COMMITTEE ON ACCOUNTS, ENROLLMENT AND REVENUE ADMINISTRATION

April 19, 2010 **6:00 PM**

Chairman Ouellette called the meeting to order.

The Clerk called the roll.

Present: Aldermen Ouellette, DeVries, Long, Roy, O'Neil

Messrs: L. Sorenson, T. Arnold, W. Sanders, T. Avampato

Chairman Ouellette addressed item 3 of the agenda:

3. Travel Conference Summaries submitted:
   - Theresa Avampato, Airport, Finance and Administration Conference, February 21, 2010 to February 24, 2010.
   - Thomas Malafronte, Airport, Air Services Conference, Ft. Lauderdale, FL, March 7, 2010 to March 10, 2010.
   - Jean Fortier, Sue Sayward, Jackie St. Hillaire and Bob Josephson, Information Systems, Cisco IP Interoperability and Communications System Demonstration, Boxborough, MA, March 9, 2010.

On motion of Alderman Long, duly seconded by Alderman O'Neil, it was voted to approve this item.

Chairman Ouellette addressed item 4 of the agenda:

4. Communication from Lisa Sorenson, Financial Analyst, submitting a summary of the over 90 days open invoice report, department legend and the detailed open invoice report over 90 days.

On motion of Alderman Long, duly seconded by Alderman Roy, it was voted to discuss this item.

Alderman Long stated I spoke with Ms. Sorenson this afternoon. I commend the Chair for the summary. That certainly helps. However, if you look at the summary on page 4-2, it is $481,000 but that is kind of deceptive because for example, Highway is $98,000; $81,000 of that is Corcoran Environmental. Also from speaking with the Assessors, they have an agreement for the $104,000. So that can come off. Hillcrest Terrace actually was the Assessors. A June payment is due from what I have in my notes. My hope was to grab a department for which we are looking at the fiscal year write-offs, which are on page 5-2 and look at that to see where the majority of these are. I had asked Ms. Sorenson to see if she could get us a breakdown by departments. For example, from what I understand the Airport, of $129,000 the majority of that actually 99% or 100% of that is recouped. EPD is the same way. The Parking Department, I spoke with Ms. Stanley with respect to permits and they implemented four months ago a new system, so we are not going to be seeing these high permits over 90 days. Evidently when I go in there and get a permit in January for Pine Street lot and I move to Chicago in February, my name and the $45 is going to add up until June 30th. In speaking with Ms. Stanley, four months ago they implemented a process with which if I don't pay for February they are going to call me. If I tell them that I am having a hard time financially I will have another month to make due so we will only see two months after a call. If they call someone and they don't hear from them, they are off the list. A lot of these are from 2008 and 2007. The list has got to be cleaned up. The other is the Police Department detail, which is another area that we have to look at as far as policy.

Ms. Lisa Sorenson, Financial Analyst, stated I just wanted to add that I had a conversation with David Cornell from the Assessor's Office and he said that it came in today from Hillcrest. He is just going to verify the dollar amount but he believes that it was paid in full.

Alderman DeVries stated certainly, I would agree with the police details being the next point that we should try to get a handle on. Can you tell me, are there difficulties with our new telephone utility being tied up on bankruptcy? Is that part of our issue?

Chairman Ouellette replied that is the issue with Fairpoint. They are paying current, the current details that they having now but the issue is the ones that are over 90 days. They are in bankruptcy court. I don't know if Mr. Sanders may have more information on that.

Ms. Sorenson stated Mr. Arnold may have more information on that.

Mr. Thomas Arnold, Deputy City Solicitor stated none other than they are in bankruptcy. I haven't gotten any additional information with respect to police details. Fairpoint of course has filed a plan of reorganization. I haven't had an opportunity to examine that yet in detail to determine if it deals with how the past due police details will be taken care of in the bankruptcy.

Alderman DeVries stated I think that clears up a good piece of it but we certainly need to know the policy so maybe we could suggest outreach to the department that they update us on a collection policy and how they wish to handle the 90 days and older on details.

Chairman Ouellette stated they were before us a few months ago. You might have been absent at that particular meeting. What I want to do next month is get the collection agency in here and ask them what is going on and where they are at with this. I remember when we changed collection agencies it was my understanding that we were going to get a little bit better bang for our buck. I am not sure that we are or maybe we are. Next month I would like to have the collection agency before the Committee and we can fire off questions to the agency as far as what they are doing and what their follow up process is.

Alderman DeVries stated I can appreciate that. Some of the accounts that are starting to run 90 plus days, though, are utilities that I would say are frequent users. It would seem that there could be a big stick policy that we might be able to deploy to at least get their attention.

Alderman O'Neil asked Lisa, I don't think you folks would have this and maybe we can get this. We talked about Fairpoint at a significant number but I think all agreed that from when we met with the Police Department, that was caught up in the bankruptcy part of it and they have been current with all of their recent details. What I recall looking at this list is some of these firms or individuals that owe us money are kind of one hit wonders. I don't think we are ever going to see them again. Lisa, do you know if we know that for sure?

Ms. Sorenson asked do you have any examples?

Alderman O'Neil stated the Adams Petroleum on page 4-19. I don't know why I believe that is a one time job in the City, redoing a gas station maybe. I don't know why Mammoth Road keeps coming to mind.

Ms. Sorenson replied if you look these are for a bunch of invoices. I don't know if it was related to one project but it is definitely a bunch of different invoices.

Alderman O'Neil asked we have had the ability sometimes, not necessarily in trying to collect police details with some of these utility vendors handling street excavations and proper patching. The Public Works Director just stopped issuing street opening permits to them. All of a sudden things got addressed. It may not be for the Finance Department to address but maybe we can get Police to break this down to see if they are in fact one hit wonders or if they do regular business with the City.

Ms. Sorenson stated I would be happy to contact someone at Police and see if they could put something together for you.

On motion of Alderman Long, duly seconded by Alderman O'Neil, it was voted to accept this report.

Chairman Ouellette addressed item 5 of the agenda:

5. Communication from Lisa Sorenson, Financial Analyst, submitting 3rd quarter fiscal year 2010 write off list for the Accounts Receivable module, requesting authorization to write these receivables off.

On motion of Alderman Long, duly seconded by Alderman Roy, it was voted to discuss this item.

Alderman Long stated on page 5-2 it appears we are getting a handle on this. For fiscal year 2010, which ends July 1st, the number of accounts written off thus far is five. We look at the proposals that the Traffic Department wants written off, I am not sure that this money is owed to the same issue that I had spoken of before. It just adds up until June so you have April, May and June for $45. This person may be living somewhere else. Then $27.07 is a retirement. The insurance settled. The $27.07 reflects the retirement that the insurance company didn't cover for whatever reason. I think if we continue on detail, we will be able to get our hands around that. I think we are making progress on this write off. In essence I believe we are only at $27.07.

Chairman Ouellette stated I guess I am not following there.

Alderman O'Neil asked what do you want to do?

Alderman Long stated I am approving this write off but what I am saying is the write off of $96.64 for the Traffic Department, I am not convinced that this person owes $45.

Chairman Ouellette replied this is from 2006.

Alderman Long stated correct, but this person could have moved in March of 2006 to wherever and they would automatically charge you until the fiscal year ended which was in June. These reflect April, May and June. I think we need to get our hands around whether this is money owed or whether this is what was projected, because back in 2006 the department didn't call people to ask if they still needed the permit if they haven't heard from them in a month or that they didn't pay their monthly bill. They just automatically added it up until fiscal year in June. I don't know if it went into the next year. That is one of the issues that this Committee ought to be looking at.

Chairman Ouellette stated so you are saying that we may not be owed the money but the money is on the books and for this purpose we need to write it off.

Alderman Long stated the citizens are looking at this saying $45 was owed to us. I am not sure that it was owed to us. We need to define that better.

On motion of Alderman Long, duly seconded by Alderman DeVries, it was voted to accept the write-off list.

Chairman Ouellette addressed item 6 of the agenda:

6. Communication from William Sanders, Finance Officer, submitting the City's Monthly Financial Report (unaudited) for nine months ended March 31, 2010.

Mr. William Sanders, Finance Officer, stated on page 6-1 of the material in the agenda, briefly provides an overview of our budget through the end of March. I think overall from the departments themselves the spending has been very much within budget. I think as you will see later, most all departments are projecting they will be operating at surpluses in the expenditure category. A cost element that I would point out, as we have pointed out in prior months, is our health care costs of about $10.2 million remained about $1.7 million over budget for the first nine months. I would say that the $1.7 million shortfall was actually generated prior to the month of December. Actually our spending for the January through March timeframe has been fairly stable. If you look at prior months reports you will see that the $1.7 million really came out of the first half of the year. One would hope that we would begin to eat into it but at least our costs have leveled off and are very comparable to where we were last year. Hopefully here in the next couple of months we will see some decline in that $1.7 million. Nonetheless we did close March overspending that particular line item by $1.7 million. We

have also fully expended the workers compensation salary line and we are about $260,000 over the workers compensation medical line. Once again, both of those lines the spending really did occur in the first six to seven months of the year and in recent months they seem to have stabilized. Overall the expenditures through March are definitely on track with the budget. We are running very well even in comparison to last year. We still have 27% of our budget unexpended at this point compared to 25% a year ago. The revenues for fiscal year 2010 are still lower than they were a year ago primarily due to the elimination of the state revenue sharing coming into this year. We are also running behind last year in auto registrations and interest income, although we do have a significant uptick in our building permits for this year that offset some of that decline in other areas. Revenues altogether are on track for our fiscal year 2010 in accordance with what we showed the DRA back in November so overall I think that the spending is within budget and our revenue estimates are consistent with what we use to establish the tax rate. Hopefully we will be looking to close this year with the surplus in the general fund.

Alderman DeVries stated thank you, Mr. Chairman. Mr. Sanders, do you happen to recall the policy that the Airport has dealing with car rentals, steering registrations to either community? Don't they have a swap that goes back and forth between Londonderry and Manchester?

Ms. Theresa Avampato, Airport, stated we have a rental car agreement and we actively encourage them to register their cars in Manchester. There is no swap between Londonderry and Manchester. We do register as many cars as possible in Manchester.

Alderman DeVries stated there is no bump up or bump down this year based on what you are telling me; it should be consistent with previous years for registrations. There should be no change.

Alderman O'Neil stated Bill, we may have talked about this at the last meeting and it is not your department's responsibility, but two of the items and expenditures that you pointed out show some concern: the health case costs and the workers compensation salary budget. I recall at least the healthcare costs we talked about at the last meeting and I may have missed it but I have yet to see the background of what is involved in that. I have seen this happen here before where it only takes on or two significant health issue, either an open heart surgery or a significant cancer treatment that would have those numbers off. I have been a little frustrated and again I am not passing blame at your department that we haven't been able to get that detailed information. Everybody points out that we are tracking $1.7 million over but nobody tells me why. It would be a similar interest by me for the workers compensation number. What is the background? Is

it just in a typical year we have 100 employees on workers compensation and this year we have 150 employees on workers compensation? Do we have some higher graded employees that are out? Just having background information would be helpful in trying to make changes going forward. It could be safety issues we could be addressing under workers compensation. It could be that we could try to steer some employees in a different direction on their healthcare. I hate to put it on your department but you did issue the report.

Mr. Sanders replied yes, we did. I will communicate with Human Resources and the Risk Manager and get this information for next month.

Chairman Ouellette asked so you are asking for a comprehensive report on…

Alderman O'Neil interjected comprehensive or a summary. Some of this blame I put on Mr. Sanders because he has worked with us these many years to get us to make fact based decisions. I applaud you for that. Just so we know what is behind the numbers.

Chairman Ouellette stated yes, I think that is great information.

Alderman O'Neil asked what is the trend behind them? Is it large healthcare? Is it some significant treatments for a limited number of employees? Is it a whole bunch of other things going on? I think it would be good for us in our discussions moving forward. Thank you, Mr. Chairman and Mr. Sanders.

On motion of Alderman O'Neil, duly seconded by Alderman Long, it was voted to accept this report.

Chairman Ouellette addressed item 7 of the agenda:

7. FY 2010 Budget Forecast to be submitted by William Sanders, Finance Officer, if available.

Mr. Sanders stated we handed out this evening our current projection based on the April forecast that we have received from the department heads and as noted in the letter we are now projecting a net operating surplus for the full fiscal 2010 year of $2,565,000. The net surplus is comprised of a slight revenue shortfall of about $176,000 and an expenditure surplus of $2,741,000. I would point out that the expenditure surplus, we can look at it in detail but overall the departments are right now running in the aggregate, a surplus of about $750,000 and that is because we have deferred going to the bond market. Originally the budget was put together assuming we would have been going last fall. We have deferred and

will be going in May but will have savings from the time that we originally planned on going to the market to the time we actually do. There was also a homeland security grant of $464,000 that the Fire Department secured in the last 30 days I believe for the purchase of breathing apparatus that we have previously funded through our 2010 CIP Budget. That would be a savings in the CIP line. Overall we are looking at an estimated surplus of $2.5 million and that has also, as you might recall, been incorporated into the 2011 budget in terms of that $2.5 million; $1.5 million we would be looking in the May or June timeframe for the Board of Mayor and Aldermen to transfer to the Health Insurance Reserve Account for next year. Of the remaining million dollars $500,000 would be going into the Rainy Day fund and $500,000 would be serving to reduce the tax rate. It would be returned to the taxpayers so to speak. I feel very good about the surplus projection and I am hopeful that in a month's time we may be showing even some improvement beyond this. Not in the millions but maybe at least $100,000 or so.

Alderman O'Neil stated first of all I think we need to applaud, under the leadership of the Finance Department, all the departments for their efforts. They have all done a great job. I think we knew that the Youth Service number was going to be skewed. We knew that July 1st. Just look up and down; they all need to be applauded. Obviously with the Highway Department, I am guessing snow and winter treatment was involved with that. They all deserve to be complimented and again I think that it starts with the leadership of the Finance Department. Thank you, Bill. Can you go back to the surplus? I wrote down the $500,000 for the Rainy Day fund, the $500,000 to reduce the tax rate, I missed what you said before that.

Mr. Sanders replied $1.5 million will be transferred to the Health Insurance Reserve Account, which will serve to support our health insurance numbers for fiscal year 2011.

Chairman Ouellette asked Bill, is there money left over right now in the salary adjustment account?

Mr. Sanders replied yes, if you look at the second page of my handout, I haven't called it salary adjustment. We have combined contingency and salary adjustment and that $350,000 is left in the contingency account. Most of the contingency money that was spent this year was really used from the Facilities Department surplus.

Alderman DeVries stated we track during the year with Elderly Services the utility utilization and I don't think we have changed anything in the budget for them for this year, so give me some level of comfort with that number which is zeroed out and I am not quite sure how.

Mr. Sanders replied right now, our expectation is that Elderly Services will manage their budget almost to the penny and will end up without a surplus or a deficit. We will see. They might be slightly in the red. It's not a lot but a few thousand dollars by the end of the year. Some of their accounting is a little bit different from the other department.

Alderman DeVries asked if you could on a larger picture give me some level of comfort with the budget because all of our departments we are cutting when we go into our budget tomorrow night possibly. Seeing that about a third of our departments came in in the red this year, meaning in a deficit, can you give me some level of comfort of how you feel going into that vote possibly tomorrow night?

Mr. Sanders replied yes. First of all, I would say that all of our departments with the exception of Youth Services are operating in a surplus position in their expenditures for this year, FY 2010. Obviously all departments have turned in their budgets going into 2011. We will have to carefully monitor spending. Based on the last two or three years, if you think back and think of all the things that have happened in the economy and all the bad winters and things that we have been through, this is the third consecutive year that we have operated with an expenditure surplus on a total basis for all of the departments. One cannot predict the future but we do have an excellent group of department heads who do understand their budgets and do understand the importance of returning some of the money for surplus. Next year probably will be as challenging a year as the last three years have been and surpluses may not be of this magnitude but I would have confidence that the department heads will be communicating with the Aldermen and the Mayor and with the Finance Office on their issues. I am confident of the expenditure budget for the 2011 year.

Alderman DeVries stated I appreciate that because I think you are greatly respected by all of the Board members. The revenue numbers that you have seen coming back to us are closer to the projections for the later six months of the fiscal year, baring some unforeseeable event, there is no reason why we wouldn't continue to see improvement on our revenues for our departments and that should give us added confidence. Wouldn't it?

Mr. Sanders replied yes, I agree. I believe that if you look at the revenue estimates in the 2011 budget compared to the 2010 budget, they are almost completely flat except for the new SMG contract, which has brought more revenue in but if you exclude the SMG amounts, I think the revenue estimates for 2011 are prudent. The auto registration number is actually lower in 2011 than it is for 2010. Our auto registrations continue to be slow. The other big category that is difficult to

project is the building permits and the development activity that is going to happen in the city but I believe that Mr. LaFreniere and the Planning Department have done their best to remain conservative in what they are estimating. When you think back to the last couple of years when we were running deficits of $2 million and $3 million, $176,000 is a victory in some regards, I think.

On motion of Alderman DeVries, duly seconded by Alderman O'Neil, it was voted to accept the FY 2010 Budget Forecast.

Chairman Ouellette addressed item 8 of the agenda:

8. Chairman Ouellette advises that ordinances are to be considered for consistency with the rules of the Board and requests the Clerk to make a presentation.

City Clerk Normand stated as we have noted here, there are several Ordinances. If you would like me to read them I can.

On motion of Alderman DeVries, duly seconded by Alderman Roy, it was voted to waive the reading of the Ordinances.

> "Amending Chapter 92 Fire Prevention of the Code of Ordinances of the City of Manchester by establishing annual Radio Master Box fees per building and increasing the charges for fire system inspections and false alarms."
>
> "Amending Chapter 93 Alarms of the Code of Ordinances of the City of Manchester by increasing the annual Alarm permit renewal fee and restructuring the false alarm fee schedule."
>
> "Amending Section 111.45 Amusement Device License and Fees of the Code of Ordinances of the City of Manchester by increasing the license fee associated with each so called 'video poker' machine or 'slot' machine."
>
> "Amending Appendix A of the Subdivision and Site Plan Regulations of the City of Manchester providing for the establishment of new fees."

"Amending Appendix A of the Subdivision and Site Plan Regulations of the City of Manchester providing for the increase of certain fees."

"Amending Chapter 155 Zoning Code, Subsection 155.02 of the Code of Ordinances, and providing for the increase of certain fees."

"Amending Section 70.78 to increase the penalty for parking within 15 feet of a fire hydrant."

"Amending Chapter 70 Motor Vehicles and Traffic of the Code of Ordinances of the City of Manchester by amending Section 70.36 Stopping, Standing and Parking by adding Section (G) Parking Regulations Compact Part of City"

"Amending Chapter 70.55 Motor Vehicles and Traffic of the Code of Ordinances of the City of Manchester by establishing (G) Use of residential parking permits and adding a sentence to section (1) and a new section (4) for parking regulations compact part of the city."

"Amending Section 70.54 of the Code of Ordinances of the City of Manchester by establishing a City Hall Parking Lot and removing Seal Tanning and Granites Street Lots."

"Establishing a special purchasing procedure relating to the Employee Assistance Program and substance abuse counseling for City employees."

"Amending Chapter 35 of the Code of Ordinances by inserting a new section 35.037, Roadway Improvement Reserve Account."

"Amending the Building Code of the City of Manchester as adopted in Chapter 151.01 of the City of Manchester Code of Ordinances, by adding the 2009 edition of the International Existing Building Code as an additional tool in regulating and governing the repair, alteration, change of occupancy, addition and relocation of existing buildings."

On motion of Alderman O'Neil, duly seconded by Alderman DeVries, it was voted that the Ordinances ought to pass and be enrolled.

TABLED ITEM
A motion is in order to remove this item from the table.

9. Communication from Kevin Buckley, Independent City Auditor, submitting an audit of the Office of the City Clerk, Business License and Enforcement Division.
(Tabled 10/21/08. Retabled 2/22/10 until the implementation of new software is completed.)
On file for viewing with Office of the City Clerk, One City Hall Plaza.

This item remained on the table.

There being no further business, on motion of Alderman DeVries, duly seconded by Alderman Roy, it was voted order to adjourn.

A True Record. Attest.

Clerk of Committee