

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

August 23, 2000

5:30 PM

Chairman Hirschmann called the meeting to order.

The Clerk called the roll.

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

Messrs: S. Tellier, R. Sherman, K. Clougherty

Chairman Hirschmann addressed Item 3 of the agenda:

Review of reports by the Board of Assessors.

Chairman Hirschmann stated the tax base that you presented to us is \$3,868,537,300.

Mr. Tellier stated we are up \$9 million from last year at this point in the game but the Board is still currently entering additional value as a result of the construction and new additions for this year.

Chairman Hirschmann asked are you going to be adding value until October.

Mr. Tellier answered that is right. Late October. We usually close the system in late October, which coincides with the Department of Revenue Administration's requirements for the MS-1. The MS forms are derived from Assessors, Finance and School.

Chairman Hirschmann asked are there any big pieces of value coming in that we know of.

Mr. Tellier answered no.

Chairman Hirschmann asked no malls or anything downtown.

Mr. Tellier answered no. The golden goose is probably the industrial land out on Hackett Hill Road or rezoning or the revaluation.

Chairman Hirschmann asked from now until October. Hackett Hill Road is three years away. From now until October you have to make up \$40 million.

Mr. Tellier answered the fact is that our estimate of value is an increase of \$25 million and the Mayor increased that by \$10 million and as a result of the package that was passed by the Aldermen, it ended up being approximately \$40 million or \$52 million.

Chairman Hirschmann asked are there any questions relative to the tax base.

Alderman Lopez asked you say that it is \$52 million that we increased with your recommendation. So we are up \$9 million.

Mr. Tellier answered we are up \$9 million right now but we are still presently adding new value. We won't be complete until late October.

Alderman Lopez asked do you anticipate making up all of that money before next year.

Mr. Tellier answered no. As stated in a letter that we sent to the Mayor, our original estimate was \$25 million. It was increased by \$10 million with the Board of Assessor's understanding that the Mayor increased it. It was subsequently increased to an additional \$16 million at that point as a result of the budget deliberations.

Alderman Lopez asked what happens if we don't make it.

Mr. Tellier answered for every \$10 million in value, it relates to about 7 cents on the tax rate.

Chairman Hirschmann asked so it could be about a 14-cent problem.

Mr. Tellier answered it could be.

Chairman Hirschmann stated I know that we did not budget for an overlay for the year 2001. Is that correct?

Mr. Tellier replied no. Early on in the budget process the Board of Assessors met and talked about future appeals and present overlay standing and it was determined at that point that the City was adequately funded with respect to the economy and the status of appeals. We immediately at that point informed the Mayor to give him the good news, which we were initially anticipating asking for an additional \$600,000 but we did not ask for that this year.

Chairman Hirschmann asked you turned in in the year 2000 the complete overlay.

Mr. Tellier answered we expect to be fully funded for this next tax year with the remaining balance in the overlay account as we are presently.

Chairman Hirschmann asked so the overlay account doesn't close out year to year.

Mr. Tellier answered no. We redistribute the funds. We redistribute according to the appeals as they are completed.

Chairman Hirschmann asked so that is not part of a fund balance.

Mr. Tellier answered no it is not.

Alderman Lopez asked, Kevin, am I correct in that in October we will know exactly whether or not we have to increase the tax rate based on the numbers we are going to get.

Mr. Clougherty answered yes. That is what Steve is saying. We all have to submit these forms and we go up to the Department of Revenue Administration and it is usually set sometime in late October or early November.

Chairman Hirschmann stated we are going to move on to outstanding abatements. Does anyone have any comments or questions? Thank you, Steve, for providing the information. I had a question about someone paying in lieu of taxes but I don't remember what it was.

Mr. Tellier stated in your stack of paperwork that has been given to you over time, something that was sent out to all of the Aldermen was a list of non-taxable and tax exempt properties. The ones that are listed as paying in lieu of taxes are specifically listed as part of that report. If they are not on that report, they are not paying in lieu of taxes. They may be on the charitable exemption list or they may, in fact, be paying taxes. If you give me a call, Alderman, I would be happy to research that for you.

On motion of Alderman Pinard, duly seconded by Alderman Lopez, it was voted to accept the report.

Chairman Hirschmann addressed Item 4 of the agenda:

Communication from the Director of Information Services providing information concerning the city's telephone system and Internet charges.

- a) analysis of requests for new telephone lines by department submitted by the Director of Information Services; and
- b) telephone cost breakdowns/policies by department.

Alderman Lopez stated I think the report was excellent, Diane. You did a great job. In reference to the Assessor's Office and Steve is still here so I will ask him your response to Carol Johnson in reference to the telephone, you presently do not review your phone bill and all of the other departments do. You don't have a policy in place for that?

Mr. Tellier replied the policy is that all long-distance calls are made relative to work instances only. We do a cursory review monthly and that is the extent of the review at that time. We haven't seen any abuse of the long-distance use from our department and it has been somewhat consistent. That is the policy that we have been utilizing.

Alderman Lopez asked so your policy is you do not review the phone bill.

Mr. Tellier answered line by line or call by call, no we do not.

Alderman Lopez stated well all the other departments do just to let you know.

Mr. Tellier replied then that is something that quite possibly will be implemented in the immediate future.

Alderman Pinard asked about Aggregation phone lines.

Ms. Prew answered we discussed this with Finance and with Highway. The billing is going to change so it is reflected that those telephone lines are charged to Aggregation rather than the Finance Department. We are taking care of that and there is the possibility that several of those lines will be freed up and available for other uses.

Chairman Hirschmann stated my question would be, I know that we are on that blanket bill, was there any communication with your phone vendor as far as different billing.

Ms. Prew replied we had quite a discussion in the office on that and we determined that it really is in the best interest of the City for it to be a centralized bill because my staff reviews all of the charges on the bill that have to do with the FCC and they are familiar with the tariff rates and I gave some examples in my report. They do pick up when there are new charges on the bill and they question them. If the bills were sent directly to the departments and they saw a charge for 23 cents they wouldn't necessarily question it but when we see a charge for 23 cents for almost 700 lines we question that because it does add up. I think there is benefit to the central billing as it is and it takes about eight hours a month for the person on my staff to go through and do that process and get the bills distributed. We looked at the savings that we were able to achieve by reviewing the bill and I think it is in our best interest to continue doing it the way we do.

Chairman Hirschmann stated so eight hours a month is what your staff is putting into this.

Ms. Prew replied yes to review the bill, review the charges and distribute the bills to the departments.

Chairman Hirschmann stated in the authorities there is definitely infrastructure. There are account analysts and BSO's. The Airport has four deputy directors over there. There is enough administration for the Airport and Water Works to do it.

Ms. Prew replied because the tariff structure is very complex and the way our contract is structured, my staff is aware of what is in our contract, what is acceptable and what is not. To have 24 departments have to familiarize themselves with that to deal with the tariff rates, you have one person that is handling it for the entire City.

Alderman Pinard asked how do you go about checking 27 departments on long-distance calls.

Ms. Prew answered the departments receive an itemized bill each month that shows the date, the time, the number that was called and the amount of time, the duration of the call and what the cost of that call was. Each department is responsible for reviewing that and determining whether those calls are appropriate.

Alderman Pinard asked you say that some long-distance calls are reimbursed by the employees. How many departments have reimbursed the City for long-distance calls?

Ms. Prew answered you would have to check that with the individual departments.

Alderman Pinard asked to have a memo go out on long-distance calls.

Chairman Hirschmann answered we did do that on this report. Diane, I will be sending a letter out to Alderman Gatsas for his committee to speak with you. I think that Information Services goes under Administration. I wanted to get a handle on this and I know that we asked you to speak with your vendor. We didn't ask you to go and have a meeting at your office. This Committee asked you to do a specific thing. I am not going to make a big deal out of it. You did what you thought you should and you came back and provided the information that it only takes eight hours and it is not a big deal but we did ask you to do a specific task and I would appreciate it in the future if you did what we asked.

On motion of Alderman Thibault, duly seconded by Alderman Pinard, it was voted to accept the report.

Chairman Hirschmann addressed Item 5 of the agenda:

Monthly financial statements submitted by the Finance Department:

- a) Expenditure Budget vs. Actual - General Fund;
- b) Budget vs. Actual by Department - General Fund Non-Property Tax Revenues; and
- c) Budget vs. Actual by Type - General Fund Non-Property Tax Revenues.

Mr. Sherman stated for those who have seen these statements in the past, I want to point out a change. If you recall, during the budget process this year you budgeted benefits in the individual departments so you will see some changes on here. The department numbers are larger than you have seen in the past. You don't have the benefits down at the bottom like you used to see in the past. If you look at the Aldermen's budget it includes all benefits. At this point, in the month of July, there isn't a lot that has happened. You would expect that most departments would have spent 8-9% and the numbers are higher. In the month of July, we paid 100% of the retirement benefit to the Retirement Board. It is cheaper to pay it up front.

Chairman Hirschmann asked is this a one-year problem.

Mr. Sherman answered we would like to allocate it out on a monthly basis in the future so that HR doesn't get whacked.

Mr. Robinson asked so you do like a pre-paid. Are you allowed to do that?

Mr. Sherman answered in the past we didn't worry about it.

Mr. Robinson stated in the private sector you would just do a pre-paid.

Mr. Hobson stated \$458,000 of the amount is for the retirement system. Due to the change in process with Aldermen for benefits, Randy, Kevin and I have been talking about the need to develop a procedure for what the Aldermen wanted. HR will write out the procedure and Finance will make it happen. I am a little nervous because we are doing this for the first time. It is different than last year and the reporting is different that I am concerned about that.

Alderman Lopez stated just to clear my mind, back to what Wayne said have you paid \$458,000 without prorating it over 12 months. Is that common? Why don't you prorate and get the interest on the money?

Mr. Sherman replied it is cheaper for us to pay it up front. They use to allow us to pay it quarterly. We actually save money by paying it in advance.

Alderman Lopez asked so it is beneficial for us to pay it up front.

Mr. Sherman answered yes.

Mr. Clougherty stated the Retirement Board does an actuarial report on what the contribution should be. If we pay that amount for the year up front that is one number. If over time the actuarial rises then we have to pay the interest.

Alderman Lopez asked the way it is set-up now, what is the safeguard in place so that departments don't go over their budget.

Mr. Sherman answered the benefit dollars are separate. The way we control it is in four areas. We look at the salaries level, the capital level the operating expenses and the benefits. That is where the controls come in. We don't let anyone go over on salaries without a red flag going up.

Chairman Hirschmann stated for this early in the year we are not doing too badly on revenues.

Alderman Levasseur asked about the licenses, permits and fees.

Chairman Hirschmann stated the Tax Office has collected 8% of the year's revenue already in auto registrations.

Mr. Sherman noted that the Tax Office's big month is October and that they are doing well for one month.

Alderman Levasseur stated regarding the projections for this fiscal year, I have been hearing rumors already that we are not going to meet them. Why are these rumors going around this soon?

Chairman Hirschmann replied this is just the first report of the month.

Mr. Sherman asked are there specific revenues that you are talking about.

Alderman Levasseur answered I have heard that the tax base will not meet the projections.

Chairman Hirschmann stated that has to do with assessed value and doesn't concern financial spending.

Alderman Levasseur asked Finance to put last year's numbers next to this years so that he can see a comparison.

On motion of Alderman Thibault, duly seconded by Alderman Pinard, it was voted to accept the financial report.

Chairman Hirschmann addressed Item 6 of the agenda:

Review of Accounts Receivables Write-offs.

Mr. Sherman stated we went back and revisited this report. This is the same list in a different format. Most of these go back more than three years and I have talked to the City Solicitor's Office and we are recommending that you write them all off. We have informed all departments that in the future we are going to bring in to this Committee anything over 90 days. Right now, we send anything over 60 days to a collection agency unless specifically requested not to do so by a department.

Chairman Hirschmann asked why can't we do what they do with the water and sewer bills.

Deputy Solicitor Arnold stated we don't have statutory authority.

Chairman Hirschmann asked do we need some legislature from the State.

Deputy Solicitor Arnold answered yes.

Alderman Levasseur asked what is the statute of limitations on these things.

Deputy Solicitor Arnold answered three years.

Alderman Levasseur asked what is the RSA.

Deputy Solicitor Arnold answered I believe it is 5.10.4 but I will get it for you.

Alderman Levasseur stated I thought it was seven years.

Deputy Solicitor Arnold replied it used to be six but that changed in 1985.

Mr. Sherman stated we are past the ability to collect on these. When we start getting these to you sooner we can see about pulling the certificates of occupancy.

Chairman Hirschmann stated we told you to bring a policy for dealing with these to this Committee. This doesn't look like a policy or procedure. The bankruptcies are a different story but we should have collected these other ones.

Mr. Sherman stated some of these shouldn't have been billed. When we were going through the conversion we found some that were paid and should have been closed out.

Alderman Lopez stated I am more concerned with a policy being established within the City to deal with these. Under the RSA for motor vehicles they can bring up on their computer and see if someone has an outstanding parking ticket. I think that everybody who comes into the City to do business and owes us money, they shouldn't get what they are looking for until their debt is paid. With our computer technology we should be able to do that.

Deputy Solicitor Arnold stated it depends on the charges you are talking about. Certain departments are following State laws regarding unpaid debt. The key would be to set-up a system to deal with these on a timely basis.

Alderman Levasseur asked so after a certain amount of time it goes to a collection agency.

Mr. Sherman answered yes unless a department requests otherwise.

Alderman Levasseur moved to have a policy put in effect to go after each unpaid debt to the City.

Alderman Thibault stated I agree with Alderman Lopez. We should be able to pull an occupancy license or something. People are taking advantage of us. The report has a significant balance and there must be some way of collecting these.

Mr. Sherman replied some of them have been collected.

Chairman Hirschmann asked then why are they on this list.

Mr. Sherman answered some of them just have to be written off.

Alderman Thibault asked about a Mr. Pitman who owes the City \$3,360.

Mr. Sherman answered he is an employee of the city and it was a workman's compensation case. He took some sick time and then got a third party settlement and was supposed to pay the City back.

Chairman Hirschmann asked why wasn't this pursued and taken out of his paycheck.

Deputy Solicitor Arnold answered we have run into this situation before. We have pursued these in court and we can't take it out of their paycheck.

Chairman Hirschmann asked why didn't you pursue this one.

Alderman Lopez stated where I used to work we had to sign a statement before we went on workman's compensation. Do we do that in the City?

Mr. Sherman answered we don't do that.

Alderman Lopez stated a letter should go to the attorney and the insurance company stating that when a settlement is made a check should be cut to the City. This is the kind of policy we are talking about.

Chairman Hirschmann asked is there a policy that we can look at.

Mr. Hobson stated we have tightened up workman's compensation. We have collected \$41,000 in back pay since the process was put into effect 12-14 months ago. We do have a form that we utilize and a letter that we use for collection purposes. Alderman Lopez's point is a good one and Howard and I will do some research on that with the Risk Manager.

Alderman Levasseur asked when the home rule law passes can we pass an ordinance that goes against State law.

Deputy Solicitor Arnold answered no. The home rule amendment provides that a City will have the power to do anything where the State doesn't take it away.

Mr. Robinson stated you said that some of these could have been paid and the revenue recognized. How is responsible for correcting that? Departments?

Mr. Sherman replied yes.

Chairman Hirschmann asked what recommendations is Finance making.

Mr. Sherman answered you can pull Mr. Pitman off the list and write off everything else.

Alderman Levasseur asked can you come back with a policy for us to bring to the full Board.

Mr. Clougherty stated there are a lot of different departments involved in the collection of funds and each one has their own system. We are advocating is to bring you these on a more frequent basis then the responsible department can come in and say okay this is what we are doing to collect that. No policy can cover everything. The policy should be that we get you the information on anything over 90 days so the Committee can look at it and have the departments come in and tell you what they are doing. This report that we do will let everyone know who owes what to whom.

Chairman Hirschmann stated I have been on this Committee since 1996 and nobody ever told me about these.

Alderman Thibault asked can we identify which ones have been paid and cut the list down and find out what departments these come from.

Alderman Lopez stated I agree with what Kevin is saying but we have to go one step further and have a policy and procedure for collection by each department so we know what they are doing.

Chairman Hirschmann asked Finance to get the Committee the right list so they can act.

Mr. Sherman answered we need final action to write these off. Even if they have already been collected, it has to come to the Committee for write-off.

Mr. Clougherty stated Finance doesn't have the authority to write-off debt. It sounds like you are looking for an inventory of debt collection procedures by department and we will get you that.

On motion of Alderman Pinard, duly seconded by Alderman Thibault, it was voted to table this item pending a report from Finance.

Chairman Hirschmann addressed Item 7 of the agenda:

Communication from the Finance Officer submitting a list of potential members for a committee to recommend a preferred financial organization of the City.

Mr. Clougherty stated the Committee on Administration asked me for this information and I am providing it for you as a courtesy. They are looking at what the organization of the City should be in regards to auditing. They wanted a list of people to come in and give them recommendations. I wrote to the State Auditor and got a list of people.

Chairman Hirschmann stated I asked Scott Bassett about this and he said that the auditor reports to the Audit Committee and that is us. Now we are going out to get a group of experts to tell us that?

Mr. Clougherty answered that is what the Committee on Administration wants.

Alderman Levasseur stated Kevin is just going out and saying that there might be a better way to do business and he is asking for advice from experts. I think it is a good idea.

Chairman Hirschmann stated the auditing staff has been in the Finance Department and it hasn't been a problem. This shouldn't even be on our agenda. The auditing function should stay in this Committee.

Alderman Pinard moved to table this item.

Alderman Levasseur moved to accept the recommendations.

Alderman Lopez asked so this is in the Committee on Administration and those people are looking at the financial structure and these people would come in and make recommendations on how to structure finance within the City. All of the people on this list or some of them?

Mr. Clougherty answered they asked me to come up with a list of recommendations and I did.

Alderman Lopez asked who will decide. The Committee on Administration?

Mr. Clougherty answered yes. I am just giving them the names of people who are knowledgeable and understand how the process would work. This is going back to the Committee and then I imagine they are going to make a recommendation to the full Board.

Alderman Levasseur moved to accept the recommendations. Alderman Lopez duly seconded the motion. The motion carried with Aldermen Hirschmann and Pinard duly recorded in opposition.

NEW BUSINESS

Chairman Hirschmann asked about the internal auditor position that is vacant.

Mr. Clougherty answered that they are making progress and have a possible candidate.

Chairman Hirschmann asked can you give us a commitment that the position will be filled by the fall.

Mr. Clougherty answered yes.

Alderman Levasseur asked have we made a determination as to who the person will be reporting to.

Mr. Clougherty answered that hasn't changed.

Alderman Levasseur asked is the Mayor taking complete control of the auditor.

Mr. Clougherty answered that is the issue before the Committee on Administration.

Mr. Clougherty stated I have another item of new business. During the budget process, money was put aside to review the health claims on a contingency basis. We went ahead and did an RFP and only received one response. We gave Scott a copy of the RFP and he is doing some research to hopefully get a list of companies who do this sort of thing. I just wanted the Committee to know that we are moving on that.

Chairman Hirschmann asked are we paying him for that.

Mr. Clougherty answered yes.

Chairman Hirschmann stated speaking of the auditor, I spoke to Randy about the City giving money to public/private ventures like Singer Park and Intown Manchester. As long as Singer Park is paying their bond, I am okay with them. We give \$200,000 to Intown Manchester and I am requesting that Scott Bassett audit that money to see how it is being expended.

On motion of Alderman Hirschmann, duly seconded by Alderman Pinard, it was voted to have Scott Bassett audit the \$200,000 that the City gives to Intown Manchester.

Alderman Lopez stated we have a three-year contract with Intown Manchester and Bob MacKenzie is the contact person. What are we getting into here? Are there any legalities?

Chairman Hirschmann replied it is public money that we are giving them so we can audit that.

Alderman Lopez stated they have a CPA who audits their books.

Deputy Solicitor Arnold stated they are a separate corporation, but you can ask for an accounting.

Alderman Lopez asked can we go in and audit their books.

Deputy Solicitor Arnold answered I would have to review their contract.

Chairman Hirschmann asked could you please do that and send a letter to the Committee members as soon as possible.

Deputy Solicitor Arnold answered yes.

Alderman Levasseur stated that he thinks Intown is providing grants to businesses for more money than the contract allows.

Mr. Robinson stated that for the façade program it is \$3,500 and for building improvements it is \$5,000 and those funds are matched. If they need more than that, that is where the banks come in and provide loans.

Alderman Levasseur replied the City is matching more money than that. I have seen the bills.

Chairman Hirschmann stated that is why we are requesting an audit.

Mr. Robinson pointed out that the façade program and the building improvement program are not two separate programs.

Chairman Hirschmann stated Riverfest is coming up and I want to make sure that we put them on the September agenda. I would like to invite Fred Harris to come in and let us know how they did.

Mr. Clougherty replied we can do that.

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

A True Record. Attest.

Clerk of Committee