

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

April 20, 1999

5:30 PM

Chairman Hirschmann called the meeting to order.

The Clerk called the roll.

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

Messrs.: Mr. Lolicata, Leon LaFreniere, Joanne Shaffer, Max Sink

The Chairman addressed item #3 on the agenda:

Discussion with representatives of the Building and Traffic Departments relative to FY99 revenues.

Mr. Lolicata, Director of the Traffic Department, was recognized by the Chairman for the purpose of making a presentation. The Chairman indicated that Traffic was requested to appear because the Committee had gone over an unaudited report from Finance that showed the City was off in parking garage revenues.

Mr. Lolicata said that his report went to the end of March. First, he said, those revenue projections for \$3 million were the aldermen's projections for FY99. My projections from Traffic were \$2.56 million. These were the numbers we presented to the aldermen. When we left, they gave us \$3 million to raise, not \$2.6 million. That was our comfort rate. Up to 3/31/99, we have \$1,845,531. This includes the meters, leases, and garage revenues. Our projections for those was \$2,566,314. That gives us a shortfall right now of \$442,000. My recommendation was for \$2.6 million. I might fall about \$7,000 short. This is the second year I've come here because of the change in my projections by the Board. Now, next year, I'm going to go a little lower...\$2.4 million. Now let me explain this to you. Everytime you get a lease – and the leases have gone up – you're talking \$30 a parking spot. If those meters are utilized, that's \$60 a parking spot. Now the leases are growing. So these leases bring in less money than the meters because of the rates.

Alderman Girard asked if the lease rate at half of the meter rate was a little bit too generous.

Mr. Lolicata said that he had said so for awhile. I also want to bring up that we anticipated Myrtle being filled up this year, which is going to be shortly. And we anticipated Bedford being full, which it isn't, which we're starting to fill temporarily because of UNH. Those projections brought us down a little more for the year. Which isn't bad if you used our projections. \$3 million was too high, gentlemen. We're \$400,000 short because of that.

Chairman Hirschmann asked what policy changes affected this.

Mr. Lolicata said the UNH deal will have some impact. We're doing some temporary exchanges down there. Myrtle was held up because of the agreement between New World and Fratello's. Fratello's has first refusal. We just got 20 – 40 from New World, that they're leasing with us, and another 60 might be coming in for the other tenant or Fratello's. That lot should be filled, hopefully, in a couple of months. You've got to remember that Bedford is going to need more spaces, but most of those meters down in the millyard, believe it or not, are being mostly leased at the low rate of \$22.50, on the street.

Chairman Hirschmann asked when that was enacted.

Mr. Lolicata said that was adopted as part of the revitalization of the millyard. He thought it was 1995. Up here we lease the spaces for \$30, the garages for \$45. But they kept it \$25 for the lots down in the millyard, \$22.50 on the street. And \$22.50 if you have 100 cars or more in the lot.

Chairman Hirschmann said it's backwards when you think about it. You want people to park in the parking garage. The garages should be lower. Those are the prime spots. Those are the spots you should be getting a premium for.

Mr. Lolicata said your prime spots are downtown in the area called Section 2, from Bridge Street south on the east side of Elm Street. The middle of Elm Street is always filled and, of course, the parking lot. Those are the places that are paying all the time. Those are places that are paying all the time on the meters. Those are your heavy spots.

Chairman Hirschmann asked if they could recommend a policy change that when the leases come due, that a new rate kicks in? I know they probably wouldn't be ecstatic.

Mr. Lolicata said the rates would have to be set by the Board of Mayor and Aldermen and they're probably going to have to come up with some prices for the garage compared to the lots. You have 75%, at the most, of the spaces being used in the downtown. But you've only got two policewomen. Two doing the whole City. That's not enforcement. There's no turnovers. It's hard to police. They're doing a heck of a job.

Chairman Hirschmann asked if he ever had a consultant tell him – tell us – what the rate should be for the millyard spaces, what the rate should be for the garage spaces.

Mr. Lolicata said that they went out to different places and got rates from different cities – Portland, Boston, etc. – came up with really good specials. I can't change the lease. I have a percentile that I keep open for the public. If the parking lots aren't being used, I can lease them. The public is not utilizing them, believe it or not. And it's mostly leases there.

Chairman Hirschmann asked for Mr. Lolicata to come back to the Committee for a workshop. Let us know how many leases you have, when they expire, how much the rate is for each lease, give us a chart for the millyard and the east side – whatever you have – so we can fix this.

Alderman O'Neil said he thought that was one issue. We've had National Garage here for 10 years now. They have a planning division. The airport utilizes them. We have not utilized them once. They understand parking probably as well as Tom does.

Chairman Hirschmann asked if they had our contract.

Mr. Lolicata said that they run the Victory and Canal garages.

Alderman O'Neil said we committed \$700,000 for parking in the millyard. I would hope we would make National Garage part of that study because the contract allows you, if we build parking facilities, they would run it. Correct? Now, I haven't really heard why we are \$900,000 short.

Mr. Lolicata said that it wasn't \$900,000. It's going to be about \$400,000 based on the \$3 million. With the projections I brought in, it was going to be \$7,000.

Alderman O'Neil asked if he would met with his original revenue projection.

Mr. Lolicata said, correct, just off \$7,000.

Alderman O'Neil continued, why are you \$900,000 off right now?

Mr. Lolicata said he would be \$400,000 short. Of that \$400,000, \$200,000 wasn't anticipated because of Myrna, Bedford and (unintelligible). The other \$200,000 was just too much. \$3 million was just too much.

Alderman O'Neil asked where he would be making up the \$500,000. There's \$500,000 missing here.

J. Shaffer said that Alderman O'Neil was referring to a report from February. Mr. Lolicata was working on the figures from March and then he's projecting the next three months.

Alderman O'Neil asked if these were the right figures.

J. Shaffer said that this report includes all the input to that point.

Alderman O'Neil asked if there were quarterly payments happening with leases or other things. It just seems like an awful lot of money.

J. Shaffer said that was part of it.

Alderman Girard said your regular account isn't going to fall short of what you told the Mayor and Aldermen that you were going to raise. Back in 1995, fiscal '96, do you remember that the aldermen ordered the meters be changed to 50 cents an hour. Intown was part of that. And National Garage had been part of that. So National Garage has been part of those discussions, and they were very helpful on what we went through. I don't think that the problem here is that we're not going to make the projection and the department didn't tell us. We have the happy problem now of having parking facilities in the millyard that are full. And one of the reasons that they are full is because the rates that were determined back in 1995 or 1994 as economic development incentives to get people into the millyard have been successful. Maybe we've reached the point where we need to re-evaluate those rates and see whether or not we can raise them without discouraging people from coming into the areas. One of the problems that we dealt with back in 1995 in talking to the millyard owners was it was very difficult for them to compete with the outlying areas with parking being an issue. That's why you have the rates where they are now. I'm not saying we haven't reached a point where they should be revisited, but the revenue shortfalls really aren't the fault of the Traffic Department over the rosy estimates of the Board of Mayor and Aldermen.

Alderman O'Neil said his concern was when he saw the \$900,000. But if I'm sitting here and we both agree that we will meet... Can we get, Tom, a copy of that report and a summary of the different parking rates and what effects they have.

Alderman Girard asked if the Committee could have a lot by lot listing of the amount of spaces, the number of leases, the number of available spaces, and the revenue generated. That would give us a realistic picture of what each facility downtown is producing for revenue and where utilization stands. We could have gone with much higher rates to try to generate revenue...

Alderman O'Neil said he was not disagreeing. He just wanted it explained where we are right now.

Mr. Lolicata said he just wanted the Committee to realize that some of the things we're doing are being done by ordinance. Like the parking lots. I can go 85% on leases and leave the others open to the public. That's a study you probably want to see. How many are utilizing those leases? How many are being vacant? That's the kind of stuff we need, actually.

Alderman Girard said that the other thing is that this Committee deals with revenue. The policy that governs the number of leases, how many should be there, belongs to Traffic. So if we look at the revenue, where it's coming from, and where it could be coming from, we are looking to address how we can deal with the revenue.

Chairman Hirschmann said if we address a revenue shortfall, it's our job as a committee to workshop it, to fix it. This is where it happens. Right here.

Mr. Lolicata said this is the second time I've been here. I'd like to tell you what my projections are for next year. It seems that every time I leave the full Board, they're expecting more. I will tell you that my projection will be lower.

Chairman Hirschmann said it's just like a salesman. You've been given a quota. You have to find a way to make that quota. If you believe you can't make that quota, you should be recommending policy changes to us.

Alderman Thibault said there were two points he wanted to bring out. First of all, how is this 5-10-25 policy going to affect parking meter revenue?

Mr. Lolicata said what he's heard from Boston, from the experts, what I hear – and from my own experience – there's going to be a shortfall. You're going to lose because it's called denomination. We haven't got enforcement here in Manchester because we haven't got the people. I don't know if people are going to go 400 to the bank and 6,000 to the... I don't know the answer to that. That's why the city was put on a two-hour meter. I believe there's going to be a shortfall, but I can't tell you how much. Ask me in four months how much.

Alderman Thibault said the second point was that we constantly, as the Mayor and Board of Aldermen, realize that in the general area of the millyard, we already have a major problem as far as parking is concerned. And I think it behooves all of us – this Committee and especially the Board of Aldermen – to watch our for that. If, in fact, we blow this thing out of proportion, we're not going to invite other businesses, other entities, into that area. We have to be very careful of this. And I think this is a very crucial point to this Committee, that we should be very, very concerned about what we're trying to do down there. Even if we raise the rates, even if we take them down, I think we have to look at what is this Board trying to do to provide more parking down in that area. I don't know the answer to that. I'm just saying we have to be very careful as to how we handle this situation if we want to bring more businesses or more companies into this area. As it is, we already know that some of them have a shortfall of parking in that area. That was my point.

Alderman Hirschmann said that before he was Chairman of this Committee, Alderman Elise was the Chairman. I sat on this Committee for two years listening to what our goals were. Our goals were to get people into parking garages. And I think we came up with some policies, like having the employees in the parking garages, we got the streets freed up. We got all kinds of ideas. It seems to me that those street meters are premium meters, and we maybe have to address that one thing.

Alderman Girard asked since going to 50 cents an hour on the meters, have we seen more use of the garages?

Mr. Lolicata said the turnover is better on the streets. The money is better. The garages – people still like the security. They're still getting a bargain at \$45.00 when you think of it.

Alderman Girard continued, you have seen, since putting 50 cents an hour on the street meters, better utilization of the garages. Isn't that true?

Mr. Lolicata answered, yes.

Chairman Hirschmann asked if you changed those meters to take a nickel, would people just put in a nickel and stay out of the garage?

Mr. Lolicata answered that it could work both ways. They could get six minutes for a nickel, but if they're gone for ten minutes they could get a ticket.

Alderman O'Neil stated that the previous Board got this working. It cost more to park on the streets than in the garages. That program is working. We have to be very careful about changing it. Are you able to get information to Finance so this is kept as up-to-date as possible? I thought there was a big delay in getting...

Mr. Lolicata said we're in the process of bringing it up-to-date now.

Chairman Hirschmann said he had one more question before wrapping it up. Who negotiates the leases for the lots and spaces? Is it you or is it...tell us what's going on.

Mr. Lolicata said we work together as far as the millyard and getting people together and things like that. People just came to town to the old 7-24 cigar building. I worked something out to get some spaces. The actual leases? I guess you could say they've already been set by ordinance.

Chairman Hirschmann said, so you take the rate that was set by ordinance. You go with a cap of 85%. And you march along trying to fill up those leases.

Mr. Lolicata said that in the interim we culled some out of the parking lots where tenants are supposed to come in. For example, I needed 60 spots for the old telephone building because he needed those spots to sell the building. North of Bridge is kind of empty.

Alderman Thibault said if we try to develop anything else in the millyard and we use the schematics that we've used and the formulas that we've used in parking, are we inviting or are we alienating people from coming in?

Mr. Lolicata said that as far as the millyard, we are overinviting. We'll be coming up with some ideas over the next couple of months.

Chairman Hirschmann said thank you. If you could get us that information about the leases for our next meeting, we'll discuss it.

The Chairman invited Leon LaFreniere, Building Commissioner, to address the Committee relative to FY99 revenues.

Mr. Lafreniere distributed a revenue summary and construction valuation report to the Committee. He explained that these were the most up-to-date numbers they had. This year, through the end of March, the department had received \$824,000. Last year for this period, it was just under \$1 million. When we came before the Budget Committee last year, we brought in a figure of \$1.015 million. The Board set our FY99 revenue projection at \$1.450 million. If you take a look at the construction valuation report, you'll see that there was a big swing in the types of construction going on. Last year we issued 1,277 building permits for \$80 million in construction valuation. This year, there are more permits – 1,362 – but for less value. There were some big projects last year, like the Mall of New Hampshire, which impacted the construction valuation figures.

Chairman Hirschmann asked what other types of changes have their been.

Mr. Lafreniere said there have been more remodels and additions, and less new construction. Smaller values.

The Chairman thanked the Building Commissioner for his presentation.

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

A True Record. Attest.

Clerk of Committee