

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

June 14, 1999

5:30 PM

Chairman Hirschmann called the meeting to order.

The Clerk called the roll.

Present: Aldermen Hirschmann, Thibault, Girard

Absent: Aldermen Rivard, O'Neil

Messrs: H. Tawney, J. Shaffer, K. Clougherty, R. MacKenzie, S. Tellier

Chairman Hirschmann addressed Item 3 of the agenda:

Communication from the Deputy Human Resources Director submitting updated BlueChoice Expense Reports dated May 19 & 24, 1999.

Mr. Tawney stated the information you have has the numbers as of May 10. \$710,298.28 deficit. I would expect that will go one more month in the red.

Chairman Hirschmann replied it is hard to say what caused this because there is no steady history there.

Mr. Tawney responded no. It is because this is the actual claim, which drives this.

Alderman Girard asked how are we going to cover a projected deficit.

Mr. Tawney answered some of this will be covered by the aggregate insurance that we carry.

Alderman Girard asked could you explain aggregate insurance.

Mr. Tawney answered when the claims go over a percentage above what the projected claims are, in our case 110% above what our claims are, then the insurance kicks in and they pay the amount above that.

Alderman Girard asked how much is going to be left after that policy kicks in if it were to be today. If at the end of the fiscal year we have a \$710,000 deficit.

Mr. Tawney answered I think most of this deficit will be ours.

Alderman Girard asked, Ms. Shaffer, where is the City going to come up with \$700,000+ to cover the shortfall of the insurance fund.

Ms. Shaffer answered I suppose it will have to be determined whether there is enough money in total expenses to cover that at year-end. I would assume that a transfer would be made.

Alderman Girard asked are you basically saying fund balance, Ms. Shaffer.

Ms. Shaffer answered no, I am hoping from the current appropriations of all of the accounts first.

Alderman Girard asked which accounts; do you mean the department expenditures.

Ms. Shaffer answered right, all of the departmental budget accounts first.

Alderman Girard asked so you are hoping that the City departments, at this point in time, are going to under expend by some \$700,000 to cover this debt.

Ms. Shaffer answered what we are hoping is there will be an aggregate of at least that amount. We always know that everybody isn't going to project exactly what they are going to expend or receive so we hope that overall that will be brought down to zero.

Alderman Girard stated this is money that otherwise if we don't have the deficit in this account goes under expenditures if there were balances left over; something that would be applied to fund balance and carried over. So, for the sake of argument, say that we don't have enough money to cover these deficits. Are we talking about having to roll it into the current fiscal year and make an appropriation for it?

Ms. Shaffer replied I don't think so.

Chairman Hirschmann asked where do you get the fund balance first.

Ms. Shaffer answered from wherever it is.

Alderman Thibault asked when will this new raise for the unions and everybody who has settled their contract take effect.

Mr. Tawney answered July 1.

Alderman Thibault asked so July 1 we are not going to start getting 12.5% instead of 10% so how much of that will come in prior to having this.

Mr. Tawney answered that is next year's budget. We have to negotiate with the bargaining units for that basically. When all the contracts are resolved they come in individually and ratify them, that money will be available.

Alderman Thibault asked do you expect to make the shortfall in this thing when it gets down to the end.

Ms. Shaffer answered I am not expecting it to be on the surplus side on the revenue so it is the same thing. It depends on how many appeals are out there for other departments. You can't ascertain exactly what that number is until close to the end of the year. The only way that you can really control that is if you sent the revenue through the departments and asked them to curtail their expenditures between now and the end of the year.

Chairman Hirschmann asked, Howard, before I consider this a general fund shortfall, could you by going to the HTE system break out the Enterprise accounts because they should be covering their own shortfalls. Are the Enterprises in here?

Mr. Tawney answered probably.

Chairman Hirschmann stated I think that what we need to do is to separate them because Water Works is an authority and the Airport is an authority.

Mr. Tawney replied Water Works is not part of this.

Chairman Hirschmann stated but the Airport would be and EPD and Parks would be.

Mr. Tawney replied just those three, but Parks is only a portion.

Chairman Hirschmann stated so if we apportioned those net loses to the other entities that have fund balances of their own out there, I think that that should be done. If we are going to play one way, we have to play. So I am asking you to separate Enterprise net losses from general fund so the taxpayers don't have to pay for those. Would you like to report back at our next meeting?

Alderman Girard stated I think we should have that report forwarded to us as soon as it is available.

Mr. Tawney replied yes.

Chairman Hirschmann stated it may not be a lot of money. There is to be one more. Are there late hits, according to this there are going to be late hits up until July. When do we close this out?

Ms. Shaffer replied we will take into consideration the insurance premiums and such and accrue those as well as what might be forthcoming from the carrier.

Chairman Hirschmann asked so on a certain date, say June 15, it would close out and accrue or...

Ms. Shaffer answered no as of the end of the year there is a certain amount of time that the departments are given so that they can get all of those numbers together and there are deadlines by which they have to be in. It would encompass the whole month of June and that figure wouldn't be known until we hit the end of that particular year.

Chairman Hirschmann asked, Kevin, you are an officer of the City. What I asked Howard to do is to separate Enterprise funds net losses on this account and general fund losses. I think that would be something we would want.

On motion of Alderman Thibault, duly seconded by Alderman Girard, it was voted to have Mr. Tawney provide a report to the Committee regarding insurance premiums with the Enterprise funds separated out.

Alderman Girard asked, Mr. Tawney, didn't the City just undergo some sort of an actuarial study to determine what the funding for the health benefits and all that kind of stuff should be or am I wrong about that.

Mr. Tawney answered actually we went to Mercer and had them look at what the portion from School and the City was. They felt they were not being credited with good health for their employees. In fact, it was found that Blue Choice was accurately done. Matthew Thornton there was a slight difference but there was no real significant difference between any of the plans and what they should be.

Chairman Hirschmann stated this is only Blue Cross. Do we have Matthew Thornton out there?

Mr. Tawney replied Matthew Thornton is the new insurance plan.

Alderman Girard stated I understand that. I was just under the impression of we had someone come in and review the funding levels for the health insurance so that we weren't underfunded because I know that had been a concern that had grown over the years because the health insurance benefit line is one that people had gone to try to buy down tax increases and things like that. It has been an area of cuts and people have said well we have to have studies and we have to make sure that we are not underfunding this and I could have sworn that something was done somewhere along that line. Mr. Clougherty is saying yes.

Mr. Clougherty stated the study that Howard is talking about was a first step in that direction. I think in order to come up with their conclusions they did some other breakdowns and I will call Mercer and talk to Mark and see if we have those breakdowns.

Alderman Girard asked, Mr. Clougherty, now that the School Department has jurisdiction over all of those funds and monies, are we going to be able to charge any of this back to the schools.

Mr. Clougherty answered yes.

Alderman Girard asked it will be charged back to the schools.

Mr. Clougherty answered it has to be charged back to the schools.

Chairman Hirschmann stated there was that line item, chargebacks.

Alderman Girard replied I meant in the current fiscal year. Somehow we are going to have to recover that portion of this deficit that belongs to the schools and I would image with the 1,200 or so employees it would be substantial.

Chairman Hirschmann stated the first payment was 8/25/98 and the last one was 6/10/99. Technically that 6/10/99 did we make our last payment under this year? I know that it says no July payments were done last year.

Mr. Tawney replied that was July, the 8/25/98.

Chairman Hirschmann stated so we got an invoice in July and paid it in August.

Mr. Tawney replied right.

Chairman Hirschmann asked so June's is going to be paid in July. Does that mean it is a FY2000 expense?

Mr. Clougherty answered no.

Chairman Hirschmann stated I am okay with this issue. Is there any other discussion on this topic?

Alderman Girard replied I think we should recommend higher co-payments given the expense of the insurance.

Chairman Hirschmann responded I noticed that they took more money out of my check this quarter so we already did that.

Alderman Girard stated I think higher than the 12.5%. That is what I am talking about.

Chairman Hirschmann replied I think you could recommend that to the full Board.

Alderman Girard stated I think the benefits costs in this City are spiraling and we need to get a handle on it. I don't think we are going to do it if we keep shoveling out 90% and 87% of the premium and covering the deficit. If I am not mistaken, and Mr. Tawney please correct me if I am wrong, but if the City runs \$1 million into the tank or whatever it runs into the tank, that is a cost borne entirely by the City is it not?

Mr. Tawney replied if you run above 110% then it is picked up by the insurance carrier.

Alderman Girard stated then we have to go back to the employees and say okay because we have had...I mean on the other side we don't share in any "surpluses" either.

Mr. Tawney replied if we wanted to carry additional insurance we could individually insure additional stop loss coverage on individual claims type of thing. It is more expensive but when you have somebody with a major illness or hospitalization or stuff like that, you could stop the loss there at say \$75,000 or \$100,000 per individual claim. That idea has been looked at.

Chairman Hirschmann asked has there been any recommendations to the Committee on Human Resources/Insurance.

Mr. Tawney answered no, not yet.

Alderman Thibault asked who came up with this 12.5% now instead of 10%.

Mr. Tawney answered the Insurance Committee looked at that and decided on the 12.5%.

Alderman Thibault asked is that because they feel this will be enough to cover it.

Mr. Tawney answered it will help defer some of the costs, right. I would not say it would cover it because this fluctuates from year to year.

Chairman Hirschmann stated that was all non-affiliated personnel who were included in that.

Mr. Tawney replied there were teacher's unions and the Airport who are all part of the Committee and then the Mayor made his recommendations.

Chairman Hirschmann stated I am talking about the increase that we moved. The action the Board took. That was non-affiliates, correct?

Mr. Tawney replied that is correct.

Alderman Thibault stated we have been negotiating with some of the unions also.

Mr. Tawney responded that is right and that continues and I would expect that the action that we did for non-affiliates will be acceptable for all of the other unions.

Chairman Hirschmann addressed Item 4 of the agenda:

Review of revenue forecast numbers.

Ms. Shaffer distributed handouts for the Committee members. I think you have all had a chance to look at these numbers. I think you will note that some are more

favorable than others, but because of the lateness of the year and so forth and because you see so many numbers in parenthesis it is really hard to determine at this point whether or not we are going to meet our revenues. What I have done so that you can look at these things from a different perspective is this revenue forecast that we have presented is done by revenues Citywide. This handout will specify by department exactly where you are finding those revenues. I think what the basic difference is as you look from one report to the other on the revenue forecast we have tried to project what we think we will receive in the twelfth month and give you what the twelve month total will be. The report that you see by department just shows what has been received. When you look at it from a departmental standpoint, you have to understand that none of the end of the year accruals have been made yet in a lot of these instances. For example, there are certain State revenues that we approve on an annual basis basically towards the end of June which we are allowed to do in conjunction with the way the formula was set-up for tax rate setting. For example, under Finance Department that is going to be about \$2.3 million worth of that particular revenue.

Chairman Hirschmann asked could you explain what is going on in the Assessor's Office since Mr. Tellier is here.

Ms. Shaffer answered actually he has received most of his...he is over his revenues basically if you look from a department standpoint. He has met all of his revenues and exceeded them in that particular regard. He is one of the departments that we are looking at on the positive side. Also from the positive side, if you will note the Tax Collector's Office, they are only short about \$400,000 with one month still to come in. Presumably, June will be a large auto registration month so they should collect anywhere from \$700,000 to \$1 million. I think on the revenue forecast I projected about \$850,000. There are some of the revenues that are performing spectacularly and some of them that are a little behind.

Chairman Hirschmann asked if Tax is going to do so well in the final month, why was her number for FY2000 lower. Do we remember that?

Ms. Shaffer answered I think she was looking forward in the car registration area and so forth. You seem to have areas that have been very lucrative in that regard. Consumer confidence has been up and people have been buying cars to a great degree. At some point in time, as Kevin and I will both tell you, that curve is going to change. There is going to be a flattening out at some point in time and I think that we try to do from a conservative stance is try to plan ahead for that as opposed to projecting that every year we will be higher than the previous fiscal year.

Chairman Hirschmann asked so FY2000 you see as a flat year, Kevin.

Mr. Clougherty answered if you take a look at it, Alderman, it tracks up like this and then it flattens. In a recession year, we have never gone less than the amount collected from the prior year. If you take the bottom line here and subtract what you think we are going to be short from the approved budget, you are within a few hundred thousand dollars of what you appropriated for this year. So it is a conservative number and going forward that is where you want to be. If we come to the good, we have a great fund balance for next year and you are in great shape. If it doesn't come in, then we are back at our conservative philosophy. Now the numbers that we have in there are projected because we think there is going to be some impact as a result of the FY2000 and the economy is slowing a little bit. There could be problems with FY2000 or the economy could just boom and we could continue to do well. There is a lot of hesitancy in my forecast and there is some cause for concern to be cautious on it.

Chairman Hirschmann asked why are departments like Health, Welfare, Parks, tracking real badly.

Ms. Shaffer answered Health does most of their accruals at the end of the year. What they do is see how much program income they are going to receive for each of the programs that they happen to be running and what their State reimbursements will be on those particular programs. Then they bill out depending on whatever program it is. They bill out at the end of the year only. We can only assume that they will bill out to what they have projected they will receive. If there are extenuating circumstances there, we don't usually know until the year-end.

Chairman Hirschmann asked is that something that we could get them to change knowing our fiscal year.

Ms. Shaffer answered I have asked that that be done on a more frequent basis. The annual type billing program does not facilitate what we are trying to do. We are trying to track, basically and see trends. If we see that something is falling off, we would like to be aware of it early in the year. This way here, we aren't. It is when the last bomb is fired actually that we actually get the numbers too. I would like to do that on a more frequent basis and institute something like that next year.

Chairman Hirschmann asked are Parks & Welfare in the same situation.

Ms. Shaffer answered well for Welfare I think that money was put there for reimbursements for individuals who were given assistance and I think the same thing, the fact that you had a good economy, they haven't had that much back in receipt for the assistance they have given.

Chairman Hirschmann asked about Parks.

Ms. Shaffer answered one of the reasons they are short is we usually get some trust fund monies as a reimbursement for the cemetery related expenditures at the end of the fiscal year. That is one of the items that will be coming in. \$300,000 will be coming in June basically. That is done on an annual basis. We requisition all trusts for all eligible expenses.

Mr. Clougherty stated plus June is the start of their season and they start to see something happen.

Chairman Hirschmann asked on most of the things that we want to derive revenues from, are most things billed in advance. Quarterly in advance or annually in advance? Is everything service provided and then we bill afterwards?

Ms. Shaffer answered in most instances. Of course, you have all different types of revenues and services that the City provides and is collecting for. Parking, basically that is standard. We have a system set-up so that at the first of every month all of those parking lease invoices are sent out to all of the individuals. Fire alarm fees. Basically those are billed once or twice a year. That is all done automatically, but others in a lot of instances the invoices are not sent out until the service is provided. So that is after the fact and then you allow 30-45 days for collection. Once those invoices are out there, that revenue is recognized and that is booked within the context of that amount.

Chairman Hirschmann stated what is nice about the Tax and Registration is that they are in advance.

Ms. Shaffer replied those are basically handled...right now when we go into the new system with HTE and get different models for a lot of these operations we will see those numbers in a little more black and white. Right now those are considered cash transactions so we only recognize that as the cash we collected.

Alderman Thibault asked why is MEDO behind.

Ms. Shaffer answered there was an amount that was put in their budget. I believe it was either for \$10,000 or \$100,000 for rate reimbursements. I actually did call Jay Taylor and ask him exactly what these reimbursements were to represent and he said he didn't know those were put in his budget and he determined that he would not be collecting that particular amount of money.

Mr. Clougherty stated you may recall that we had this discussion about sharing the interest with MEDO and that is the \$120,000 that we have been carrying. The other thing that is important to realize here is that the investment earnings are off but in part why the investment earnings are off is because there are two things that go into investment earnings. Heavy cash and the rates. The rates have come down but the other thing is we haven't been able to get into the bond market to borrow for the capital projects so we have been drawing down the general fund. You have less money but you have to do those capital projects because they are important and have to be taken care of. We are now going into the market and will replenish the special fund but we will also reimburse the general fund for the advances that have been made there. In the meantime, we haven't had the cash to be able to go out. One of the reasons that we haven't been in the bond market is because of Claremont. Everybody has been on credit watch and you can't go out and do a bond issue on credit watch. We are trying to beat everybody else to the market this week. The bond bank is supposed to be going out on 6/23 with a \$100 million bond issue. So we want to get in before they go in and saturate the market and see if we can explain what is happening in New Hampshire to Manchester's advantage because we want to make sure that we can create the impression in the credit rating agency's minds that Claremont is not a problem for the City but is a revenue problem for the State. Now when the Bond Bank goes in they might try to explain it a little bit differently even though they have a lot more cities and towns they are pegged just below the State credit rating and as the State goes so they go so it is to their advantage to make the argument a little bit differently so that is why we need to go in and make sure to the best of our ability that preserve the credit rating. That is one item that doesn't really clearly show up here but it is a consideration in the future, now that Claremont is behind us, we are going to be able to sustain. That has been part of the draw on the cash that is available and defines the rates.

Chairman Hirschmann stated to really read what is in front of us, instead of getting nervous and looking at the sheet and saying we are 21% off of the number, we really should look at the extrapolated list of \$2 million. You still feel that we are within that \$2 million range?

Mr. Clougherty replied again providing that School comes in with the numbers they have been saying which they publicly said they are going to meet, we should be within those ranges.

Ms. Shaffer stated the other thing that I specifically wanted to mention is that School and Finance are the two with the largest negative numbers here. School just had a finance meeting last week and they show the same amount for tuition revenue as we are reporting on our report and I do have a call into them and have asked them to project how much of a shortfall they are currently showing for tuition. They will be making up those accruals prior to year-end but I haven't gotten an answer in that regard.

Mr. Clougherty stated both the Superintendent and the Asst. Superintendent have told the Board during the budget deliberations that they will make their numbers so we expect that they will.

Ms. Shaffer stated the two other areas that we had spoken about...you had brought the Traffic Department before Committee and you also brought the Building Department before Committee. Building has said that they will probably have a shortfall somewhere in the vicinity of \$400,000 or thereabouts and I think Traffic made the same statement. If you look at the numbers that they are showing, assuming that they are still going to have one month of collections there and they collect about half of there, they will be right in the ballpark of where they said they were going to be also.

Chairman Hirschmann stated so we will be around \$52 million instead of \$54 million basically.

Mr. Clougherty replied right which is pretty close to what the departments were talking about and relatively close to where we are.

Ms. Shaffer stated I would like to be optimistic at this point and say that we could conceivably make it but unless all of the revenues perform very strongly an all of those accruals come forth for all of these items that are in question, we will have a shortfall.

Chairman Hirschmann one other late thing is the City Clerk always goes out right about now for video poker licensing.

Ms. Shaffer stated they have collected over \$500,000 basically for that particular line item at this point. Most of that cash comes in during May. There will still be some coming in after that, but that is performing well.

Alderman Girard asked, Mr. Clougherty, could you let us know where the audit of MediaOne is.

Mr. Clougherty answered we have a meeting scheduled for Thursday with MediaOne, the Solicitor and Barry Dunn who will be the auditors reviewing that. It is scheduled for Thursday afternoon and it is to get into the scope of the audit and make the arrangements and begin.

Alderman Girard asked and you are going back all the way to the last time they were audited by the City to make sure that we recover the revenue.

Mr. Clougherty answered right. What we are doing is having a meeting with them and there may be some discussion on their side and we want to lay out the scope and then have the auditors get going.

Alderman Girard stated if I am not mistaken the franchise agreement allows us to go in and have complete access to their books for as long as we want to look at them.

Mr. Clougherty replied that is our interpretation and that is the Solicitor's interpretation and that is the position we will be advancing on Thursday.

Ms. Shaffer stated I have just one more comment to add. I have a one-sheet summary of budget to actual for the expense side too. Would it help you to look at those numbers?

Chairman Hirschmann asked do you have them now.

Ms. Shaffer answered I have a copy in the office and I can make copies of it.

Chairman Hirschmann stated I would like a copy, sure. We have two more pieces. We have the Assessors and Planning here.

TABLED ITEM

5. Communication from Deputy Clerk Johnson relative to Alderman Shea's suggestion that fees for rezoning requests be considered.

On motion of Alderman Thibault, duly seconded by Alderman Girard, it was voted to remove this item from the agenda.

Chairman Hirschmann stated I thought myself that this was a good idea because I know it takes up staff and time and this could become a revenue item for the Planning Department. Mr. MacKenzie will make a presentation.

Mr. MacKenzie stated I did try to identify in my letter all of the different tasks that we would normally go through with a rezoning application. There are about 10 items there that would typically be involved. There are a couple of other departments that do expend time on it. The Building Department and the City Clerk's Office. I estimated roughly 9 hours of staff time for each application. Frankly, we don't have a lot of applications. It is a not high volume. We have 10-12 each year. I estimated that it costs us roughly \$200 to \$250 per application so we are not looking at a great deal of money. I think that it comes down to a policy decision on your part as to whether the Board should be insuring that people applying for these are paying to cover the cost of the application. I had brought some information to Bills on Second Reading in the past and they had a lively discussion on fees versus general revenue funding of these actions rather than fees. I would be happy to answer any questions.

Chairman Hirschmann stated interpreting that, they would rather that you have more staff to handle this than charging for this. Is that what they said?

Mr. MacKenzie replied there were reservations when we brought it up close to two years ago in Bills on Second Reading which actually handles the rezoning process and they had mixed reactions to it and were concerned about adding additional fees at the time. It is a valid expense. The applicant does create costs to the City. It is up to the Board.

Chairman Hirschmann stated this is an over and above the normal course of doing business and they are asking for a special exception. They are asking to change a zone and they are taking up staff time to prepare the change and study the zoning change and I think it would be warranted. Twelve applications a year at \$200, that is \$2,000 that the City is not making, but they are recouping.

Alderman Girard asked, Mr. MacKenzie, your estimate of time, does that include time spent by other department.

Mr. MacKenzie answered I did just roughly guesstimate. I knew our time. I took a few typical applications and averaged it out to about 9 hours. I did roughly guesstimate that it would be 2-3 hours of time for the City Clerk and Building Department. It could be more for the City Clerk's Office. I am not sure.

Alderman Girard asked I was wondering whether or not you actually called the Clerk or called the Commissioner to find out exactly how much time they have to expend and who the employees are, not by person but by the position, who do that because nine hours at \$200 an hour...the employees that you listed here, yourself, the Chief Planner and whatnot, those are pretty pricey positions and I am wondering whether or not the \$200 or \$250 really takes a look at the salary costs

and benefit costs and all of the costs that go into reviewing a rezoning request. Did you consider benefits in that number? Maybe it is another \$100 or \$150 of costs. I agree with the Chairman that it is something that this City is being asked to provide above its normal course of operation and it is something that we should recover the costs for. I just wonder whether or not we have a real tight accounting of the costs.

Mr. MacKenzie answered not real tight. I did not check the City Clerk's Office or Building Department.

Alderman Girard asked did you include benefits.

Mr. MacKenzie answered no I did not. That would be roughly 35%.

Alderman Girard stated have you had cases where...you know you have a run of the mill rezoning request but then you have some that are just way beyond compare.

Mr. MacKenzie replied there will be some where we have 10 meetings with an applicant to try and resolve the problems.

Alderman Girard asked could we look at some type of minimum fee for the run of the mill type and then for those instances where you get into those real sticky cases where significant amounts of time are committed by the City we can have some kind of sliding scale to insure that costs are recovered. After all, the point of doing a zoning change is to benefit the private endeavors of citizens so if we are going to do that as a City we ought to at least be reimbursed for our costs of doing that.

Mr. MacKenzie answered it can get cumbersome and time-consuming just to get into the counting and the billing if you have a variable rate. If we have a flat rate, it is pretty simple and we don't even worry about that. Probably the City Clerk would get the check and nobody would worry about that. Once you get into variables, we would have to keep a time accounting for each of those projects and it would double that time for us.

Alderman Thibault stated besides that I think in light of what you are saying, Bob, wouldn't you discourage maybe some type of things from happening because we are making it too cumbersome for them to arrive at that solution.

Mr. MacKenzie replied I wouldn't want to have to spend part of my meetings explaining the fee schedule. If you have a flat fee, they are not going to really balk unless it is \$1,000 or something. We already do charge them the cost of the newspaper notice. That automatically goes to the City Clerk.

Alderman Thibault asked what about if it goes to variance. Does that increase your cost or does it increase just the Building Department's or City Clerk's costs.

Mr. MacKenzie answered there is a fee already that is charged by the Zoning Board of Adjustment. Our office provides staff support to the ZBA and in theory the fees that they have now pay for a portion of that.

Alderman Girard stated as a matter of principle I think we should be looking to recover, through fees, all of the costs associated with zoning variance requests. Not in part, not in parcel. Again, we as a City are being asked to accept or change what we have planned or agreed to for the benefit of the private citizen and there is an awful lot of merit to most of the requests that come, however, we should recover those costs.

Alderman Thibault stated years ago and I don't know how it is now and things have probably changed but I can remember when the City used to figure to recover, if I am not mistaken, 80% of the costs of what it cost to do something. Now if that has been changed, I don't know and I am just asking here. When I was on the Board the last time, in other words if it cost \$100 to do something we would like the City to charge \$80. I don't know how much that has changed and if it has changed. Right now are we looking to recover completely exactly what it costs us. Most of these people pay taxes also and they deserve some type of service. It seems to me that we had a formula that we used to work with and I don't know if the City Clerk would know that or someone else, but we used to charge 80% of what it costs us to do anything. That is how we figured our fees.

Ms. Shaffer replied I think with the varying degrees of fees and charges for everything that has changed. None of that has ever been standardized. We are still charging the same for some of these fees that we have been charging for a number of years.

Alderman Thibault asked but if we follow the 80%/20% and the fees were adjusted maybe that is the answer. Maybe this is no longer being done and it should have been done. That is what I am saying.

Ms. Shaffer answered I might add along that regard that is why the Finance Department hired a Revenue Administrator, that was partially to cost out all of the services that the City provides and then make a determination of exactly what the

cost was of providing that service to the taxpayers and then it would be a policy decision as to whether you wanted to recoup the costs. Right now, there is no standard procedure for recouping the costs associated with services.

Chairman Hirschmann stated one thing that is on my mind is I got the copy of the new proposed zoning ordinance map and all of the recommended changes and some day that is going to a public hearing and I was thinking about if that goes to a public hearing and it is adopted and then X company comes down and says we want to change the little red B-2 zone over here and we want to make it Industrial. If we don't charge them, we went through all of this time and expense of making up maps for a whole Master Plan and we did quite an extensive...we paid for that planning didn't we? If we don't do this, it is going to cost us money to just get things changed every time there is a request. You are probably doing that now. How do we keep the zoning map current? It must be quite a task.

Mr. MacKenzie replied we are actually computerizing...the zoning map used to be comprised of 56 separate map sheets covering the City which were on mylars that when there were changes made by the Board we would have staff go in and actually do the changes to all of those maps. That is very cumbersome to keep up-to-date. It is based upon maps that were done in 1965. We are now in the process of taking all of that zoning information and putting it on a computer map that we will be able to overlay once we get the property lines on it and we will be able to compare everything when someone comes in with a piece of property and says what information do you have on my property. We can then pull up all of the sewer information and drainage information, zoning and everything else off of the computer. That will save a lot of time. It has taken quite a bit of time to convert that system but once we get it on it will be quite a time saver. There is always a lot of time involved behind the scenes. Rezonings aren't the biggest share of our responsibilities.

Chairman Hirschmann stated I would like to move this to coincide with the public hearing for that master plan because if we put that out to a public hearing, we have to put this out at the same time anyway.

Alderman Thibault replied I have no problem with that but I would like to ask the Clerk if he could research what I just said. Is there still a formula or are we using a formula...

Chairman Hirschmann stated the Finance Officer is here. Is there an 80%/20% formula that you have heard of?

Mr. Clougherty replied is this for grants.

Alderman Thibault stated no, this is for anyone, let's say asking for an application to rezone or for anything that the City performs as a service. The Board of Aldermen, years back, used to figure we want to get back 80% of what we spend. Now I don't know if that has been changed.

Mr. Clougherty replied I am not aware of any policies like that since I have been here. The concept of 80%/20% goes back to the Federal grants and indirect cost allocations for services. That is probably where that ratio came from. We can take a look at that and we would be happy to work with Deputy Clerk Bergeron.

Alderman Thibault stated if there was a formula like that, it should still be followed.

Mr. Clougherty stated one of the things you have to be careful with and that you have to look at with those things is that you want to make sure you collect the money back but you have to allow the public access too. If you make it so that the fees are high then only the people who can afford the service will be able to get the service. You have to make sure that there is some type of a...

Chairman Hirschmann replied that is why we are thinking of a flat fee.

Mr. Clougherty responded so that anybody can come in and get a rezoning rather than just those who can afford it. You really have to watch that line. Any research we do should involve Tom Arnold. We can talk to Tom and see what he remembers.

Chairman Hirschmann stated conceivably there could be a flurry, say in the Year 2001, in the civic center area if we don't create a zone somebody else will be asking for a zone. We know that is coming. I would be okay moving this.

Mr. MacKenzie stated if I could just revisit the topic of our numbers, if you take our average of \$109 an application and you fold in benefits at 35%, I think which is the number that is used now, for our department that is about \$243 per application and our time is the bulk of the time for the rezoning. I am not sure how much you might want to apply to the other departments. It is basically the handling of the agendas for the City Clerk's Office and the initial contact. The Building Department is sometimes contacted to do a zoning review on it, but not for every application. Somewhere between \$243 and \$300 would be a fair and reasonable amount, I think.

Chairman Hirschmann replied we had \$200 to \$250. This puts on the benefits?

Mr. MacKenzie responded right this is adding the benefits. Our particular share is \$243 for our department.

Chairman Hirschmann stated we might as well get the business friendly attitude adjustment out and add the newspaper notice in with the fee and charge like a round number like \$250.

Alderman Girard stated the newspaper notice is more than \$7.

Mr. MacKenzie replied the newspaper is fairly expensive actually. We have to do a lot of different ads for different things, including the ZBA and that is \$100.

Chairman Hirschmann moved to recommend that a \$300 fee for rezoning applications be referred to a public hearing. Alderman Girard duly seconded the motion. There being none opposed, the motion carried.

Chairman Hirschmann asked when did you plan on the public hearing for the zoning ordinance.

Mr. MacKenzie answered it hasn't come to the Bills on Second Reading. I envision sometime later this mid to late summer although it is hard to get people here in the summer. They might want to set it for September even. It is reasonable to bring this fee in at the same time and handle it with the zoning ordinance changes.

Alderman Girard asked when was the last time the fees for the Zoning Board of Adjustment were revised. Does anybody know?

Mr. MacKenzie answered yes. They were revised upward and that was an ordinance that went to the Board of Mayor and Aldermen roughly 18 months ago.

Alderman Girard asked what are the fees now.

Mr. MacKenzie answered it varies depending on certain things. The highest fee is \$250. The lowest fee is \$100. It varies depending on whether it is a variance with special exception, etc.

Chairman Hirschmann stated the Assessor's Office has asked give a brief presentation on revaluation and what has transpired since they put an RFP out.

Mr. Tellier stated not to go into too much depth at this point, we have received two proposals from arguably the only two who were qualified and had the resources to do a City the size of Manchester. We are in the process now...the full Board is analyzing all of the components of the RFP's.

Alderman Girard asked who are the proposers.

Mr. Tellier answered a company called Cole, Lyster Trumble. They are a national company with a regional office here in Connecticut and a company called Vision Appraisal Technology who are out of Northboro, MA. Right now, Finance is doing a credit check on both companies. The Board is, at length, reviewing all of the aspects of the proposals and also doing some conversing with other municipalities the same size as Manchester of which these two companies have had a working relationship. They are rather in-depth proposals and as all of you are quite aware, they really involve the community because let's face it the data collectors in the most professional sense are also entering people's homes. All due diligence is being made by the Board of Assessors to look at the resumes of the people who are involved that are being proposed as supervisors, data collectors, etc.

Chairman Hirschmann stated relative to the selection of...irregardless of price, it has been the opinion of many that the undervalued property in the City is commercial property and that who is selected would need to be the most specialized in the commercial market. The residential market may have changed in the past 10 years a little bit, but the commercial base, I know that the numbers downtown aren't what other downtowns are valued at. That would be my comment. I know that the Board of Assessors are studying these two proposals and will report to the full Board.

Mr. Tellier responded absolutely. We are just here to keep this Committee apprised being the Committee that our Board answers to. We just wanted to let you know that this is happening as we speak and we would like to have a very in-depth proposal to submit to the Board of Mayor and Aldermen for the July 6 meeting.

Chairman Hirschmann asked regarding the 1991 revaluation, did any of those companies bid.

Mr. Tellier answered one company did bid in 1991 and they are bidding again on this job.

Alderman Girard stated the revaluation back in 1991 shall we say had its difficulties. Has the Board of Assessors been in communication with DRA to make sure they understand what the procedures and rules are that they have to abide by in order to do a revaluation.

Mr. Tellier replied absolutely.

Alderman Girard asked so we are not going to see a repeat of what happened in 1991.

Mr. Tellier answered there were a lot of difficulties really. Not to go back, but no one ever expected the FDIC to take over five NH banks and the economy and the real estate market to go into upheaval like it did.

Alderman Girard replied I understand that and that is not really where my comment is aimed at. There were significant procedural problems as much as the Board of Assessors issued an RFP to do things that the State rules did not allow them to do and that really screwed up things.

Mr. Tellier responded first of all, let me tell you that the DRA, what they call the 6000 rule, it is the administrative rules, is included in the RFP to be certainly followed and we are all set as far as that is concerned.

Alderman Thibault asked, Steve, as far as revaluation, does the State still come in and obligate you, the Assessors, to rebate anyone that has a building that is not fully rented or is partially rented or not rented at all.

Mr. Tellier answered rent is a factor in the income approach to value, Alderman. That is one of the three viable approaches to value. All of those approaches to value are under consideration as far as which approach to use. It depends on...you wouldn't use an income approach to value a residential property, however, you might not use a replacement cost for a retail property because that income lends itself to a much higher value so all three of those are considered by the appraisal institute and any appellate court as an appropriate method. However, one method usually lends itself over the other two as most appropriate for that individual piece of property. The income approach as you alluded to vacancy rates, all are tech valued.

Alderman Thibault asked if you have a building that is not rented at all like the one in front of the Hampshire Plaza, what kind of assessment do you give that building.

Mr. Tellier answered they would usually assess it as if it were up and running and then use different depreciations or different cost and design factors to allow for the fact that the building has been neglected for so long. However, that would be temporary and as much as when a permit is pulled by the City it generates a mechanism for the Board to re-review the value placed on that property.

Chairman Hirschmann stated I remember you telling me at one point during a personal discussion how a new hotel coming into town, we couldn't assess them at a full value because other hotels are assessed at a certain rate so a new one coming in has to come on at that certain rate so revaluation will bring commercial hotel space up to where it should be.

Mr. Tellier replied it is what they call a scratch job or a full revaluation, which encompasses the discovery process to discover every piece of property in the City without being predisposed to bias or anything. They are not assuming anything. They go out to a site. They measure the building and list the story height and all of the structural characteristics; the type of use that it is and that is all entered into a data bank whether it is a residential area or commercial or other. From there, the supervisors would come in and do a sales analysis, i.e. what are all the different properties selling for. They would also send out mailings, income and expense statements to all income producing properties out there whether they be hotels, manufacturing plants, retail properties, apartment buildings, etc. All of those properties would be submitting income and expense statements and they will analyze those to develop capitalization rates that would be used to derive a value at that point and it is incumbent on them to share those income and expense statements because if the valuation is high, they need to submit data that would justify why that value would be adjusted so they get their attention.

Chairman Hirschmann stated I see why the taxpayers of Manchester would want to recoup any value out there that is not currently on the rolls and help us dramatically. I think that as the Board of Assessors move on this I would ask you one thing and that would be to put your marketing hat on and say it to the people of Manchester what is happening and what good is coming of it and when it is going to start and when it would end and discuss the program.

Mr. Tellier replied certainly I would assure the Board and on behalf of my colleagues on the Board, a very active public relations program will be enacted to get the word out to assure people they are going to be treated fairly and equitably. All of the data collectors that would be going out to people's homes, their names would be registered with the City of Manchester Police Department. Their vehicles, their registration plates, and types of vehicles. There is a background check that is going to be performed on every member that is actively participating

in the valuation phase so the City has in their RFP, the Board has placed all due diligence on making sure that all these contingencies are taken care of.

There being no further business to come before the meeting, on motion of Alderman Girard, duly seconded by Alderman Thibault, it was voted to adjourn.

A True Record. Attest.

Clerk of Committee