

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

**April 11, 2000**

**6:30 PM**

Chairman Hirschmann called the meeting to order.

The Clerk called the roll.

Present: Aldermen Hirschmann, Levasseur (late), Pinard, Lopez

Absent: Alderman Thibault

Messrs: K. Clougherty, J. Shaffer, T. Provencher, J. Desrosiers, B. Lemire,  
F. Thomas, D. Muller

Chairman Hirschmann addressed Item 3 of the agenda:

Review of anticipated revenue shortfalls.

Chairman Hirschmann stating in about four different departments we were just questioning some revenues that hadn't hit the columns yet.

Mr. Clougherty stated you asked us to go back and look at these particular items and we did that. In addition to responding to these items which you were given a letter on, we have also given you an updated revenue forecast. If you take a look at that, on the last page, you will see that. It lists all of the revenue items that we have. You have what the budget was for this year in the first column. The second column is revenues recognized. That is what we have actually collected to date. Then you have a three-month estimate based on our discussions with the respective departments on where they think they are going to be and based on our examination of what the history of the revenues has been. Our forecast right now brings us just about even or \$42,000 above what the budget estimate was.

Ms. Shaffer stated what we have done here is we tried to factor those numbers into the revenue forecast.

Chairman Hirschmann asked so we are extrapolating an overage. Is that what you are saying?

Ms. Shaffer answered yes. We have some revenues that will be over the anticipated amounts and some of course that will be underperforming, but the way they end up at this point we are looking at a positive balance right now. That is assuming that those turn out the way we are predicting.

Chairman Hirschmann stated it looks good because like with mechanical devices there are some revenues that we don't expect to perform so we are looking over. Is someone from your office working with the Mayor's budget team because I saw that his budget numbers for revenues were very flat. This indicates that things aren't that flat.

Mr. Clougherty replied I think they do because they indicate that at the end of the year, at least based on the information we have now, we will be pretty flat. There are still some opportunities for thing to happen here with respect to the economy. As we go into these next couple of months, we will see how people are going to be doing with auto registrations and how they are going to be doing with...you know one of the things that was pointed out by Planning is the building permits and things like that. Are people going to be pursuing those at the same rates. We have to keep track of it and we are taking a look and we project at this point that we will make our projection, but we are not going to shatter it. We are looking forward to next year. Given some of the things we see in the economy we think that a flat revenue forecast is probably prudent.

Ms. Shaffer stated I was also asked to do revenue projections basically independent of the departments for next year and I came about \$400,000 off of the mark that was submitted in total by the departments. That is under this year's amount.

Chairman Hirschmann asked do we want to talk about those four departments and then we will open it up for questions. Information Systems, Planning, Health and Parks are the four that were really off at the time.

Ms. Shaffer answered right. Essentially, I guess if you look at Information Systems individually, they really don't bring in a big amount of revenue. I think that it was just that their particular line at that time hadn't shown any receipts whatsoever or very little. They usually put in their receivables at year-end but I think that some of those procedures have changed in the way that they are going to be recording some of those in the future. Regarding Planning, they have a large line item here. It is one listed close to the top of the Revenue Forecast. It is 4035.

They bill their time out to Federal projects. That is the same thing. They basically haven't had the opportunity to bill out.

Chairman Hirschmann asked so those are billed later in the calendar year like in May.

Ms. Shaffer answered yes. We would like to see the billed earlier, but in some instances they have other priorities that they need to address.

Chairman Hirschmann asked if they bill in May, do they ever receive the money in the next fiscal year.

Ms. Shaffer answered yes, but if it was billed in May it would be accrued onto this year's revenue. It would be a receivable.

Chairman Hirschmann asked about the Health Department.

Ms. Shaffer answered basically, the process there is they have a number of projects that are State or Federal funded. What they do is wait until the end of the year to bill all of these programs out for the costs that they have incurred throughout that period of time. They have done a little bit of it as you can see. For example, in that first grouping we have some small amounts recognized. That is the first gray area. For the most part, they usually wait until the year-end is done to bill out all of the expenditures and all of the payrolls basically for those related programs. We have asked that they do it on a more rapid basis, but I think they wait to see exactly what those totals are going to come out to before they actually bill it. They want to see from the State program side how much they would actually expend there.

Chairman Hirschmann asked is that one of those accruing situations. So if you receive money in July or August do you close it out in October and count it for the year 2000.

Ms. Shaffer answered anything that is billable to this fiscal year is shown as a receivable and revenue for this year. Whenever the cash comes in, whether it be one month or six months later is irrelevant. On Parks & Recreation, I think the biggest piece of revenue there basically is money that comes in from trust funds and this is an offset for the cemetery operation.

Alderman Hirschmann asked do we want to take any action on Health where the statement was made about the school nurse's money.

Mr. Clougherty answered we are looking at that as part of the chargeback process right now. Maybe we could get back to you at the next meeting with a recommendation.

Chairman Hirschmann asked so you are working on the school nurses and whether that is going to be a revenue chargeback and you will report back to this Committee.

Mr. Clougherty answered yes.

Alderman Lopez stated I am curious about the nurses. I know that the School Department wanted their own nurses and we have them in here. Is that the best way to go – chargebacks?

Mr. Clougherty replied it is really a policy decision that Health and School have to work out. My understanding is that by having them in the Health Department that they do more during the summer and other things so they have the opportunity to work in clinics, etc. That is an issue that Fred Rusczyk needs to work out with the schools. In the past what we have done is a chargeback to the school for a portion of the nurse's time.

Alderman Lopez asked under the ruling of the court what if the School District decided that they wanted their own nurses.

Mr. Clougherty answered that is what we are trying to work through and that is what is really difficult. School may want to go out and look at some things and may want to bid out different services, but they can't do it at a time when we already have these nurses budgeted so they are going to have to transition in and that is what I think they are trying to do. There is so much to this transition. People don't...the situation with the School has been here for over 100 years and to go back and try and get everything moved over black and white in one year is just physically impossible. The expectation is not realistic. What you have to do is allow some time for this to transition. I think the Administration understands that. Maybe what they do is in a particular year say we want to go out and test the market and do an RFP and then have it affect the following year. It is not something that you cut in the middle of a year when a plan has been adopted and people have been hired. It has to be something that is done on a phased-in approach. It is just going to take some time to get all of those items identified, have them do the RFP's and go through that process plus do all of the other things they are trying to do as part of the transition.

Alderman Lopez asked how does the \$1.4 million that the School District is looking for calculate into the excess revenue that is being projected. Is that figured in?

Mr. Clougherty answered these numbers do not include School. It is just the City side.

Alderman Lopez stated but we put the \$1.4 million aside.

Mr. Clougherty replied on your expenditure side you have set aside \$1.4 million.

Alderman Lopez asked is it in here.

Mr. Clougherty answered it is not on the revenue side because again on the revenue side understand and we have talked about this a number of times before with the Committee and Board and we want you to understand that if you give an appropriation to the School District of \$100 million and they are going to be financed half by non-property tax sources and half by property taxes, if they don't collect their half of the non-property taxes...if they only come up with \$300,000 instead of \$500,000, you have to make up that difference on your side.

Alderman Lopez replied right but I guess what I am getting at is let's say that the bottom line is we have \$42,000+ on the revenue side and they have another \$50,000, does that \$1.4 million now become \$1.3 million.

Mr. Clougherty stated it really is on their side to be treated and we would hope they would do that. We are looking for their cooperation on that and I think we are going to get it.

Chairman Hirschmann stated to finish up with revenues, I would like to say that I think it looks good that we are projecting an overage. One thing I am meticulous about is reading reports of commissions and I read the Parks Commission minutes and they said that the Schools haven't paid their October invoices.

Mr. Clougherty replied that is true.

Chairman Hirschmann asked can you look into that as the Finance Officer.

Mr. Clougherty answered yes, the Mayor has asked me to look at that and we are meeting with the departments and getting the School together. Again, this is a transition year issue. The chargebacks that are in the budget are for \$6.8 million. I think we billed about \$1.3 million. No, \$2.5 million currently.

Chairman Hirschmann stated I think chargebacks is a bad word. We need to change it to chargeable services or something.

Mr. Clougherty replied we may end up doing that.

Chairman Hirschmann stated we are providing a service and just asking to be compensated for it.

Mr. Clougherty stated there have been billings going over, but we haven't received any payment. We have been trying to expedite all of those so we can get it over to the Schools.

Alderman Levasseur stated let's talk about chargebacks for a minute. \$6.8 million is the number that you have right now. If you were to take this number from Parks & Recreation, are you going to apply that to chargebacks? Is this is an estimate, this \$6.8 million or is this with all of the other things included?

Mr. Clougherty replied when the budget was developed, as we had talked about earlier, you are trying to separate out the School and you are trying to separate out the City and you are trying to do the best job you can in a short time given that the budget wasn't presented in that format. So, the \$6.8 million, as I explained the other night, is we went back and made a five-year history by department of what there had been for chargebacks. I know it was about \$5.2 million, but then we also knew that with the change to Service Master there was going to be an additional \$1.2 million for PBS so that had to be added on to the amounts for the previous years. That is how we got to the \$6.8 million figure. We still have a responsibility to provide the School with detail on the services we are providing to them and what those costs are. The money that we are talking about here now are chargebacks for this current year that will be included in the \$6.8 million. Part of the \$6.8 million has been billed. I think Frank's office has been doing it and our office has been doing it, but we haven't received anything back from the School so we are going to make a concerted effort on the City side, at the request of the Mayor, to get as much of these billings as possible done in the early part of this quarter and send that over to School and get reimbursed.

Alderman Levasseur stated so now we are talking about chargebacks to the Schools and if they don't pay you are you coming to us.

Mr. Clougherty replied I don't anticipate that. My understanding from everything that they have said to us and to the Board...I think the Superintendent has said to the Board as has the Chairman of the Finance Committee that as long as there is justification they will pay.

Alderman Levasseur asked so the \$6.8 million, is that \$1.4 million included in there or would that end up being \$8.2 million.

Chairman Hirschmann answered it is a different amount of money.

Alderman Levasseur stated so it is not a chargeback. It is totally different.

Mr. Clougherty replied right. The \$1.4 million is what they need to deal with their benefits line, particularly their health insurance.

Alderman Lopez stated I was wondering because as a Commissioner of Parks & Recreation for 18 years and since we became an Enterprise this has always been a problem. The \$600,000 and then we split it \$300,000/\$300,000. Since we have the same situation with the nurses, would it make better sense that we just have an agreement with the School Department, which Parks has with them anyway that we provide all of the necessary recreation they want for their kids whether it is hockey, football, etc. Can't there be an agreement and just give Parks the money without...the heartaches that they go through and it is not fair. I think financially there should be some type of agreement so they don't have to go through this stuff.

Mr. Clougherty replied there are two issues that we really need to appreciate. One is that with the new computer system we can do work orders. We are trying to get the departments to use those so that when you make an assignment it automatically works out and that is what Frank uses at Highway and it works well. I think that automation can make the process of collecting the information easier and I think that once they have that at Parks & Recreation it will work a lot better for them.

Alderman Lopez stated it is not going to work. We did a \$50,000 study years ago. They are just not going to feed that information into the computer. We know every park and how long it takes, how many hours it takes to cut the grass, everything. All I am saying is we know and if they wanted a calculation of what it cost it would be more than \$300,000.

Mr. Clougherty responded two items. One is that we need to tell School what that cost is. We need to tell them what that cost is as accurately as we can because School uses that information to fill in forms to the State. When they go to the State, they take their appropriation and included in that has to be what they paid for municipal services because that serves as the basis for billing the tuition for out-of-district students. If you weren't to include that information or provide it to the School District and somehow it didn't get factored into their reporting to the State, the City would, in effect, be subsidizing students coming into the schools.

Alderman Lopez replied I don't want to debate this all night, but the major part that the School District doesn't understand...let's take for example the \$1.5 million that we are going to use at West Memorial Field. That should be all calculated in there because we wouldn't be doing that if we didn't have that school there. Gill Stadium...all of the money we put in there we would not have Gill Stadium if it weren't for the high schools. All of these figures are not being put into that \$300,000.

Mr. Clougherty responded the construction is through debt service. That is what we are going to show to them when we meet with them. Over the last 30 years you have taken on a lot of capital projects and we will show them what they are paying for debt service and they will go back and do that reconciliation. That is fine and we agree with that.

Alderman Lopez stated that should be all included, period.

Mr. Clougherty replied right but going forward, Parks should be taking any costs that they feel are legitimate costs that they can justify as attributable to Schools and billing them for that. That has always been the policy of the City.

Alderman Lopez stated that is where the problem lies and I don't know how you solve it with this new situation but it is always going to be a problem on the chargebacks with the School.

Mr. Clougherty replied right because they don't accept the justification.

Alderman Lopez responded right because you have to fight and fight with them and them and then they say we are going to take you to court. It is kind of ludicrous. Here we are a City trying to work together and I think that maybe working with the Mayor and School Board itself they can come to a sidebar agreement on this thing. We are all in the same boat. I think there has to be a give and take.

Mr. Clougherty stated I agree and it is one of those things that is going to take a little bit of time to work through.

Chairman Hirschmann stated it is a good topic to lead us into Item 4 because part of the write-offs that we have to discuss is a Parks & Recreation bill that wasn't paid by the School from 1997.

Review of accounts receivable write-offs.

Ms. Shaffer stated the Parks & Recreation bill doesn't have to do with the School it is between the City and Parks & Recreation.

Chairman Hirschmann stated so what were these costs.

Ms. Desrosiers replied it was our administrative costs for that year that we billed from Finance to Parks & Recreation.

Mr. Clougherty stated this would have been our cost for my time or any of the stuff we had done.

Chairman Hirschmann asked was this the year we created the Enterprise fund and there were a lot of administrative things there and Rich Girard got a little ambitious and overcharged them.

Mr. Clougherty answered right and what the Mayor had said at the time was just write it off, but it has been carried forth ever sense.

Chairman Hirschmann stated we have a whole long list of write offs here. \$100,000 worth. Finance has advised me that the last time we did this was in 1997. We had similar write-offs. Some of them are from fireboxes that are on the outside of buildings. They are billed \$480 per year to be connected to the municipal system. That is part of the Fire Department's revenue stream. If you don't pay that and went bankrupt let's say, you get the bill but you don't pay it. It comes back as unpaid, uncollectable or bankrupt.

Alderman Levasseur replied a lot of them don't say bankrupt though.

Chairman Hirschmann stated any of these that are confusing we can discuss. Some of these are bankruptcies. I don't think we should argue those.

Mr. Clougherty stated as the Finance Officer, I don't have the authority to write-off and shouldn't have the authority to write-off anything. We bring them back to you so you can consider these. We have a collection agency. These are the items that the departments feel should perhaps not go through the collection agency.

Chairman Hirschmann stated there is one on the second page called Marc's Amusement for police extra detail in the amount of \$4,239.

Alderman Lopez stated Marc's Amusement is a company that puts on carnivals.

Mr. Clougherty replied what happens here is the Police may not have their address and the time to go out and research that...maybe that is not a good example but the time to chase them clerically and administratively is more than what it is for the actual amount.

Alderman Levasseur asked why don't we sell this list to an attorney.

Alderman Lopez stated just educate me a little bit here. I understand bankrupt and all of that, but with the uncollectables do we do anything for example if I go to register my car and I have a ticket I have to go pay my ticket. Why can't we do something like that with these? In a year's time we could probably collect some of this money if the people are around. For example, the Chairman mentioned Marc's Amusements. The people who give out the permits for the carnival, can they be informed that they shouldn't issue them a permit unless their unpaid debt to the City is paid?

Mr. Clougherty replied we have discussed that idea in the past and even within some of these areas to if somebody doesn't pay on one permit for a building or something do you not give them a permit for another building. That is a policy that has to be adopted by the Board. This is an opportunity where you may want to talk to some of the people behind me who are on the front lines like Fire and some of the other departments. There is the ability to do some of that, but it does have repercussions of people coming back. That has not been something that the Board has opted to do in the past.

Alderman Lopez stated in my own opinion, it is only fair. If I didn't pay my bill and I go down to register my car and I am flashed up on the screen as owing money to the City I don't register my car until I pay my bill. I can't register my car if I have a ticket.

Chairman Hirschmann asked Mr. Lemire about the ones on the list for the Fire Department. There are some for \$2,000 or \$3,000.

Mr. Lemire answered these are...this is the second time we have been in here. These are fire alarm boxes and in some cases they are false fire alarm fees. There really is no reason for these people not to pay other than the fact that they are absolutely refusing to pay. We have attempted...we manually send second notices. I personally have made phone calls and I found out like one for example there was a building in the Millyard and I found out that the City rented space from this owner. I called Jay Taylor and said Jay this guy owes us money and I found out that we are going to be paying him. Within two weeks, I had a check but I can't do this all of the time. These people look at us and just laugh. Chris Spirou, JRB Realty Trust, Phil Desmarais. They look at us and laugh every time.

Cadillac Hotel. I understand that we rent rooms for Welfare from the Cadillac Hotel.

Chairman Hirschmann asked what is the amount for small claims court right now.

Alderman Levasseur answered \$5,000.

Mr. Lemire stated we made an attempt to try to remove fireboxes from the building and in that case the Building Department has to remove the certificate of occupancy because in order to occupy the building you have to have a firebox on the building. We ran into a problem and the legal department is concerned about pulling the fire boxes for that. There is another avenue and we just sent a letter to Kevin requesting that the City place a lien on the property. They are allowed to do that under the City ordinance. I just get frustrated because I have to pay my bills.

Chairman Hirschmann asked out of all of yours that are on here, most of them say uncollectable. There are only a couple that say bankrupt or reorg/cease & desist order. Those we can't go after.

Mr. Lemire answered the bankrupt is the bankrupt, but the uncollectable it is so strange how all of the sudden you will see somebody owning a property and we send them the bill and we get it back with a not saying we don't own it anymore and all of the sudden it surfaces.

Chairman Hirschmann stated there is a good example right here. Cadillac Motel. That is a rooming house, isn't it?

Mr. Lemire replied I just found out that I believe the City pays to house Welfare recipients there. I said wait a minute, this guy owes us for years. I don't think he has ever paid us. I talked with him personally and he said do what you have to.

Chairman Hirschmann stated the way the process has been going, you send out the first notice and the second.

Mr. Lemire replied we manually do the second notice. We write on it second notice. We are doing that and we are under no obligation to do that but we do it to try and get the money in because we get frustrated.

Chairman Hirschmann stated I would like the Solicitor involved.

Alderman Lopez stated the point is that every year you write this off and these people know it. A policy is needed from the Board of Mayor and Aldermen. If they can do it with traffic tickets, they can do it with this. Just to write these things off, these people when they do business with the City of Manchester they owe us money.

Mr. Lemire stated it is not fair to the people who pay.

Chairman Hirschmann asked Mr. Muller of the Solicitor's Office to invoke the 25% clause in the Ordinance in a strong worded letter to all of the people on the list.

Mr. Lemire stated the other thing is when we charge off and I asked the Finance people to confirm this, doesn't this money come directly out of our budget.

Ms. Shaffer answered it comes directly out of your revenue.

Mr. Lemire stated so we estimate revenues and we come back and it looks like we aren't upholding our end and that is not the case. We are going above and beyond what we are obligated to do.

Chairman Hirschmann asked, Kevin, do you recommend a policy.

Mr. Clougherty answered yes. What we are trying to do tonight is bring you all of these items and make you aware of them. We are trying to make sure that the departments agree that we want to take some action on it which seems to me is what we are hearing. We have some options with the collection agency and we could pursue a few different paths there. If it is the wish of the Committee, we could certainly meet with the Solicitor this week and get back to you with some suggestions. It may not be just one solution. What you don't want to do is try to take something and patch it tonight. Our point is to get the ball rolling.

Chairman Hirschmann stated the other point is there are year 1997 things on here. This is the year 2000. We should have been working on 1997 in 1998 and 1999.

Mr. Clougherty replied the departments are, Alderman. What happens is we are trying to get a process in place. I think we have a good cycle going now so these will be coming to you more frequently, but before...what I would like to do is use this grouping as a basis for getting some type of a formal policy so that we can employ that going forward with the departments so we don't have to come in with these things.

Alderman Levasseur stated I have a couple of points to make here. One is I can't believe that I have been paying the Fire Department all this time. I didn't realize how easy it was not to pay you guys. The second one is do we have a statute of limitations on these 1997 amounts?

Mr. Muller replied the statute of limitations is three years.

Ms. Desrosiers stated some of those may not actually be 6/30/97. That was when HTE began.

Alderman Levasseur stated anything over \$100, if you could go through these and I know it is going to be a little bit tedious but for the \$35 to throw them in small claims court to nail them on this and get the word out that we are going to get tough it is worth it. We can't do anything about the expired ones though. The other thing is we could, I think there are a couple of real tough lawyers in town and we could sell this list. If we put this list out for bid to a few different law firms, they will give us money for these and go after them themselves.

Chairman Hirschmann replied we have our own lawyers.

Alderman Levasseur asked how much time and energy is it going to take for this guy to go through every single one of these.

Chairman Hirschmann answered that is why he is on the payroll. We are not going to pay anyone else.

Mr. Clougherty stated I think we would like to explore all of the alternatives and come back to you. It is a policy issue that has to come from the Board. We would like to get some direction.

Alderman Lopez stated I think we can eliminate the ones that are bankrupt.

Alderman Pinard asked if a guy goes bankrupt can't you collect a percentage some how. Could someone clarify what uncollectable means?

Chairman Hirschmann answered it is a different instance in each case. Sometimes they can't find the people, etc.

On motion of Alderman Lopez, duly seconded by Alderman Pinard, it was voted to instruct the Finance Officer and the Solicitor to dispose of the bankruptcies and come up with a policy for the uncollectables.

Alderman Levasseur moved to put the list out to bid to various collection agencies.

Mr. Clougherty asked could we explore that as a possibility.

Alderman Levasseur answered sure.

Ms. Desrosiers asked what about Parks.

On motion of Alderman Lopez, duly seconded by Alderman Levasseur, it was voted to write-off the \$30,953 that Parks & Recreation owes the City.

Chairman Hirschmann stated what that is is the year that we turned Parks into an Enterprise, the management of the City decided to charge them a fee. It is like taking money out of your right pocket and putting it in your left pocket and arguing which pocket it should be in. Let's just dispose of that.

Chairman Hirschmann addressed Item 5 of the agenda:

Discussion relative to revised travel policy referred back to Committee.  
(Note: updated travel policy submitted by the Internal Audit Manager enclosed herein.)

Mr. Provencher stated I made two changes and I have one other comment. The Human Resources Department and City Solicitor's Department requested that we put a non-discrimination clause within the policy so you will see that on Page 1 of the policy. In addition, I changed Page...lodging should be shared and I highlighted that. I did speak with the City Solicitor regarding that change, which I believe, was requested by Alderman Lopez at the last meeting. He said that it was his quick opinion that we may be asking for trouble by doing that but there is no reason that you have to change it. I just wanted you to have all the facts.

Alderman Lopez stated well it says that it is up to the department head.

Mr. Provencher replied yes. I also changed Page 7; the meal policy that you will see highlighted. This was at the request of Alderman Hirschmann.

Chairman Hirschmann stated actually this is more rigid than I asked for. I didn't ask for the mileage. I was just concerned about the meals and setting a radius. What we did was set a 30-mile radius of the City. Within 30 miles of Manchester, if you are driving a City truck or going somewhere it would be like a regular workday. Whether you bought a sub at Joe Kelly's or you bought a sub up at the Epsom 28 traffic circle, it is the same thing. If you actually went to Laconia or somewhere out of the periphery, we are saying that you would probably qualify. We are trying to tighten it up with a radius. I would take the mileage out of there.

Alderman Lopez stated let's say that Kevin as a department head and Frank Thomas as a department head take two of their employees to Nashua and the person usually brings lunch and has a microwave meal or whatever the case may be. Now you are saying that person can't eat or can't get reimbursed.

Chairman Hirschmann replied I am not saying he can't eat. He can eat all he wants.

Alderman Lopez responded well he can't get reimbursed. The department head is forcing that individual to go so I worry about that. Does the department head have to pay for their meal?

Chairman Hirschmann stated here is my perspective on this whole issue. I work in a service industry and I run a service department with a fleet of vehicles and a fleet of employees and we had defined policies. You had to go outside of a 60-mile radius to get reimbursed for lunch and it had to be even further than that to sleep over. We are trying to set it up so that not everyone who leaves Manchester and drives a dump truck to Hooksett is getting a meal.

Alderman Lopez replied I understand that. I am concerned about the union contracts whereby they get an hour or a half hour for lunch and the department head makes them go someplace and says by the way you have to buy your own lunch.

Chairman Hirschmann stated our Water Works Department right now services Pennichuck, Merrimack, and Hooksett. I drive over to Goffstown and they are over there opening the sewers in Goffstown now. You have to put up a radius.

Alderman Lopez asked is everybody comfortable with that. Is that fair?

Mr. Provencher answered I personally don't think it is unfair at all. I have worked in a similar industry as Alderman Hirschmann where if you weren't staying overnight you couldn't get reimbursed. It didn't matter if it was 100 miles or 50 miles, if you weren't staying overnight you didn't get reimbursed.

Alderman Lopez stated the only other question I have is does this violate any union contracts.

Mr. Provencher replied I would have to check with David Hodgen on that.

Chairman Hirschmann stated I would suggest that we strike the mileage because I wouldn't want to pay someone for using their own vehicle for whatever miles they drove because that is an IRS thing, but for the meals I would say set a fair radius, 30 miles, so if they went to Exeter to look at new fire truck they could get a meal. It is pretty liberal.

Alderman Levasseur asked do you have a cost on this.

Chairman Hirschmann answered it comes out of their individual budgets and has to be approved.

Mr. Provencher stated there are probably more man-hours lost than there are in actual fees. If you figure one trip to Concord is 30 miles roundtrip and it takes more time for someone like Jennifer to process that payment then it does for the actual reimbursement.

Alderman Levasseur stated I think Mr. Provencher's suggestion that you only get reimbursed if you stay overnight is fine. Forget about the radius. If you stay overnight, then you get reimbursed.

Chairman Hirschmann replied that is the way the policy did read. Does anyone else have that opinion?

On motion of Alderman Levasseur, duly seconded by Alderman Pinard, it was voted to amend the travel policy as discussed and recommend that it be approved to the full Board.

Alderman Lopez stated I will be in favor of it as long as it doesn't violate any union contracts.

### **TABLED ITEM**

6. Item 10 of Melanson Heath & Company Management Letter dated 1/11/00 regarding the Aggregation Fund referred to Committee by Board of Mayor and Aldermen.

Chairman Hirschmann stated the Finance Officer asked me to leave this item tabled because they are working on the Aggregation Program and pulling together some numbers.

## **NEW BUSINESS**

Treasurer's Report brought in by the Finance Officer.

Mr. Clougherty stated as you know we are trying to meet the schedule that the Committee has set for getting you monthlies and quarterlies. This brings us right up to the hour of the meeting. What you have in front of you are your quarterlies and the Treasurer's Report for the period ending March 31.

Chairman Hirschmann asked are there any highlights that you want to bring to our attention. Anything good or bad?

Mr. Clougherty answered I think what we talked about earlier with respect to the revenue and that is what is highlighted in the Treasurer's Report and the forecast.

Ms. Shaffer stated the Treasurer's Report is not really good or bad. It is just to make you aware of the financial picture of the City.

Mr. Clougherty stated if you look at the financial statement, you have the balance sheet to begin with. If you go to the next page, there is a statement of changes. The next page is the one that the Committee is usually the most interest in because that gives you an idea as to where we are. It says here is the budget for all of the agencies, here is what they have spent to date, here is what their balance is, and here is how much they have as an unobligated amount. With 25% of the year left, we are looking at the agencies and saying okay how are they doing. Do they have 25% of their budget left? For the most part they do. Now some don't. Public Buildings, for example, is a contract. We encumber that right off the bat and that is taken care of. Elderly Services is similar where they encumber everything up front to make sure that they are going to meet all of their requirements. If you go through the list, everybody is doing fairly well. Again, this is all City. On the City side, people seem to be performing. Health insurance is, again, an item that is of concern and we have addressed that at the Board level as you all know. We are watching that. That gets to Alderman Lopez's question about the \$1.4 million. This is where we are concerned about that. Again, if you look at the total restricted items and you were to take out the health insurance, you could see that even with the health insurance concern there was still about 20% of a balance left going into this last quarter. We are going to have to watch health insurance which we know and which we have been talking to the Board about. We are still seeing that trend. Under your non-departmental line, again we are happy that salary adjustment hasn't had to be hit yet. What happens is as we get into the last quarter with seasonal overtime and things like that, you may have to get into that. The good news is, you have it. You have the \$1.5 million. It has not been expended yet. There are some things working here. What happens, again, is we don't know

what the School's revenues are. From the City side, the expenditures seem to be running on course. The actions that the Mayor asked the departments to take in terms of being prudent seem to be working and that is reflected here. The next several pages are your actual expenditures by department and that includes...what we try to give you there is the total expenditure by department including their benefits and everything else.

Alderman Levasseur asked what is civic contributions all about.

Mr. Clougherty answered that is an account that includes items for floats, parades and other things.

Alderman Levasseur asked so we usually put that number in for the year. How much do we have left over?

Mr. Clougherty answered you have \$20,000 left. We can give you a breakdown of detail on any one of these that tells you what makes up the expenditures for each one and what have you.

Alderman Levasseur asked when you made that number up...you have this number here like non-City programs. You have \$69,000 left.

Mr. Clougherty answered non-City programs is made up of...if you were to go to your budget book for the current year, there are specific programs in there.

Chairman Hirschmann stated all of those programs that you complained about in the CIP. All of those little handouts.

Mr. Clougherty stated those are the programs that start with Federal assistance and once the City makes a determination that they want to make a contribution because it is good for the community, then they do that. There are specific subsidiary budgets for each one of those and we are just giving you the line here. If you want the detail of what they are, we can provide that.

Alderman Levasseur stated we have two and a half months left. Are you going to come back to me on June 30 and make sure that a lot of this money is still there for us?

Mr. Clougherty replied we are trying. The departments are usually cooperative and I think they are trying to do their best.

Alderman Levasseur asked what happens now. Does everybody say if I don't spend this money, I don't get it back?

Chairman Hirschmann answered we get a fund balance and it goes to lower the next year's tax rate.

Mr. Clougherty stated you have all of the departmental history here for multiple years and the second to the last page is your revenues, which tells you the amount collected to date and how much has been recognized. That ties into the revenue forecast that we gave you earlier. The final page is a summary of the departmental items.

Chairman Hirschmann stated in the Treasurer's Report, one good thing I noticed is we collected \$250,000 for civic center deposits. That is very good.

Alderman Levasseur asked do we get to keep that.

Chairman Hirschmann answered that is for the bond payments.

Ms. Shaffer stated those are for Ogden.

Chairman Hirschmann asked on Page 6 of the Treasurer's Report, it shows impact fees. Say somebody builds a house, I guess we charge them an impact fee. Do those impact fees get collected and are they carried over in a special fund?

Mr. Clougherty answered right.

Chairman Hirschmann asked has anybody ever requested to expend any of those funds.

Ms. Shaffer stated the biggest portion of that money is for School impact fees.

Chairman Hirschmann asked so this will help pay for Alderman Pinard's fire station.

Ms. Shaffer answered we have about \$150,000 coming back in for some of those projects that have already been approved to offset those costs.

Chairman Hirschmann asked so do we ever request this money. Do we ever ask for sewer lines or a fire station? What do we do with this?

Ms. Shaffer answered we use it to offset the debt service. Currently we only have impact fees for schools and fire stations. I believe that for fire stations it is relative to it being built in a certain area of the City.

Alderman Lopez stated I think it is very important that we scrutinize a lot of this stuff. I know that we are doing it in CIP. That is why we transferred money. I think from the history and the documentation that we have there are projects that have had money sitting there for years. Maybe it is not a priority. I would just caution anybody here that if there is policy that needs to be made, you guys are the experts. We are the lay people. We make the policy and say yes or no. We need your input to make your job easier. It goes back to what you are going to do with the uncollectables. You tell us what the policy is that needs to be done in order to be fair to all of the citizens of Manchester. That is what I am looking for. If you have something, throw it on the table and we will kick it around and it will make things better for everybody.

Alderman Levasseur asked what is the Enterprise Fund, Aviation. Is that for the Airport only? They have a bond reserve fund of \$3 million and a project fund of \$16 million.

Ms. Shaffer stated each time that we had a bond sale and because these are revenue bonds they are sold. This is money that is going to be incurred for the expenses for that particular project. Because you are dedicating the revenues from the Airport, you actually have a cash reserve fund set aside so that in the event that those revenues do not perform, you have mechanisms in place that will pay up to a year's worth of debt service while you restructure your operation.

Alderman Gatsas asked how come this doesn't show Water Works.

Chairman Hirschmann answered it does on Page 6.

Alderman Gatsas asked is data processing HTE. \$3.4 million.

Ms. Shaffer answered yes that is basically from the onset of the computers. I think that is a name that is slightly outdated. That incorporates all of the original stuff from the computers that were put into the City. I think the title was just kept.

Mr. Clougherty stated that is a general category. It may include some HTE and some other items.

Alderman Gatsas asked do we have a number for HTE.

Mr. Clougherty answered we could break that down for you.

Alderman Gatsas asked is it less than the \$3 million or more.

Mr. Clougherty answered my feeling is that it is more than that. This is the indebtedness to date. We would have paid some off I think. Let me get you the number.

Alderman Gatsas stated my question is I think that at the next meeting of Administration we are supposed to be getting a report on HTE. I have not talked to anybody in the City that likes it or that it is working for and it has been around for four years.

Chairman Hirschmann replied we spent \$3 million on it.

Alderman Gatsas responded I don't question that, but it is not working and somebody needs to step up and say we made a mistake and let's fix it.

Chairman Hirschmann stated I heard that it is working to varying degrees in different departments. Not everyone has learned their modules 100%.

Mr. Clougherty stated there are different pieces. When you talk about data processing there is the hardware and the software with the company. The issue with HTE with a lot of departments and certainly ours is not software so much as the size of the box, which has not been appropriate for the system to run the way it should. Consequently, we are not able to take advantage of the software as it was originally designed.

Alderman Gatsas asked why.

Chairman Hirschmann answered it would be Diane Prew's job to come in and explain that to you.

Alderman Gatsas stated if I have a gentleman sitting here from Finance and says...

Chairman Hirschmann interjected he can tell you how much it cost and how to fund it but he can't tell you the ins and outs of it.

Alderman Gatsas stated if he is sitting here telling me that his box isn't right for the software that he has and he is the guy that is generating numbers, then either his comments are falling on deaf ears and if that is the case then we have a serious problem here.

Chairman Hirschmann replied it is not because it is in your Committee.

Alderman Gatsas stated I was saying that we need to get it and I am the person that puts some pretty stringent time tables in and I am saying that if he can't give u honest numbers and if he has been asking for that, I am going to put him on notice to come to the meeting because I am going to ask you some direct questions like how long have you been complaining and if it has been two years or a year then...I don't trust these numbers.

Chairman Hirschmann replied I trust these numbers.

Mr. Clougherty stated I think the numbers are correct.

Ms. Shaffer stated the numbers are only as good as the individual departments are at doing input on a timely basis.

Alderman Gatsas stated if the box isn't big enough, then there is a problem.

Alderman Lopez stated I recollect that you put money in your budget last year to upgrade the computer system.

Mr. Clougherty replied right.

Alderman Lopez asked has that been done.

Mr. Clougherty answered next week we are supposed to see it.

Chairman Hirschmann asked are you talking about the Y2K update.

Mr. Clougherty answered no. We had raised the issue about needing a bigger box and said that it was something we needed to get addressed.

Alderman Levasseur stated Steve Tellier wrote a letter saying that he was going to have a problem because of HTE. How much is that going to cost? Have we figured that out yet?

Mr. Clougherty replied I don't know what that is. I will have to talk to Steve.

Chairman Hirschmann stated that is a problem for the Administration Committee.

Alderman Levasseur stated I have a problem on Page 7 and 15.

Ms. Shaffer replied if you are looking from Page 7 to Page 15, the number at the bottom of Page 7 is the total principle for all of those items.

Alderman Levasseur asked that is interest we are paying on.

Ms. Shaffer answered on bonds.

Alderman Levasseur asked how are we paying that.

Mr. Clougherty answered that is over the life of the bond.

Alderman Gatsas stated under Enterprise Funds, I think that the Airport has been scrutinized, Aggregation has been scrutinized, Water Works has been scrutinized and so has Parks. EPD. What is...

Mr. Clougherty interjected that is the sewers.

Alderman Gatsas replied I understand what it is. I am just looking at \$27 million kind of just floating around.

Mr. Clougherty stated those are the fees that we collect that are set aside...well I should say that is the actual debt that has been issued for the sewers.

Alderman Gatsas replied I understand but this is telling me that it is an Enterprise Fund.

Mr. Clougherty responded it is.

Alderman Gatsas stated so they must have some sort of balance sheet or income statement. Do we ever see that?

Mr. Clougherty replied we can supply those.

Alderman Gatsas asked do they have audited statements. Are they audited?

Mr. Clougherty answered at year end, but not interim. I can give you an interim.

Alderman Gatsas asked can I get a year-end audited for last year.

Mr. Clougherty answered sure.

Chairman Hirschmann stated before we finish up this meeting, the last thing was internal auditing. Is Todd working on a specific project right now? What did we talk about last time?

Mr. Provencher stated we are working on multiple projects. Currently, I have been looking at some of the potential payroll conversion issues related to Yarger Decker, I have fleet maintenance on my plate, we are currently looking at the Aggregation Program, and I am in the process of trying to develop a bond covenant matrix to make sure that we are in compliance with all of the various bonds that we have outstanding. The Mayor has requested a contract review of all contractual agreements with the City that might have potential revenue issues.

Chairman Hirschmann asked how many different bosses are you answering to. I know that you have a boss sitting right there and you have a boss that is this Committee, but who else is directing you to run around and do audits? The Mayor is having you do things.

Mr. Provencher answered through Kevin.

Mr. Clougherty stated the only thing that the Mayor has asked is that Kevin follow-up on...

Chairman Hirschmann interjected the Mayor is telling us that we can't go direct people to do things. There is a Committee for the auditor to get his tasks from so the Mayor has to respect this Committee as well. You were sent on a task for fleet so that is a priority and what else are you working on?

Mr. Provencher replied the Aggregation contract.

Chairman Hirschmann responded okay, you have my permission to work on that.

Mr. Clougherty stated Yarger Decker we had talked about.

Chairman Hirschmann stated I just don't want the guy being run around by 10 different bosses.

Mr. Clougherty replied he isn't, but the one that we are talking about really came from the Board. We went to the Board and talked about the parking and said we wanted to look into it because we thought it was important.

Chairman Hirschmann asked he is working on parking.

Mr. Clougherty answered no. This is the parking garage contract.

Chairman Hirschmann stated because Tom Lolicata is running around working on leases and prices and all of that.

Mr. Clougherty replied the problem we have with that is if there is an expense contract, we see the bill come through and we have some leverage. If somebody is requesting a payment and we don't have a contract, we have something going there. On the revenue side, we don't have a central place where everything is processed. It is possible that you have a contract that is entered into by a department that we, in Finance, will never see. If that is something that was done through the Housing Authority or MDC, there is no requirement for that to come through a central clearing house so on the revenue side when we are looking at revenues as we are here, we are constantly looking at the patterns and trends and if we see some type of a change or something go up and down, that is where we concentrate the limited staff that we have to take a look at those aberrations. If you don't have some type of central processing, that is where these items fall apart. Particularly on the revenue side because they have to come through us to get something paid on the expense side. That is what Todd is working on putting in place. Some type of recommendation to make sure that all of these things get funneled so that we can report it to you. If it is out there and we haven't seen the contract and it is not in our record and hasn't been referred to us, we don't know.

Chairman Hirschmann stated well he has his hands full and I don't want too many more tasks being put on him because there are priorities we want done. Aggregation is one. Fleet is one and I suppose all of the unpaid parking contracts is another one.

Alderman Lopez stated I think that we have to clarify something so that I completely understand and the way I understand the Charter is Todd is assigned to our Committee to take instructions from our Committee and anything that we tell you as a body to audit. Secondly, Todd works under Kevin and the Chief Executive Officer can tell Kevin that he wants him to do something on something that has already been approved by the Board of Mayor and Aldermen and in this particular case it was the contracts. I do not think that during day-to-day operations Todd has to say wait a minute I work for the Committee. That is true in a sense, but he works for Kevin and if Kevin tells him to do something, he is within his right as well as if the Mayor tells Kevin that he wants it done. I think we have to make sure that that is very clear that we are not here to...you answer to our Committee and if we want something or we have a problem we can tell you to audit it, but the day-to-day operation comes under Kevin and the Mayor.

Chairman Hirschmann stated I do agree with you Aldermen, but I also disagree with you in the respect that this Committee does set some charges for not only this gentleman but for the Finance Officer himself. If we want something audited, we want it done in a timely manner. We don't want the poor guy saying that there are five other people telling him to audit things so our audit comes in fifth.

Mr. Provencher replied what I can do in the future is make sure that all new requests get routed through this Committee.

Alderman Lopez stated you might want to, in the future, make a report of what you are doing for the Committee.

Mr. Clougherty stated we will ask that the Clerk put status report of audits as a regular item on the agenda.

Alderman Gatsas asked once Todd completes an audit, do we come to this Committee to ask him questions about the audit that he has completed.

Chairman Hirschmann answered Todd has provided audit reports to this Committee and that would be the appropriate place to come and discuss them.

Alderman Gatsas asked so the audit that he completed on the Riverwalk, if we have a question we should ask him here.

Mr. Provencher answered I didn't really complete an audit on the Riverwalk. I did a reconciliation of the Riverwalk. I don't want there to be a misconception that I did more than I did.

Alderman Gatsas asked so where do we ask the questions.

Chairman Hirschmann answered what Todd did was he went into the Highway Department and came back with recommendations on bulk purchases and storage and that type of thing.

Alderman Gatsas replied he did a reconciliation of the Riverwalk.

Chairman Hirschmann responded but that wasn't for this Committee. We didn't send him on that task.

Mr. Clougherty stated there are a lot of committees that want to get some independent verification of things and I think that is the case here. We had a legitimate request from a Committee to get some financial information and we asked Todd to do that.

Alderman Gatsas stated my question is when do we have the opportunity to ask him those questions because the two Riverwalk Committee meetings that we have had and I don't think that he should be at every one, but he wasn't there.

Chairman Hirschmann replied I think it should be the Committee that made that charge.

Alderman Gatsas stated well Todd wasn't at the Riverwalk meeting for me to ask him questions.

Mr. Clougherty replied certainly if it is on the agenda, Alderman, we will be there. We try to tell all of the Committees that if there is an item there pertinent to Finance, we will be there.

Alderman Gatsas stated I don't see anything in the revenue forecast for schools.

Mr. Clougherty replied we are not keeping track of School this year.

Alderman Gatsas stated but if they are telling us and I am just going to touch on this for a second, but if they tell us that their revenues are supposed to be \$50 million, when are we ever going to know what they are or don't we ever know.

Mr. Clougherty replied if they tell us it is \$50 million, they will have their audit done and we will know at the end of their audit.

Alderman Gatsas asked which could be next year.

Mr. Clougherty answered it could be next year.

Alderman Gatsas stated I appreciate the Chair letting me sit in and I certainly can't make any motions but I will throw out on the table that if we have to live by a number then maybe somebody on this Committee should make a motion that the disaffiliation needs to get an answer on whether we have to be responsible as a City for their revenues or if they are going to be responsible for their revenues. Let me explain to you where I am coming from. There is an important issue here. If they tell us last year they forecasted \$50 million in revenues, let's assume that at the end of their audited statement those revenues show \$48 million. We have given them \$100 million and we only got \$48 million credit in revenue so we are out \$2 million and we are never going to know that until we see an audited statement. If we are either on the horse or not on the horse, let's divide it and say fine this is the way we have to live, but we should not be responsible for somebody giving us a number that we don't see for two years and they could be wrong and I understand that they are going to tell you conversely that if it comes in at \$51 million you guys win. I don't want to win or lose at this. This should not be a...

Chairman Hirschmann interjected the magic question is going to be does our revenue stabilization account cover School now.

Mr. Clougherty stated as we have said right along, Alderman, the court ruling raises more questions in some respect than it answers. We need to explore some things. What Alderman Gatsas is raising is a legitimate concern that we have been talking about now for some time and it needs to be worked out. The School Department will tell you that they deposit their revenues into our account and they will give us some information, but it is not detailed. I don't know what they are depositing in terms of detail and I don't know what they have in their own account that they may be collecting. What happens in other cities and towns that are independent districts and I think that is really something that the City should consider is when a budget is adopted for the School District it is made up of property taxes and non-property taxes. The responsibility for the collection and everything else is the School District's and their own operation. All the City does is collect the taxes and move them over. Everything else is their responsibility. If it is up or down, they have to make adjustments in their spending to deal with that fluctuation but the City side responsibility is only to cover those revenues. The decision we have is not only are we responsible for the tax bill but we are responsible for everything else and the point that we made is if they don't produce their revenues and we don't know if they are going to make it or not until you have an audit, you may end up having some year end problems and then you are going to have to constantly be adjusting with CRA and others on the tax rate.

Alderman Gatsas stated the only question I bring up is that obviously the bone of contention that we have had because of last year's budget has been reconciliation of debt service and chargebacks. Now, if they are looking for reconciliation of debt service and chargebacks, I would think that we are not asking for too much if we are asking for reconciliation of income because we are basing our number, if they are \$2 million short...I will give you a hypothetical. Let's assume they are \$2 million short in their revenue stream and for some reason they come back and the Board votes acquiescent to the \$1.4 million. Now the \$2 million that we are short really means that we are \$3.4 million short. We really should not be responsible for revenues because the budget that we are looking at this year they are coming in and telling us that revenues are \$52 million and we are offsetting \$52 million off the \$108 million saying we are going to give you \$56 million. Now if only \$50 million comes in we have a problem.

Chairman O'Neil stated just to give you a little bit of history of what I can give you, I have sat on this Committee, this is my fifth year on this Committee with Kevin and this is the very first year thanks to Judge Nadeau's ruling that the School is their own entity and they can hire their own treasurer and are semi-autonomous from us. They were always in these reports. Their expenses and

revenues were in these reports. They came into this room and told us if they were short on revenues or over on expenses. They did those things. During the transition, they came in and introduced their treasurer to us, Freida, and said they would keep us posted. They haven't been back since.

Alderman Gatsas stated if we have that history and obviously each year they tell you that the revenues are going to be X amount of dollars, I have to believe that if I said to you for the last five years if they gave us a number of \$47 million where were they in regards to that number you must have a history of that.

Mr. Clougherty answered yes we do.

Alderman Gatsas stated if I asked you off the top of your head would you say that in five years they were on the money five times or short or over.

Ms. Shaffer replied if you are talking about the bottom line, they were short.

Alderman Gatsas asked by what percentage.

Ms. Shaffer answered last year they were short by about \$1 million.

Alderman Gatsas stated so you are talking in the vicinity of 2%.

Ms. Shaffer replied at that time I think they had projected their revenue at \$20 million.

Chairman Hirschmann stated I would accept a motion to have School come in and give us a presentation.

Alderman Gatsas replied you can't do that. You just said that. I think I would like to get a direct answer from the City Solicitor.

Alderman Lopez stated I understand what Alderman Gatsas is saying. It would be nice if we could do that and have them be responsible for their own tree. I would only ask the staff to check this out and see if instead of giving them \$100 million we give them \$50 million. If that can't be done and that is against the policy, then fine.

Mr. Clougherty responded the School Department takes a strong position that the court ruling says that the City of Manchester is responsible for the whole appropriation.

Alderman Gatsas replied I understand what you are saying Kevin and I can appreciate that, but obviously if this Board sent a directive that said we only want to give you \$56 million and they want to contest that in court that it can't be done, fine but we need to get an answer.

Mr. Clougherty stated I agree with you but it is not a financial problem it is a legal one.

Alderman Gatsas replied right.

Alderman Lopez asked if they want justification on the chargebacks from the City, why can't we have justification of the revenue.

Mr. Clougherty answered I agree. What they will say is that they are depositing it into our account, but they will not give us the detail and have not given us the detail. Maybe we can talk about this at the next meeting. It might be something to bring in and show you what is happening. Joanne could show you the report we get from them. I don't know exactly what their total revenue is.

Chairman Hirschmann asked does anyone here want to here at the next Board of Mayor and Aldermen meeting a report from the Schools relative to their finances. We can ask them to come and give us a presentation. They don't have to do it, but we can ask.

Alderman Lopez stated before we do that, we have a budget meeting with the School on April 24.

Chairman Hirschmann asked who does.

Alderman Lopez answered the full Board. So those questions can be answered then. I was wondering...again this is another area that we need your expertise in as to what guidance you want to give us and what is the best way with the court decision...I know everybody is struggling with it but what is your recommendation. I don't expect you to give it to us tonight but it is an area of concern.

Alderman Gatsas stated I know that on two separate occasions Mr. Clougherty has asked the Superintendent that question, the Mayor has asked that question and there has never been a direct answer other than "we are on schedule." That is the answer that everybody has gotten. I think that is unreasonable.

Alderman Lopez stated I think this is an area where Tom Clark can give us some recommendation as to what to do.

Alderman Levasseur asked as far as impact fees, they go to School and Fire right.

Mr. Clougherty answered those are used to offset debt.

Alderman Levasseur asked are you going to be charging them any time we use impact fees on them. Since we are separated and this money is in our hands and they are taking some of it, is that being charged back or are we just giving it to them.

Mr. Clougherty answered what happens is the City has always taken the position that the School buildings are City buildings. So, we charge them a proration of the debt service.

Alderman Levasseur asked Mr. Thomas would you like to see that the impact fees are not only used for schools and fire departments. When I went to pay that fee and they charged me for building an apartment on the third floor of my building, they told me that the money was specifically to be used for schools only and that if no new schools were built in a certain time period I was supposed to get that money back. I knew that wasn't going to happen. I think that money could be used for other projects that have a big impact on the City.

Mr. Thomas stated impact fees are always good to make improvements, but it is a very controversial area. People don't like to pay them.

Alderman Levasseur replied but you have to pay them anyway. It doesn't matter whether you like it or not.

Chairman Hirschmann stated Mr. Clougherty explained what we are using those fees for. Do you understand that?

Alderman Levasseur replied debt service for fire and schools, but we are not even building schools anymore.

Mr. Clougherty stated you can't put an impact fee on somebody on Bodwell Road and build a school in Ward 1. If you build a school in that area, then those impact fees can be used to offset the mortgage for the building.

Alderman Levasseur asked if somebody is building a new house on Bodwell Road they are paying an impact fee, right.

Mr. Clougherty answered right.

Alderman Levasseur stated so you are saying that if a school or fire department were to be built in that area, then the money would be used to offset that.

Ms. Shaffer stated I think the school is City-wide because when the population changed the boundaries changed.

Alderman Levasseur replied I am saying that if we are going to keep paying for all of this stuff, it should be in their budget. That is all I am suggesting. They should be charged for it. It is coming out of City and whether it is a City school or we think it is a City school or we take care of City schools it is still money coming out of the City side that they are not getting charged for. Even if it is a paper charge it is a charge and it shows everybody in the real world who is paying taxes that not only did we throw that money on there but there is another \$100,000 or something.

Mr. Clougherty stated the reason you use the chargebacks is directly related to the property tax issue. This is separate from that.

Chairman Hirschmann asked is a percentage of this fund for fire and schools.

Ms. Shaffer answered I think there are two separate lines on there for impact fees. One for school and one for fire.

Alderman Levasseur stated I think they should have the right to chargeback on that and even if we don't get our money back, it is something that they can look at. If they want to play the games that they are playing with us and they don't want to pay us the money they owe us...if they want to narrow it down let's narrow it down as far as we can go.

Chairman Hirschmann stated that could be construed as a school revenue too. The impact fee for schools.

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

A True Record. Attest.

Clerk of Committee