, we were at \$111.3 million and last year, 1998, when we closed out we were at about \$80.5 million. What we have done here if you are looking at the service indicators chart, the top of the chart deals with a calendar year because that is how we track our permits. The last category under revenue is under fiscal year and that is why you see fiscal year 98 all inclusive but our fiscal year 1999 at the halfway point.

Alderman O'Neil asked why wouldn't you want to track the other on fiscal year 99.

Mr. Lafreniere answered well we wrestled with that, but it becomes problematic when you start issuing building permits which are issued...we start numbering them and you get the first permit is number one in 99 and...

Chairman Hirschmann interjected lets try to stay on track here.

Mr. Lafreniere stated if you split it out you would end up with 99 numbers in 98 and 98 numbers in 99. We did look at doing that but we haven't made that shift yet.

Alderman O'Neil stated my only point, Mr. Chairman, was it doesn't give you a good comparison. The dollar figures are on a fiscal year.

Chairman Hirschmann replied I need for him to give his presentation because I don't understand what he is telling me.

Mr. Lafreniere stated essentially, you have that information here. We are halfway through the year, our fiscal year, and we have taken in \$583,859 in permanent revenue to date for FY99.

Alderman Girard asked are there seasonal fluctuations that we should be mindful of. When you project out this revenue, you are going to fall short so is April to May kind of a busy time and there is a seasonal adjustment.

Mr. Lafreniere answered there is a seasonal adjustment, but what we see seasonally are not the types of permits that generate significant revenue. We are going to see a lot of permits for decks and porches and swimming pools and yard sales. They don't generate the bulk of our revenue so numbers wise, yes we will see a spike in April but dollar wise we are projecting that we are probably going to be around \$1,021,000 at our current rate. Where we are at, what we tried to do with this cost comparison is we looked at how we charge for our permits now and there is a wide disparity between how we charge for permits for new construction versus reconstruction, rehabilitation and renovation and it built in, in our minds, a disincentive to undertake some of those projects. We charge \$20 per \$1,000 of construction costs to rehabilitate an existing building and the downtown Millyard is a classic example, whereas if you build a new building it is \$3 per \$1,000. So we had this wide disparity that really wasn't reflective of the types of efforts and costs that we incur. It probably is, in all likelihood, an additional cost that we realize as a result of looking at renovations and rehabs because of the complexities of the projects. We do end up making more inspections but I don't know that it...it certainly is not to the degree that it would warrant a 600% differential in cost nor is it necessarily something that I think we want to build into our fee structure so as to, as I indicated, provide a potential disincentive to undertake those kinds of projects so what we have done is try to take our existing revenue picture and find that medium number so we can charge the same flat rate for either new construction or renovations and end up with essentially the same dollar amount in revenue generation. As you can see, we are bumping into the high end of the scale when we look at ourselves in competition with our neighbors if you will or our

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competition with the other cities in the State. So while we are the largest City and

provide services that probably go beyond the scope of what some of these other communities are providing in their building departments, it doesn't necessarily, in our minds, reflect well if we are the highest prices for our building permit costs. So that is a policy decision that will rest with the Board of Mayor and Aldermen but we thought to be responsible we should try to target a number that would keep us within range with these sample communities.

Chairman Hirschmann asked are these cities, these samples.

Mr. Lafreniere answered yes. We tried to sample as comfortable a number of communities as we could within the State. As I said, we targeted our existing revenue stream as a base number. What we were finding, actually, and this is an aside, is that we were generating the \$20 per \$1,000 number on renovations probably in the order of 70% of our revenues and something like 20% of the projects in the City. That is a pretty inequitable way of distributing costs. I guess quickly I will just mention and as I said Max is here to answer specific questions, that what you have there before you is a random sampling. We actually took specific permits for common types of jobs and priced them out with our existing fee structure and with our new proposed fee structure and then we took those same jobs with the fee schedules that other communities that are identified utilize and then took and figured out what the permit would cost in those communities. That is really what we have here. These are not base fees for this type of construction, but are samples based on a specific case that we actually had go through our system. I don't know how far you would like to go.

Alderman Thibault asked hasn't this fee structure also impeded an awful lot of contractors from rehabilitating, well maybe not just contractors, but from people rehabilitating some of these buildings because the fees were so high on some of these.

Mr. Lafreniere answered if I had to answer honestly, I doubt it. I doubt that the fees that we charge are a make or break issue for some of these projects, however, while any fee is not going to create an incentive to do this type of project, I think you can build a fee structure that does create a disincentive and that is essentially where I felt that we were at. By having the high instances of our fees on the types of projects that we really as a community and as the Board has expressed want to have happen that to charge the most money for those types of projects that it is possible that it is a consideration for some projects.

Mr. Sink stated it may also keep some smaller jobs from actually coming in.

Alderman Girard stated unfortunately I have to leave shortly but I will catch up with some of my more specific concerns I have which incidentally are not the fees. I am happy to see the way you have restructured this. I just have a couple of questions. Did you work with the Finance Department at all in the construction of this fee structure. The reason why I ask that question is I know that State law does not allow us to assess fees in excess of our expenses otherwise they consider it a tax so I am wondering whether or not you worked with the internal auditors of the Finance Department to justify this fee structure.

Mr. Lafreniere replied we have not. I think that I would have felt that that was a more critical component of our analysis if I had been targeting a fee structure that was designed to generate additional revenues beyond what we already have with the existing schedule. We certainly can do that.

Alderman Girard stated I don't know that it is necessary. My next question would be the way you assigned the costs, does it in your thinking more closely parallel what your expenses are. In other words you believe that this fee schedule is a fairer fee schedule because, as you said before you had 20% of the projects paying 80% of the load. Does this remedy those issues?

Mr. Lafreniere replied in large measure it remedies how those costs are distributed, yes.

Alderman Girard stated my final question is I was reading the material and I was struck by the \$300 fee to appeal decisions of the department. I have to tell you honestly as a property owner that really did not settle well with me because it definitely did not seem to be something that was encouraging appeals.

Mr. Lafreniere replied the appeals for building code issues...I have been with the City for over 15 years now and we had an appeal when I was with the City for a year, so about 14 years ago and that is the last appeal that we had. We try very hard obviously to work these issues through without going through the appeals process. With that said, this is not a process that is used frequently and what we need to do...the cost I think currently is \$250. There are only certain aspects of the code that are appealable and those typically come down to issues where there is a dispute in the interpretation of the code section and we do utilize other means of doing that that do not result in any cost to the property owner. We access the NFPA, National Fire Protection Association, and BOCA because they have interpretation guidelines that they offer as well as interpretation services when issues of dispute come up. In those areas that are appealable, quite often require the Citizen Board that is structured as the Appeals Board, to bring in professional consultants to advise them on the nature of the appeal and that is really where the

cost is. Because it is not set-up by the Zoning Board of Adjustment which only charges \$150 for the same type of deal.

Alderman Girard stated they charge \$250.

Mr. Lafreniere stated we have the additional element of, this board can and would, if the need arose secure the services of a professional to advise them on the nature of the appeal. That is really where that cost is derived. We could structure it differently but it has been historically in that range.

Alderman Girard asked, Mr. Chairman, as to the fees proposed here those are all the questions that I have. I have to go now.

Chairman Hirschmann stated the only thing I wanted to ask is I was on this Committee last term as well and one of the big cases that came before us was a multi-dwelling rooming house down the street and there was a disparity over inspecting something for \$300 in 10 minutes versus \$50 per unit or something. Did we get into any trouble here?

Mr. Lafreniere stated what we have done is we have maintained the same cost differential. We tried to respect what the Board of Mayor and Aldermen enacted in this last go round, but also reflect what our actual costs would be. What we have currently in our existing fee structure is \$25 per dwelling unit and \$10 per rooming unit. Now we bumped that to \$30 per dwelling unit and \$15 per rooming unit, but we changed the program from a three year cycle to a four year cycle. We kept that same differential and we have respected the fact that there is a difference in the efforts and the resources that we have to put to that type of an inspection, but because we are now proposing to extend the length of time for the program, we felt that the additional \$5 per inspection would help to cover some of those costs. I do have one more thing to add. It is an important point because we had an electrician bring up an issue to us as the fee structure was circulated and it really kind of came home to us as being a valid point and we would like to propose an amendment that would be brought forth as part of this package. We have made a dramatic change to how we price permits throughout the entire structure. We tried to simplify it and make it more user friendly and structure a system by which people can know going into the process what their fees are going to be. You can always tell when a bid job is coming up because people are scrambling trying to get a handle on what that number is going to be to carry for their permit fees. Well electrical wiring went from three and a half pages of different itemizations and costs down to a little more than a paragraph. The way we have done that is that instead of pricing by individual device, we have gone to a pricing structure that mimics the way we price building permits and that is based on the actual cost

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of doing the work. We arrived both at the cost as well as by the method through a number of discussions

with the local electrical contractor's association as well as doing in-house analysis to see how these type of applications take place. The cost that you see here, we expect to generate fees in the range of what we currently generate. We didn't look at this as an opportunity to get additional revenue out of that particular stream, but rather to try and bring in a fee structure that would be easier to use and people would be able to know up front what the costs were and not have to deal with quite the intricacy of the current system. What we didn't built into this, however, is the fact that we currently charge for low voltage work - control wiring, alarm systems, case work and that sort of thing. Really, although we do spend considerable amounts of time looking at those types of things, we spend no where near the amount of time looking at those that we do with the power and distribution wiring and line voltage work. We have to look at it because the National Record Code, as Alderman O'Neil knows, covers this type of work in terms of its requirements and for the specific type of wiring. They are concerned not if the alarm system works, but that the jacket of the wiring won't contribute to poisonous gases being emitted if the building catches on fire and this sort of thing. So what we are doing there is we are not really looking at it with the same level of inspection so what we are proposing to do is add another, "C" if you will underneath here that would cover that type of ordinance, all low voltage and we were struggling to get that out of the printer on our way over here and didn't.

Mr. Sink stated basically, any low voltage wiring job from \$0 to \$25,000 worth of value would be charged a flat rate of \$75. Anything over \$25,000 would be a half percent based on the cost.

Chairman Hirschmann stated so say you have a \$30,000 fire alarm going into City Hall. Would that be \$75 for the permit plus \$5 per \$1,000?

Mr. Sink replied it would be \$100 for the permit for that. It is because the level of inspection is essentially reduced.

Mr. Lafreniere stated the Fire Department also charges for these systems and they are concerned about making sure that they all work.

Chairman Hirschmann responded so yours is the electrical inspection and theirs is the fire inspection.

Mr. Lafreniere replied right, what we are looking at is to make sure the right type of wire is used and that we are not putting inappropriate pieces of the puzzle, if you will in the building, but because we are not taking it to that degree, we don't feel it is necessarily appropriate to charge at the same rate. So we would like to

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introduce that although we don't have it in hard cover to get it to you. I will distribute it to the Committee.

Chairman Hirschmann stated I have two comments that I think we should talk about. One is because we are the revenue committee I want to make sure that your new proposal is going to make you more revenue in the Year 2000 and not less and I hope there is some way that you sat down and tried to figure out...I am sure you are going to do that with the Mayor. You are not going to come up with less revenue.

Mr. Lafreniere replied no, we shouldn't. We feel that the rate that we plugged in at does provide for an increase in fees. It is not as dramatic an increase as we might have felt would be warranted by an eight year absence in our reviews.

Chairman Hirschmann stated I am sure in some areas there will be attrition and in others, growth.

Mr. Lafreniere stated but the reason for that is because, and we tried to demonstrate in these tables, that we felt that we are in the high end of the range in terms of what other communities are charging and certainly if it is a policy of the Board that we be at the high end or we be the highest given the nature of the services we provide, then we can, we would still argue for the methodology we have provided you, basically a flat rate across the two types of work but we could increase the rate that we charge. If we charge \$7 per \$1,000 we are indicating that these are the types of fees that would be assigned to these types of projects.

Chairman Hirschmann asked would you say that this is something you want to go with and then in six months evaluate it.

Mr. Lafreniere answered I think that is what we would like to see happen. It is a very different approach from what we have undertaken in the past and so I am not really sure how it is going to shake out. We can make some pretty solid projections that I think will bring us in a modest increase in our rate of fee collection, however, that is very much dependent on the building valuation of course. Since we are now charging almost exclusively off of building valuation through the various types of fees that we charge for, if we see a dip in the valuation of construction then we would see a corresponding dip in our fees. The fees still significantly out pace our net operating costs, as proposed, so I think we are in line there.

Chairman Hirschmann stated the other thing I was going to bring up is I can just remember from the past my personal feeling, Alderman Elise's feeling and I remember Alderman O'Neil at one point stating it, the business friendly portion of the building and occupancies and that whole aspect, I know right now the Chamber of Commerce has a special committee set-up.

Mr. Lafreniere replied I am on that committee.

Chairman Hirschmann responded for the business friendly permitting process and to make sure the City Clerk's Office, your office, the Fire Department, that everyone kind of comes together on one compliance sheet.

Mr. Lafreniere replied we are working very diligently in that regard. In fact, we met late last week with the Fire Department and they have made the decision to request that the Board allow them to come in with the 1996 BOCA Fire Prevention Code which dovetails nicely with our proposal so that the Board might consider that as a single proposal. So I think that you will see something at the next meeting on that in the form of a request from the Fire Department. With regard to business friendly, most of those issues you know we try to deal with in substantive code in the text and the way we treat existing structures for example which is a big area for us. It is a big area for the business community too. To get hit with new construction standards when you are working with a building that is existing and out of compliance or in a non-compliant state, then the codes can become quite daunting. So the new code has built into it a lot of different alternatives for how to deal with those situations. That, coupled with the fact that we tried to...

Chairman Hirschmann interjected are we going to, not abate, but work with somebody. Now the Fire Department is going to bring in this 96 code. That has the Americans With Disabilities Act all built into it and your codes do too, by now. Are we going to handicap anybody or are we going to work with somebody?

Mr. Lafreniere replied on the ADA issues, now we have to be cognizant of the fact that those issues are not mandated by...those provisions as they pertain to building renovations because that is usually where the rub is and where the sticking point is, are generated by the Federal requirements. So while we are in that whole arena, if you will, our role is basically to insure that the City is protected from the standpoint of administering regulations that we are required to administer. We haven't taken any steps to amend the Disabilities Act, obviously, because it is not in our purview.

Chairman Hirschmann asked so some active citizen could complain to the Justice Department that a ramp wasn't built or something like that.

Mr. Lafreniere answered certainly. I think it is critical that our regulations be cognizant of the Americans With Disabilities Act.

Mr. Sink stated there are some projects that it is applicable to because of the State Barrier-Free Design Committee which has adopted the Americans With Disabilities Act guidelines for certain types of projects like any kind of assembly or public accommodation. So those types of buildings certainly would be reviewed a lot differently.

Alderman O'Neil asked can somebody walk me through, I am building a brand-new house and I am going to have about \$5,000 worth of electrical work between service, rough wiring and finish wiring. What am I paying?

Mr. Sink answered a \$25 application fee.

Chairman Hirschmann asked is it a residential unit.

Alderman O'Neil answered yes.

Chairman Hirschmann asked is it new or old.

Alderman O'Neil answered brand-new house. I am building a brand-new house.

Chairman Hirschmann stated so \$150 for the permit plus .01...

Mr. Sink interjected no, that is it. We have broken out, there is a \$25 application fee and a \$150 flat fee for any one or two family house.

Alderman O'Neil stated so I am paying \$175 and I am going to see an inspector three times for five minutes each time. Am I getting my money's worth?

Mr. Lafreniere replied if you look at the cost to staff the position and get a person out there in the field, put him in a vehicle, provide him with an office, a phone system, a computer system and everything else, I don't think you are very far off the mark.

Alderman O'Neil asked so the cost for each inspection is about \$60.

Mr. Lafreniere answered I don't think you can send a man out into the field for much less than that.

Chairman Hirschmann asked you think \$175 is high for wiring a whole house.

Alderman O'Neil answered I do. For seeing an inspector three times for five minutes.

Mr. Lafreniere stated we have to pay for the office support staff to process the permit and get it into the system and maintain the files. I don't think it is an out of line number.

Alderman O'Neil asked and that is consistent. If I was doing, and I know nothing about plumbing, but that would be consistent with the cost to send Dick out, \$60 per visit. That is consistent throughout? That is the average cost in the office, about \$60 a visit?

Mr. Lafreniere answered I would guess...I would calculate out that it certainly is in that range. It can be more. It can be less, but it is not frequently less.

Chairman Hirschmann stated to send yourself out it would cost \$40 to \$60 an hour right. I bill out \$75 an hour.

Mr. Lafreniere stated the other thing to consider to is we are charging for work and you brought up the zoning inspector. It probably does cost us to send the zoning inspector, but I can't charge for the zoning inspector to go out and respond to a complaint.

Alderman O'Neil replied right, but it is consistent with your cost for electrical or your plumbing or mechanical inspector.

Mr. Lafreniere responded yes. We tried to maintain a rationale nexus in the entire fee structure.

Alderman O'Neil asked and that includes the certificate of compliance.

Mr. Lafreniere answered yes.

Alderman O'Neil asked all of the costs are about the same. That is a safe assumption?

Mr. Lafreniere answered in terms of just sending a field person out or a field staff person in the field to do the inspection, yes. There are different costs that are incurred for different types of activities like the certificate of compliance which is more rigorous than processing...

Alderman O'Neil interjected and we are covering the time for the inspectors to do their paperwork, etc.

Mr. Lafreniere replied that is what we are trying to do.



Alderman O'Neil stated you brought up the point about more permits, less permits. My personal opinion, I think that more permits would be...people would pull more permits and I would think this would be no matter what the discipline is, to go on record and it is not a money issue, it is a time issue. Do you follow what I am saying? I am putting four lights in here. Traditionally Armand would say and probably you would say it is not worth pulling the permit under the old system right because you might get \$4 out of the deal and the paperwork is more than \$4, correct? I think people would be more willing to pull permits, but it is the time that they have to spend waiting for inspectors that is a problem. Have you given any thought to that, just requesting people to pull more and maybe putting a minimum of when you need to actually see an inspector in the field. Especially the trades that licenses are required. I may be going a little above the money issue here, but.

Mr. Lafreniere replied we spent a lot of time looking at how we could best serve our clients if you will, the people who make use of our services in terms of getting the inspections completed in a timely fashion and much of that process has not focused necessarily on the building code or the fees because that is not necessarily, as you indicated, where the concern is. If we have got somebody, typically they don't mind paying the fee, they don't mind requesting the inspection, they don't mind complying with the code but if they have to wait an exorbitant amount of time to get the inspection then that is cost that they need to build into their project and we are cognizant of that. So we have spent a lot of time talking about how we can address that.

Alderman O'Neil stated if I am putting these four lights in here as a licensed electrician, I have no problem pulling the permit but when it is going to cost me hours in time waiting for an inspector to get here, in all honesty, I am not going to pull the permit. It costs more for the time you lose than it costs to do the job. I don't think there would be anything wrong with pulling a permit to put in five plugs in a house. Just go on record. You come here, you pull it out, you leave them the check and you are on record, but you don't need to see an inspector out there and that is...do you understand what I am trying to get at, putting either a dollar value or amount of devices or something. I imagine that it must be true with the other disciplines.

Mr. Lafreniere replied I would like to discuss that issue with the Solicitor, only from the standpoint of if you are charging a fee to provide a service, to make an inspection or to certify that something meets the code and you are not actually making the inspection, I would be concerned that the potential would be there that we are incurring a liability by saying okay you have to get a permit but we are not going to look at it.

Mr. Sink asked is that what you are saying, for us not to inspect it or that the electrician doesn't necessarily have to be there.

Alderman O'Neil answered I am saying that in some cases it doesn't make any sense to send an inspector out, but there is nothing wrong with having a document saying that there was a permit pulled. So if somebody came down the road and said they did some work here, there is a record...Tom I don't know if you run across this. I don't know if there is a way that they can do something without you folks being involved at Water Works.

Mr. Bowen replied we try to get out there and inspect every single tap. If we don't, we make them pressure test it to our satisfaction to make sure that there aren't any leaks.

Chairman Hirschmann stated there is obviously a testing purpose for liability. You can't just not have inspections.

Alderman Thibault stated there are some problems that can come with that. Let me tell you about something that happened in my ward a few months ago. A new house was built and the line that went from the house to the street, the contractor that came in and put in the sewer line didn't put two feet of pipe at the end. He didn't put any pipe at all. So the man builds his house, he gets in there and in about a month he has a blockage. He calls Roto-Router. They come in and fix it, no problem. Four days later, he has to call them again. Four days later he has to call them again. So they finally decide to dig. They dug and in looking at it found out that the Highway Department doesn't have time to inspect everything so if they trust the contract, they will let it go. So now the City is going to have to pay about \$6,000 to fix that.

Alderman O'Neil asked was their a license involved with that.

Alderman Thibault answered sure. They had the permits and everything.

Alderman O'Neil asked no, can somebody lose their license and, therefore, lose their livelihood. What I am talking about with plumbers and electricians...right now I can tell you if you put in four lights, there are people not licensed putting them in. Do you know what I am saying? There would be more paper trail and an incentive to have permits if there wasn't this inspection time period involved. Even when other inspectors are good at being on time, there is still that cost. Maybe I can work with these guys down the road and try to resolve this.

Chairman Hirschmann replied I can't see how we can get rid of it.

Alderman O'Neil responded I am not trying to get rid of them.

Chairman Hirschmann stated there are a lot of people who are licensed who have no business touching anything.

Alderman Thibault replied that is true. Now this contractor, who does an awful lot of work for the City, has never had a problem but lo and behold, this time they did. Since they didn't inspect it, they couldn't verify that there was two feet of pipe missing, but when they got down in there, there was two feet of pipe missing.

On motion of Alderman O'Neil, duly seconded by Alderman Thibault, it was voted to accept the draft ordinance and recommend that same be referred to public hearing.

Chairman Hirschmann addressed Item 4 of the agenda:

Communication from the Director of the Manchester Water Works seeking reimbursement of \$21.22 for out-of-pocket expenses for meals for two Water Works employees who attended a day-long computer training class in Nashua, NH on November 23, 1998.

Mr. Sherman stated you asked, at the last meeting, to have us go back and take a crack at trying to write an amendment to the travel policy. This is the entire policy and the changes are marked on Page 5. Seeing that I was going to go back and address one issue, I did take the liberty of addressing two issues. I changed the lodging and meal numbers. A lot of departments have said that those are somewhat outdated at this point. The item that Mr. Bowen is here on is under Item C, Meals. We added an exception. What it does is allows the employees to travel to Nashua or Boston or Concord, as long as it is outside the City, it is pre-approved and they don't come back afterwards and go to the department head to try and get it after the fact.

Alderman Thibault asked was it pre-approved.

Mr. Sherman answered I don't know about this specific one.

Chairman Hirschmann stated I talked to the Mayor about this and he said that if anyone is going up to the Legislature to hang around and listen to hearings and thinking they are getting a meal, they are wrong.

Mr. Sherman replied correct and this takes care of that by stating conferences or seminars. I can understand that. You go down to something and there are folks from similar departments around the State, you are there all day and you want to go to lunch.

Chairman Hirschmann asked what are the dollar caps.

Mr. Sherman answered right above it. We increased the meal allowances in those three categories and a lot of departments have also asked that we allow for a daily rate, rather than individual meal rates because employees have different eating habits. A lot of employees don't eat breakfast or lunch and they would rather have a nice dinner so they have asked that we allow for a daily rate as well so we put that in there. It is there for discussion. We have \$10 for breakfast, \$15 for lunch, \$25 for dinner or \$50 per day.

Chairman Hirschmann stated to me, dinner is for sleep overs only and it should say that here somewhere. Lunch and breakfast, that is up for discussion.

Mr. Sherman replied you are probably right. Now that we have an exception, we probably need to make the exception only for lunch and we can add that in there.

Alderman O'Neil stated Tom Bowen sends one of his laborers, they need a specific part in Stanford, CT. The most efficient way to get this part to solve the immediate problem is to send somebody to get it. It takes them all day to go down there and back, but not staying over night. Don't they deserve three meals?

Chairman Hirschmann replied you leave Manchester, even if you leave here at 11AM, you are down there by 2PM, you eat at 3PM and you are home by 7PM.

Alderman O'Neil stated I like what I see, but I think there are some...the Police Department sends a couple of police officers to Albany, NY to pick up a prisoner, that is a four hour drive. It can be done in one day. I see some possible...I guess my concern is the conference and seminar language.

Chairman Hirschmann replied that wouldn't even apply. They are doing their regular job.

Alderman Thibault asked what about this pre-approval thing. Why can't they come to the Committee and get approved?

Alderman O'Neil answered the Committee can't...I think there needs to be some kind of emergency provision.

Chairman Hirschmann stated it has to meet...(A) is travel that is conference or seminar related so it would have to meet (A). That is the criteria. So that one doesn't meet it already.

Mr. Sherman stated I think what you are saying is you want to expand that (A) a little bit further.

Chairman Hirschmann stated neither example that you brought up meet this criteria. This was to wedge this thing in so it doesn't apply to everybody because I could think of 100 meals that I could get just by inventing something.

Alderman O'Neil replied but if you send an employee to do something, and those situations come up.

Chairman Hirschman responded I think our managers use UPS and FedEx, etc.

Alderman O'Neil stated by I can tell you being in the electrical field I have been at Seabrook when they have sent guys driving six hours one way to pick something up because they need it. It could happen at Highway. It could happen at Water Works.

Mr. Bowen stated it may happen three or four times a year.

Alderman O'Neil replied but it could happen and he is not being a good manager if he sends an employee for something that is not needed and could be shipped, but I think there are some circumstances where you have to give them a little...I like the general concept but there has to be some...

Chairman Hirschmann interjected what we are trying to do is not have a liberal policy. We want a strict policy so that 28 City departments can adhere to this thing without it getting out of hand.

Alderman Thibault asked well can't there be some circumstance where we would have to approve it.

Mr. Sherman answered on Page 6 and this is why Mr. Hobson is here, right above ineligible costs, we do have "any Department head desiring an exception to the travel and conference policies and procedures shall make such a request through the Finance Officer for Committee on Accounts, Enrollment and Revenue Administration review." If you run into something that isn't covered here, or is outside the guidelines that are here, the department head does have the right to come to the Committee and ask for that exception.

Alderman Thibault stated but if it happens tomorrow morning at 8AM, it may not be able to get to us so what happens.

Mr. Sherman replied well they would have to come here looking for the reimbursement. At that point, the department head could authorize it.

Alderman Thibault asked couldn't we have something that has to be reviewed.

Alderman O'Neil stated I like what Randy has done cleaning up the scope of the situation, I am just concerned about the emergencies. I mean, Tom, does this, you are the guy who started this...

Mr. Bowen replied this covers 98% of what we were concerned about. There still is that situation and it probably happens three or four times a year. I don't know how you can still put the control language in unless you put the responsibility on the department heads to police it and I don't know whether you want to open it up that much or not.

Alderman O'Neil asked but what about, as Randy said, on having any department head desiring an exception. Does that help?

Mr. Bowen answered well the exception is certainly going to be after the fact. If I send one of my laborers down to Stanford tomorrow, it is going to be three weeks later before it comes to the Committee.

Alderman Thibault asked but what would be wrong with you calling Randy and saying look I have to send somebody out and I am going to need an exception here so we would know that you already checked with Randy. Wouldn't that be a good security or whatever?

Mr. Bowen stated how about if you just made it "and otherwise with notification to". Leave it up to the department heads, but put the responsibility on the department heads to notify you. If you start seeing three or four a month coming through from the same department head, then you can ask a question but that puts the responsibility on the department head to manage his finances and manage his people properly. So if there is an exception, he has to notify you as opposed to seeking approval from you.

Chairman Hirschmann stated myself, I would like to stay on the original mission. This was to tie up loose ends on people going to conferences traveling outside the City and I would like to keep right in those guidelines right there. I don't want to open this thing up.

Alderman O'Neil replied but the problem is...

Chairman Hirschmann interjected there is no problem. There is one invoice on the table here and that is what I want to address, okay and this is a policy change that we are going to make and it is the first one in 150 years.

Alderman O'Neil replied but I can't support it because there is not the exception. If the Fire Department sends people...

Chairman Hirschmann interjected listen the Fire Department doesn't have any invoices.

Alderman O'Neil replied what a minute, but there are exceptions. They send people to pick up apparatus.

Chairman Hirschmann replied well they can eat out of a brown bag.

Alderman O'Neil responded that is not right.

Chairman Hirschmann replied that is the way it is done. They are not complaining. It is not here. We are trying to make a policy. You are getting emotional about this.

Alderman O'Neil responded I am not getting emotional, I am trying to be a realist about this.

Chairman Hirschmann replied I am trying to not be liberal about this. We don't need a liberal policy.

Alderman O'Neil stated I don't think this policy, with exceptions is liberal. There are exceptions in this City and we need to recognize that. You can't have a policy that doesn't recognize that.

Chairman Hirschmann stated we will put in a clause saying as other problems come up we will address them. Fine with me. I will address them when they happen.

Alderman Thibault asked what are you saying now. Are you saying that if there is a problem that happens that they have to come back to this Committee?

Chairman Hirschmann answered listen. Last year, we have everyone's travel budget in this Committee and we had to approve everyone's travel. I don't want to get into that. I don't want to start getting into all these little meal tickets either. These people have been managing their departments for years. All of the sudden there are going to be meal problems? Come on. I can see one or two, but this policy here is fine. Travel for conference or seminar is fine.

Alderman Thibault stated well anything above that should have to come to the Committee. I am just saying why wouldn't it be proper to have a department head call Randy if he has an extenuating circumstance here. He has to send somebody to New York all of the sudden.

Mr. Sherman stated well I got a call tonight about 4:45PM. The Police Department is sending someone to Brussels. He says do you think we are going to be able to...he says I have no idea what the economy is in Brussels. I don't know what the meals are going to be. He said what happens if he goes over the amount. I said well I would tell him to eat, don't over indulge and when he comes back bring it to the Committee. That is what I told him to do. I said you can't send a police officer to Brussels and tell him, you know \$50 may be a breakfast over there, I don't know. They have to go and get a prisoner and bring him back so they will be there for a couple of days.

Alderman Thibault stated we are talking about something that can happen once or twice a year here. We are not talking about a big deal.

Chairman Hirschmann stated but if you open it up, you will have more instances than you do now.

Alderman O'Neil asked, Tom, what was your suggested wording.

Mr. Bowen answered my suggestion was, if you wanted to open it up, would be to put the responsibility on the department head so that the department head could authorize exceptions as long as he has notified this Committee that the exception has been made rather than actually waiting for approval from the Committee.

Alderman O'Neil stated and again, we are not talking about conferences or seminars. We are talking about direct work-related things.

Alderman Thibault stated we would need some proof of that.

Mr. Sherman stated my only comment to that is I think that what you will end up with are different rules in different departments. I understand if somebody is going for an eight hour round-trip drive to Albany, I understand that but then you are going to get the department head that is going to say well they were three hours in Boston. They left at 11AM and came back at 2PM and lets give them a lunch. I really think what you are going to do, you know because Tom may say no that doesn't happen but then you will get somebody else who says I think that is okay and you will start seeing disparities there. If you want, I can take it back and try to come up with something to address your issue.

Alderman O'Neil stated I think as long as there is a paper trail that the department head has to send to Finance, Human Resources and the Committee, notification of an exception, to me that is fine. It is not going to get abused because as Tom said earlier, if the Committee starts seeing fifteen of these from one department, what the heck is going on there.

Chairman Hirschmann replied this is the first one in four years, so I think this policy is fine. This is the first one in four years.

Mr. Sherman stated before you vote on it, I would just like to point out that we also changed the lodging allowance. Again, it has been a number of years since that was addressed. If you recall what we did last time, we actually went back through the doors and tried to get it raised so we adjusted that as well. I believe the only other change that we made was on Page 6, Item D under Fees. I have no idea what that registration fee if not paid in advance was referring to so I struck it.

Alderman O'Neil asked how do these changes affect what is on the table for the specific Water Works situation that we have before us.

Mr. Sherman answered I think that falls under the exception and if you want to approve the exception, you have to make that as a report to the Board for the Water Works one.

Chairman Hirschmann stated there is one slip for \$22 and they are saying \$15 is acceptable but that is for two people so that would be \$30. \$140 a night sounds like a lot for a hotel though.

Mr. Sherman replied you can't stay in a city like Boston for that. Do you know where this originally came from? I went to Chicago once and we had \$85 and the hotel that they found was \$69 a night and when I checked in they said do not leave here after dark because it is not safe for you to be out.

Mr. Hobson stated regarding Alderman O'Neil's question and this problem, I think just looking through this revised policy, I think that what Randy and the others have proposed covers. I mean a prudent department head will send his or her employee to do this thing and say I have to get it done and you are not going to have to starve to death. You can stop and get a bagel or something. So you are doing this thing, you are going and then you come back and give it to you guys as an exception and you vote it up or vote it down, right. Isn't that really what your policy says? That you go ahead and do it and then come back and ask for an exception.

Mr. Sherman replied conference and seminar ones will not have to come back.

Mr. Hobson responded but the exception would. So he can make a prudent decision, he has to do a business decision, he makes it and comes back and if you tell him no, then it is no.

Alderman Thibault stated I have no problem with that.

Chairman Hirschmann replied I would like to stay with what he brought us to be honest with you.

Alderman Thibault responded we want to stay exactly with what he has got now except for the exception so if something like this does happen it has to come to the Committee.

Chairman Hirschmann stated if more than two come to this Committee in six months, I am going to shut the whole thing down. I don't want that kind of business. That is why I gave them back their travel in the first place.

Alderman Thibault replied I think that what they are saying is it is not going to be into your rules here. It is going to have to come to the Committee by exception if there is a problem.

Mr. Sherman stated we haven't had anybody ask about this.

Chairman Hirschmann replied but I know how City government operates and as soon as the policy is enacted and the good old Human Resources Director does his job and notifies 28 departments that there is a new policy saying if you leave town you can get a bagel now, before you know it, every affiliated employee, every non-affiliated employee, every manager, every supervisor is going to want a bagel. The Library is going to be in here, everybody.

Alderman Thibault stated I would just say that any exception like that should have a good explanation of what it was for. It has to be for a specific thing and it has to be so the Committee can understand exactly what it was.

Chairman Hirschmann stated you want this thing to go through like it is, you are going to make the Mayor a very unhappy man.

Alderman Thibault replied I don't think we are approving anything...why are they here now for \$21.

Chairman Hirschmann responded that is what we sent Finance out to address and that is why I want to approve this. Why are we going down another road?

Alderman Thibault replied I don't think we are going down another road. We are saying that what they put together was fine. If they ever have anything that is way beyond what we have got here, by the same token what if he has to go to Louisiana. We are going to have to address that one too, right?

Chairman Hirschmann stated we will know about that one. It will be a planned trip.

Alderman Thibault stated not if it is an emergency situation. It will still have to come in as an exception and that is all I am saying.

Mr. Sherman replied what you are suggesting is really that paragraph that says that if there is an exception, they have to bring it here.

Mr. Hobson stated I am not saying make an amendment. I am saying keep exactly what Randy has and then you have some control over exceptions and if the department heads are acting whacky, you can do something.

Chairman Hirschmann stated I would like to have the dinner with the word sleep over after it.

Mr. Sherman asked do we want to change it there or do we want to make it in the exception that it is only a lunch exception. Again, you don't get any meal, the normal rule is you don't get any meals unless it is an overnight.

Chairman Hirschmann stated the policy that we asked the Finance Department to address was a meal exception for going to conference. That is what we want this to do.

Mr. Sherman replied well why don't we just make that a lunch reimbursement exception.

Alderman Thibault asked but on the lodging you said that you wanted dinner put behind that. Is that what you said?

Chairman Hirschmann answered yes, dinner if you are sleeping over, right.

Mr. Sherman stated the only place it talks about getting a dinner or breakfast is when there is overnight travel. Typically what you do, if somebody leaves at 11AM to go to Chicago, they get a lunch, they get a dinner and say they come back the next day, they get a breakfast. If they come back before lunch, they don't get the lunch. They get the three meals that are covered in their travel.

Mr. Hobson stated I just wanted to point out that in the Human Resource Association we are seeing more, because we requested it, late afternoon and early evening seminars so people can go to work during the day. We are seeing stuff take place from 3PM to 7PM, 3PM to 8PM or 3PM to 9PM. Sometimes the dinner is included as part of the seminar so you are paying \$49 to go to this event. So with this dinner exception are you saying that it wouldn't be covered? Lunch is covered but if it is too late for lunch, it is not covered. I am just asking the question.

Chairman Hirschmann replied I am getting very frustrated, okay. In four years of having this Committee, one lousy slip has made the table. Now all of the sudden everyone is going to go to conferences and seminars and scheduling them at night. It really irks me.

Mr. Hobson stated well I think what you said to me, though, was and the reason why I am sitting here was that you realized the fact that we are putting more emphasis on education and I have had this conversation with the Mayor and to my knowledge he agrees with me. We are going to be requesting more money in the budget next year for conferences, trainings, seminars, etc. In many cases, it is going to be mandatory that people go. We are going to try to do a lot of them ourselves, in-house, and try to make it as reasonably priced as possible but you are going to see more of it.

Chairman Hirschmann stated you can have HTE come up from Florida and give a little seminar at City Hall and you get your bag out and eat. You don't get paid for lunch. If you go to Nashua at night, maybe you get something. I don't know. I remember getting too worked up when we sent everyone down to Florida. I am

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just trying to address one little slip here and make one little policy without every department head all of the sudden thinking up new ways to recreate this thing.

Mr. Hobson replied from my perspective, I like what is here and I think it makes better business sense.

Chairman Hirschmann responded it is better than what you have now.

Mr. Hobson replied oh yea, no question.

Mr. Sherman stated my suggestion would be to leave that as an exception and come in and discuss it.

Alderman Thibault stated you just said, Mark, that when you do these things the dinner is included in the fee so wouldn't that be included in that department's budget as far as them going to those seminars and it is going to cost X amount of dollars. If the fee is already included in there, what do we have to look at?

Mr. Sherman replied you don't. If it is included in the fee, you are fine.

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

Chairman Hirschmann addressed Item 6 of the agenda:

Discussion with Finance Department officials relative to '98 year-end reports, first quarter reports (unaudited), and revenues.

Mr. Sherman stated lets start with 1998. What we did was we decided to work on the budget to actual numbers. This is somewhat similar to what you saw back in December when we brought some numbers in. There have been a few more audit type adjustments made. The big changes from what you saw last time are really in the restricted areas where we shuffle the money around between departments if we have an overage in State Retirement then we will move it to cover the shortfall in FICA. We try to cover all of the shortfalls. Health and CGL are both at zero. Health actually had a surplus this year which means that we put money into the Health Insurance reserve. CGL actually overspent this year so we took money out of the reserve to cover the deficit. So on a budget basis, neither one of them show anything that goes to the reserve. Workers Comp is the other fund that we have a reserve for. It actually went over budget by about \$190,000. We show a \$60,000 over-expenditure here because the reserve only had \$130,000 in it. So keep in mind as you start getting into your budget process for next year that you have no Workers Comp reserve coming into FY99.

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Chairman Hirschmann asked is there still a Safety Review Committee that helps with this Workers Comp.

Mr. Sherman answered yes, the Safety Review Committee does a lot on that. For Workers Comp, going into FY99 is at zero. There is no reserve left for Workers Comp.

Alderman Thibault asked and you are short \$60,000. Is that correct?

Mr. Sherman answered yes but that \$60,000 will have to be eaten out of the general fund balance.

Chairman Hirschmann asked how come we left so much in contingency. We didn't spend any?

Mr. Sherman answered well we started with \$250,000 so you did spend some.

Chairman Hirschmann stated well it says 100% here.

Mr. Sherman replied yes, because it actually get moved on a budget basis, not actually expended. One issue that I will bring up is the last time we brought this to you for FY98, health insurance showed a deficit position and I just said they actually had a surplus. Because of the conversion of HTE, HTE now charges departmental budget for health insurance on a current month after the fact so the last time we brought this in we actually had 13 months worth of health insurance reflected on here so we had to go back and one of the audit adjustments we had to make was to back out one month which took it from a deficit position to a surplus position. The only other real change that we anticipate here, if you recall, as part of the issue with the School Department the auditors are doing a separate audit on the School Department. We still have a variance between the school numbers as the auditors have shown to what we have in our system. There is a difference, roughly, of \$100,000. We are still working those issues out with the auditors to find out where those numbers are going to end up. The auditors actually show the school with a smaller deficit of roughly \$1.36 million.

Chairman Hirschmann asked on Welfare, did we over budget them. They have 20% coming back to the City.

Mr. Sherman answered it gets to be a factor of how many clients she has.

Chairman Hirschmann asked is that one of those factoring things where she can't tell.

Mr. Sherman answered she can't tell. She has no idea how many clients she is going to have.

Chairman Hirschmann stated I remember her impassioned proposal and all the poor people who were going to starve.

Mr. Sherman stated it depends on room rates and how all those things come out. That is the 98 expense budget. As you see when you get down to the very bottom here, you are .1% of your budget left over. Now on the 98 revenue side...

Chairman Hirschmann interjected just before we end with this, that Deficit Committee, are they going to roll any money into this.

Mr. Sherman stated the Deficit Committee still meets every two weeks. They meet after each teacher's payroll. The latest report we had at the Deficit Committee is, actually looking at the 99 budget, is that right now they have about a \$200,000 cushion to get through the rest of this year and that is projecting out all of their salaries, etc.

Chairman Hirschmann replied that is all FY99 and has nothing to do with FY98.

Mr. Sherman responded that is all the FY99 numbers, correct. As part of that \$200,000 cushion, the resolution that was adopted by the two boards was that they were supposed to pay \$200,000 this year towards last year's deficit. So if you take that \$200,000, they are really working with nothing over there at this point. Okay, FY98 revenues. What we tried to do on this report is you will see the light shaded areas actually grouped together a number of revenue sources where maybe we had one budget but they actually brought the revenues in under multiple sources like we may have budgeted in one place for dog licenses, but when the City Clerk actually keyed it in, they kept track of how many were males, females, how many were spayed, etc. so you are going to see a number of different revenue sources. Those are the shaded areas. The dark shaded areas are a few numbers that we should probably bring to your attention. If you get down to Page 6, the bottom line, we did exceed the anticipated non-property tax revenues by \$200,000. So we actually hit the budget by less than one half of one percent which we would all love to certainly go over it, but believe it or not the rating agencies love to see this.

Chairman Hirschmann stated auto registrations look real nice.

Mr. Sherman replied auto registrations were your saving grace this year.

Chairman Hirschmann asked where are schools.

Mr. Sherman answered some of the school ones are on the front. The bottom one, the kindergarten program, is in a deficit but most of the ones for...these are really your State monies on the front for the school. The big one on the School is on Page 2.

Chairman Hirschmann asked so some things washed out. Like foundation aid was off and that washed out the kindergarten.

Mr. Sherman answered yes. We got a little bit more in foundation aid, building aid was down slightly. Catastrophic aid was up. The next page is the tuition which is down \$1 million. Now the bulk of that had to do with the Litchfield students and the number they thought were coming that they put into the budget who ended up not coming. That was about \$700,000 of that number. The rest of the difference was, I believe some of the other communities were down as well and the tuition rate was slightly lower than was calculated.

Chairman Hirschmann asked are there any new revenues to talk about. Is there anything new happening that we should be adding to this list of is everything pretty status quo?

Mr. Sherman answered for the most part, I think it is pretty status quo. Obviously going into the next budget cycle it is the School issue and how the State is going to fund education.

Chairman Hirschmann stated like with Leon coming in, he is changing his rates which will affect revenues. Do we want to address any revenue changes coming up in this cycle, any rates that we want looked at?

Mr. Sherman replied I think for the most part that all of the rates need to be looked at. It has been a number of years since we addressed any of these.

Chairman Hirschmann asked do you have anyone on your staff who can make any recommendations to our Committee.

Mr. Sherman answered well we have the revenue administrator but we just haven't focused on that lately.

Chairman Hirschmann stated but seeing that we are going into a new budget cycle, you might want to take a peek at that and make some recommendations. I know we always come up with some creative revenues during the budget. Any questions from anybody on the revenues?

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Alderman O'Neil stated the one on parking, Randy, that is Canal Street.

Mr. Sherman replied well the Board actually made some indications that they were going to increase the meter rates, they were going to look at the parking rates, I believe they were going to let them stay until October and they come in and readdress the parking garage rates. If you have driven around town, you have seen a lot of meter poles with no meters on them. So we started and then stopped. We never increased the rates, we never went back and increased the garage rates. There was some fudging there in anticipation of additional revenues that never happened.

Chairman Hirschmann stated that might be a good place to start then if we have any revenue shortfalls.

Mr. Sherman replied and it gets to be an economic issue. How high do the rates go? You are certainly losing money on all of your garages. There is no doubt about it. You can barely cover operations.

Alderman Thibault asked how much is a leased space.

Mr. Sherman answered \$45 a month. Then you have a lot of lease arrangements. Something like Wall Street, you lose a lot of money on Wall Street because on Wall Street we actually turn around and pay them. Parking is an issue. As you know from civic center discussions, a lot of work needs to be done on parking.

Alderman O'Neil stated but the system is working where are getting the people off of Elm Street and into the garages because it is cheaper to park in the garages then feed the meter on Elm Street. So you have to balance that part of it too. You just don't want to raise the rates in the garages.

Mr. Sherman stated just to let you know where we actually ended up, those are budget numbers. They are not based on government accounting standards or generally accepted accounting standards. What we wanted to do was just have you look at the balance sheets and see where we ended up. I will focus on the bottom section, the fund equity section, and start at the bottom. We ended up with an undesignated fund balance and again this is still subject to the audit here, of \$371,000. Now that is down from last year. I believe we came into the year with about \$700,000. There are a couple of items I would like to point out here. We did not touch the revenue stabilization fund yet. We wait until the audit is done before any adjustment is made. Now on a GAAP basis, we did have a surplus so there is no automatic withdrawal out of the revenue stabilization fund. If anything, there may be a slight increase to it. There may be a transfer or two because we have had a surplus. The two items above that, inventory and advances, are two items that are really re-classes of your undesignated fund

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balance and they are required by generally accepted accounting principle (GAAP) and let me explain

what they are. First of all, advances, the \$575,000, that is the cash that was advanced to the Aggregation Program. GAAP requires that if you are giving a cash advance to another fund and it appears that you will not receive payment of that advance back within a year, you have to reserve a portion of your fund balance. So again it is just a restatement. Again, the auditors will look at it and say you don't have any revenues coming in yet.

Chairman Hirschmann asked is that in undesignated.

Mr. Sherman answered no, that is in advances. That is just a cash advance.

Chairman Hirschmann asked is that \$575,000 for one fiscal year.

Mr. Sherman answered yes, that is the FY98 year. The one above that is inventory and the Highway Department went to an inventory system when they went on HTE. Now what Frank did is he did not spend his budget to an amount equivalent to that \$500,000 and he wants to now go to an inventory system that now as he drops out of the inventory it will charge his budget and as he buys things, it will just go into inventory. What he has always done in the past is he has bought items, charged it to this budget and then we have a CIP project so we have to get a credit back.

Chairman Hirschmann asked so he is doing bulk purchases and this is your way of accounting for it.

Mr. Sherman answered right. Again, because it is a pre-pay you have to designate a portion of your fund balance. Moving up, the only reason Employee Retirement and Manchester Development Corporation show up off to the side is because this is stripped out of another combined statement. The fact that those are zero, don't be alarmed. The general liability insurance did go down slightly, just over \$100,000. Again, the budget was overspent and that comes out of that reserve. You will notice that there is no Workers Compensation reserve on here. We talked about Workers Compensation reserve which is now at zero and the health insurance reserve actually went up a couple of hundred thousand dollars. Considering all that we went through for FY98, I think the City ended up in pretty good shape. We did apply \$500,000 in fund balance against the tax rate so in essence we are starting FY99 in a fund deficit hole. We have far more fund balancing than is really there. Again, it is due to the reclass for GAAP purposes.

Chairman Hirschmann asked what is deferred revenue.

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Mr. Sherman answered deferred revenue are revenues that are collected prior to you being able to recognize them. Under governmental accounting, you cannot

recognize any revenues that you haven't received within 60 days after year end. In essence, what that deferred revenue is, is an equivalent amount of uncollected property taxes. So in bad times when people aren't paying their taxes, our deferred revenue goes up and in good times it starts to come back down. Actually, back in 1991/1992, that number was closer to \$13 or \$14 million. That covers all years that are unpaid. Now, FY99. Again, the revenue report, this one is pretty much the same report that you just saw on FY98. It is in landscape because we put in a column where we estimate what the remaining portion of the year is going to be.

Chairman Hirschmann asked as a percentage, what do we really want to see as a fund equity balance as a percentage.

Mr. Sherman answered you really want to see between 5% and 10% of your revenues as your fund balance.

Chairman Hirschmann asked so we are performing better than.

Mr. Sherman answered well our revenues right now are in the \$150 million range, general fund. We are not talking Water or EPD or anything. So if you hit your 5%, your fund balance should about \$7.5 million. Now what we looked at for that fund balance is both the revenue stabilization fund and the undesignated. Now the ordinance that the Board adopted on the revenue stabilization fund is to get that up to the 5% and then maintain that at 5% of your revenues. So as you revenues grow, you will continue to grow in your revenue stabilization fund. So we are below where we should be. We are over halfway, but we are below where we would like to be. Again, it is the same format. We have estimated the six month figures. In discussions with the School Department, they have keyed in very little revenue, if any but in discussions with Mr. O'Shea and Mr. Tanguay, they actually believe they are going to exceed their revenue projections for this year. So what we have done is estimated the bulk of their revenues at the budget. So we keyed in the estimated amount and we did zero all of theirs out as far as an over/under. Typical of this year, when we get down to the bottom this is probably...you know you have five accountants sitting here and we worked to put this report together and we are all very conservative so when you get down to the bottom it shows that we are not meeting our budget at this point and we don't want to make guesstimates that are not going to be there. I think that if you go back historically you will see that we are always under at this point in our projections. Again, most of the revenues seem to be performing. Auto registration is right about where it was last year the \$10 million mark. There is nothing here that really alarms us. We are concerned, and if you look at Page 4, the parking number is way off again

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but all we really did no parking was take the six month figure and double it for the year. So I think there needs to be some discussion there with Tom and Kevin.

Alderman Thibault asked with the School Department, do you think we are going to end up all right this year.

Mr. Sherman answered both Norm Tanguay and Dick O'Shea told us that they think they are actually going to exceed the \$19 million that we had budgeted and again they have spent a lot of time with the auditors working out tuition rates and coming up with those billings. They haven't done any at this point, but according to Mr. O'Shea they are just about ready to go out. They have a good handle on where they think those numbers are going to be. Once you get past any State dollars that are in your budget, your two big nuts are auto registration and school tuition. Everything else is really relatively small after that.

Alderman O'Neil asked, Randy, is there any way we can get a break down on the garages so we can see, you know maybe Victory is doing fine and Canal Street is not. Also, do I read here car lease?

Mr. Sherman answered yes and the parking leases monthly are mainly your lots. So if I am leasing Arms Lot or I am leasing Hartnett Lot, that is a parking lease. Now the car leases are all of the garages. Then you would also have garage where people come in and pay a dollar or whatever.

Alderman O'Neil asked do we budget that way. Do we budget per garage or do we just kind of take the total for all parking?

Mr. Sherman answered they actually key a budget in for each garage. This report just rolls it up by revenue source so that is why we are getting one garage. The meters end up being broken down separately because all of their meter revenue is in one cost center so they needed separate revenue sources. We have separate budgets for that and we can bring in separate revenue reports.

Chairman Hirschmann stated I am confused on Page 3. Source of revenue is 4304, Tool Storage, down at the bottom. What is going on with that, \$100,000 shortfall when it is only budgeted for \$750. I don't get that.

Mr. Sherman replied that is the whole category. It couldn't be highlighted because the one above it is highlighted.

Chairman Hirschmann responded so that is cumulative.

Mr. Sherman replied right. So that is the revenue report. Again, I think we are most likely being conservative on it. As we get out every month, obviously the actuals get better. If you look back at FY98, you will see that the Building Department exceeded almost every one of their revenues but we are really not projecting that at this point because you just never know how the economy is going to swing. On the expense side for FY98, and here is some December numbers and again I think these numbers look pretty good. Again, we highlighted a couple. Typically what we will do is highlight those that are over. Again, we are at the 50% mark here. There are some that we did not highlight that were under 50% and that is because the departments like Information Systems and Public Building Services tend to put encumbrances in for the whole year. So where Dick Houle knows that he has cleaning contracts and he knows what those are every month, he tends to just encumber that right up front and then just pays it off. So it shows that he has spent most of his money when in essence it is just sitting there. Mark is gone but maybe if he comes back he can explain why he is 42%.

Alderman Thibault asked what is with the Fire Department.

Mr. Sherman answered Fire is right at the 50.9%, I believe it is the Police Department we have highlighted. My guess is the reason that Police is highlighted is because they haven't done all of their grant allocations yet. They spend a lot of money as part of their budget and then they go back and take officers and say okay this guy actually worked on this grant and he worked on that grant. So they will make changes after the fact.

Chairman Hirschmann asked how about high school athletics. Is that just because those are late hitting numbers? Is something going on over there and they are not spending their money?

Mr. Sherman answered I think a lot of that may be the money that they send over to Parks & Recreation. My guess is they haven't sent it yet. Even the benefit numbers look good. Again, payroll does accrue benefits on a weekly basis now. We don't wait until the end to pay health insurance or dental.

Chairman Hirschmann stated Workman's Compensation is tracking real nice this time.

Mr. Sherman replied yes. Again, you will get whacked on some of those. You may get a \$100,000 settlement all of the sudden that will just turn that one over.

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Chairman Hirschmann asked any lawsuits that Tom Clark's department settles in or out of court, where does that fit in.

Mr. Sherman answered depending on what the suit is, most of them are under the CGL. Obviously if it is a worker's compensation case, it would come out of worker's compensation. All of the ones at school actually come out of the school budget so if they have a special needs type lawsuit, that would come out of their budget.

Chairman Hirschmann asked do we have any concerns with the Blue Cross buy out that I read about in the newspaper.

Mr. Sherman answered I think you are going to see your rates go up considerably. The reason Blue Cross is selling out is they are in financial trouble. They have \$20 million lawsuits and it is going to have to come from somewhere.

Mr. Sherman asked Mr. Hobson why his department was at 42%. Is that because you have Decker in there and you spent it up front?

Mr. Hobson answered we are expecting some reimbursements from the Enterprise accounts or money we are spending on Decker and I think that is to the tune of probably \$30,000, \$40,000 or \$50,000 and the ADA Coordinators, their work, both of those are coming from Federal funds and I am not sure if the people in my department that work with CIP have gotten those transfers completed yet.

Chairman Hirschmann asked the Elderly Services budget, is that mostly salaries.

Mr. Sherman answered mostly salaries and rent. I am not sure why that one is that low. I would be concerned about that and certainly we can call her and check on that. Again, maybe she has something encumbered for the whole year. It might be her rent. It is much easier to process your accounts payable if you have your purchase orders in and you just pay it off of your encumbrance.

Alderman Thibault stated the rent there is exorbitant for the amount of people that go there. It is terrible. I was talking with the Mayor about that and we are going to be doing something about it.

Chairman Hirschmann stated well I don't see anything really jumping out at me. PBS is tracking terrible as normal. Annually it is always like that.

On motion of Alderman Thibault, duly seconded by Alderman O'Neil, it was voted to accept these reports and forward same to the Board of Mayor and Aldermen for informational purposes.

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Alderman O'Neil stated I think this is good information and keeps us informed of what is going on.

Chairman Hirschmann asked are there any other items that Finance wants to discuss.

Mr. Sherman answered just two other items. An update on the audit. We had anticipated that the audit would be coming to the Board at this next meeting. It certainly won't at this point. They will be in again tomorrow and for the rest of the week. They hope to finish up their field work this week. So again our hope is that it will be ready for the first meeting in March.

Chairman Hirschmann asked is it a new firm.

Mr. Sherman answered no, it is the same firm. They tried to finish up the school audit first. They wanted to get all of the school numbers as solid as they could before they came over on this side. As I mentioned, we still have some discrepancies between the numbers, not only on the general fund but on the special revenue fund as well. So we have to get that wrapped up now.

Chairman Hirschmann asked is Mr. Sullivan auditing the schools and the City.

Mr. Sherman answered no, Mr. Sullivan does not do audits. He is really more on the management side. He comes in and deals with management and policies and those kinds of things. It is Mr. Biron who does the City audit. Karen Roberts does the school audit. The only other issue that we have is now that we have taken care of the travel policy, I think that what we would like to do at the next meeting is come in and discuss a few other items such as petty cash. Like Mark said if he has a meeting and he wants to buy bagels, should he, can he. We just want to make sure that things are consistent. We have got one department that bought a personal computer for somebody to have at home. Did he follow the procurement, that may be one issue but is that something that the Board wants to allow people to do. Again, if you are going to let one department do it, make it a policy and let everybody do it. Other things are employee awards, some departments want to give employees awards and just different things like that. So what we will do is put together a list of items.

Alderman O'Neil asked does this have to do with one department or some departments.

Mr. Sherman answered it is in several departments. Again, I am not saying it is a bad thing.

Chairman Hirschmann stated in reality though, Randy, I am starting to wonder. This Committee here, we are not the Administration Committee. We shouldn't be changing policies and creating policies should we? Shouldn't we be more of an exploratory numbers Committee.

Mr. Sherman stated if you want to refer them to Administration, we certainly can do that but I think your goal is to oversee the expenditure of funds and if departments are making decisions on expending funds that aren't consistent. I mean we are kind of getting stuck in the middle here.

Chairman Hirschmann asked so you just have a few policies you would like looked at.

Mr. Sherman answered yes, just a few items that we have seen come through. We have let them go through.

Alderman Thibault asked but you would like to have a consensus.

Mr. Sherman answered a classic one is, typically what I have always seen in the past 15 years is that if a department wants a refrigerator or a microwave, the employees buy a refrigerator or a microwave. Now that we have moved back into City Hall and the Annex and we all have microwave shelves, the departments have all been out buying microwaves out of their budget and that is not typically what has happened. So we went back to the City Clerk and said was there any discussion on whether that was going to be allowed or not and there was no discussion. Again, we have let those all go through. That is the issue. Those are policies the Board needs to make, not the Finance Department. We will come in with a whole list at the next meeting and if you want to just refer it to the Board or send it to Administration, that is fine.

Chairman Hirschmann stated I think I do want to look at that now.

Alderman O'Neil stated just a question and I don't want to open up the door on this computer thing for the home but that is not uncommon in private industry.

Mr. Sherman replied not it isn't, but it needs to be consistent. If that is going to be the policy, I know HR has an issue with people working at home, but if that is going to be the policy that you are going to buy the computers and let them do that, then I think every department needs to know that because a lot of them will say no I can't do that.

Alderman Thibault asked but are we opening the door here that everyone is going to want one.

Mr. Hobson stated we have been talking to Info. Systems about this because we have seen a huge amount of requests for people to telecommute. We had one employee who had cancer and wanted to be able to work out of the home and wanted us to buy a laptop and that person ended up leaving. The Mayor asked us to put together a telecommuting policy and bring it to the Human Resources Committee and run it by Mr. Decker and see what he says about it, if it works or not, how it works with exempt staff or non-exempt staff and I talked to Jenny Angel at Information Systems because I usually end up finding out about this through the illness issue or through the "I want a PC" and Info. Systems calls me up and talks about it. It is becoming more predominant and I think we have to address it with care.

Alderman O'Neil stated it is not a bad issue. How many City employees come back to their departments on nights or weekends to do work?

Mr. Sherman replied I have two employees that have HTE at home so they can do work. They are exempt employees. If I have an employee who doesn't have a PC that I think should have HTE at home, that is where you start getting into the issue.

Mr. Hobson stated Jenny Angel and I talked about this and we did this at the School Department for a short while. We bought a group of laptops and you had to check out the laptop and it had HTE or whatever loaded onto it. You could dial in and do it and bring it back when you were done. That is one way to save money instead of putting a box on someone's desk. Another thing we did at school was we bought the box for them and allowed them to buy it at a discount so they could get the City's price.

Chairman Hirschmann stated it is worthy of a policy. In the professional industry I have seen cases where there is a burglary and all of the sudden there is a computer. Did the company or City have a bar code or a property tag on the item. The insurance company looks for all of these things.

Alderman O'Neil stated we ran into that with the damage at the school. The personal computer that got stolen.

Chairman Hirschmann replied right. None of the teacher's personal property items are covered.

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Mr. Hobson stated I think what Randy is saying is that we want something uniform so that everyone knows the rules of the game and everybody plays by them.

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

A True Record. Attest.

Clerk of Committee