

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

May 17, 2010

6:00 PM

Chairman Ouellette called the meeting to order.

The Clerk called the roll.

Present: Aldermen Ouellette, DeVries, Long, Roy

Absent: Alderman O'Neil

Messrs: L. Sorenson, J. Lodolo, B. Stanley, B. Sanders, K. Buckley,
B. O'Neill

Chairman Ouellette addressed item 3 of the agenda:

3. Presentation by Municipal Services Bureau on Manchester's collection rates.

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

Ms. Lisa Sorenson, Financial Analyst, stated good evening. This is Josh Lodolo from MSB, Municipal Services Bureau. They do our collections for the City and he is going to be talking about the City's collections and national averages.

Mr. Joshua Lodolo, Municipal Services Bureau, stated thank you for the opportunity. I know we are on limited time. I provided you a packet which I hope you had a chance to quickly read through. There is a lot of information in there, but I'm definitely not going to cover it all. The first eight or nine pages are primarily for informative purposes so if I could get you to flip over to page ten where the real meat of this presentation will come in, we'll talk about the accounts that MSB has been collecting for the City of Manchester. Of course, if you do have questions on any of the other material, I'm happy to answer them at the end of this. Slide ten shows you the accounts that we are working on. We primarily do the parking collections for the City. About 95% or 96% of the accounts that we collect are on parking. Those are the last two rows. In parking you will see nearly 23,000 accounts and 2,700 accounts. The top six are the other categories that we call the

non-parking debt, and that is Lisa's group. It has over 400 accounts that we are collecting on. The next column over shows the amount that has been submitted to date in the contract, which has been about a year and a month, the amount that we have collected to date. Then if you do a simple calculation, the amount collected divided by the amount submitted equals our liquidation rate or recovery rate. The next row over shows the average age in number of days turned over to MSB. I put this in this slide because that is a very important factor in MSB's ability to collect debt. If a debt is a year old it is a lot more difficult to collect than if it is six months old. You will see that the ages of the debt have definitely varied from account type to account type. Primarily I want to focus your attention on the bottom two where the first parking of nearly 23,000 is over 1,000 days old. We are collecting at 25.2% compared to the bottom row of 119 days old turned over right at four months delinquency where we are collecting at nearly 37%. It is definitely a big factor in MSB's collection ability. If I switch to the next page, this shows the liquidation trend for the non-parking debt, liquidation or recovery rate. As you can see, it is definitely on the steady rise. There have been a couple of valleys. The primary reason for the valleys in this diagram is when a greater number of accounts are turned over to us in collections, that obviously affects that calculation, that number collected divided by the number submitted. We had some big submissions in August of 2009 and in December of 2009 so that is why you see the valleys there. Primarily, our collection rate on the entire portfolio has gone from zero in March of 2009 to where we currently stand at about 15% for the non-parking debt. The next page covers data integrity. Data integrity to MSB is anything that the City turns over to us besides the debtors name and the amount that the debtor owes. This is very important because it gives us a greater ability to go out and identify skipped traced information, identify where the person lives or where the person works. The top half of this shows the liquidation or the collection rate for those accounts that do not have good telephone numbers, compared to the bottom half that have good telephone numbers. You will see a big discrepancy in those percentages, 22% and 9% and 0% compared to 63%, 44% and 100% and such. The point here is that whatever information the City can provide to MSB will greatly impact our ability to collect. It improves the right party contact so we are not communicating with citizens who don't actually owe the debt. This next slide, slide 13, covers the liquidation trend or the recovery trend for the first parking. This is the greater delinquency of almost 1,100 days old. You'll see still that we have had a pretty solid trend upward from about 5% in month one, April of 2009, to well over 20% in April of 2010. This is good. The reason there aren't any valleys here is because the Parking Division is very good about submitting on a regular basis. Every 30 days we get a new batch of submissions and that is going to help us collect. The next page covers the liquidation trend or the recovery rates for the other parking, the much younger parking, turned over at four months and 119 days is the average as you will see at the bottom of the page. We are collecting about 37% now, 36.7%. It started around 7% and steadily we have risen up to where we are now at 36.7%. All

these slides show that we are heading in the right direction. We are liquidating the portfolio that was handed over a year ago and we are liquidating stuff that has been turned over in the recent months. The next page is basically a lot of information that shows the same thing as a few slides ago; good information means great collection results; not so good information means not so good collection results. These next two slides I think are going to be of greatest interest to you. This is where we get into some competitive numbers and how MSB is doing collecting for Manchester compared to some of our other clients across the country. We have gone over the first two; these are yours, the 25% and the 36.7%. In Lawrence, Kansas, where the University of Kansas is located, we are collecting at 21% and 35% so pretty consistent to the work up here. The University of Texas parking, you'll see that their average age of delinquency is 1,100 days old when they turn it over to us. That is why we are only collecting 11.5%. It is difficult to collect the old stuff. Austin parking and Bozeman, Montana, parking are pretty comparable at 28% so right in the middle of where we are collecting at your parking debt. Overall, I would say that we are in the 75th or 80th percentile in MSB's debt collection portfolio for Manchester. This next slide shows how we are doing overall with the three main categories that I have identified for Manchester: the two parking accounts and the one non-parking account. It is 15% overall for non-parking; 36.7% and 25.18% for parking. MSB as a whole has almost has one million accounts in our debt inventory which is \$408 million. We are collecting at 16.13%. That includes the spectrum of EMS, which is high volume, \$4,000 or \$5,000 accounts, that have 1% collected, and small tickets that are \$5 or \$10 that have 40% to 50% liquidation. Overall, the non-parking is right on par and parking for both is definitely is below par. The next three slides are some flow charts. Lisa asked me to come prepared with some information about what actually MSB does when you turn the account over to us. We do two main things. We send out letters and we make calls. Within 72 hours of receiving the debtor information, we send the letter out. If it is returned because we have the wrong address we will skip trace it and send it again. We send three letters out in our standard series, day three, day 33, and day 63. Obviously we don't send the other letters if payment is received. Within ten days of that account being sent to MSB if payment hasn't been received, we start the dialer campaigner. That is where we will dial, dial, dial. We have technology that does it for us. If we get the right person on the phone we will talk to them. If we don't get the right person on the phone or it is a busy signal we will call 30 minutes later. If it rings and rings, we call back an hour later. If we get somebody who is not that person, we will ask them everything we can to try to identify that person and then we go through the process. If they dispute the debt, we communicate with Lisa or Brandy and they validate the debt. If they don't have an excuse for why they can't pay or if they do say that we have the wrong person, we will stop the collection activity immediately and close out the account. Basically, we will do this for 75 days. We will call and letter them and after the 75 days have passed, we then go into a custom approach where we have strategy folks who will look at the debts and say why haven't we

liquidated this yet? They will create some custom strategies to actually identify what we can do specifically to work these accounts. If they are high balance accounts we will create a strategy. If they are low balance accounts, we have different strategies in place to liquidate these debts. This next page is skip tracing highlights. We skip trace everything. We have a waterfall approach. This means that we have three different skip tracing vendors that we use in the skip tracing process. Prior to 2010, we only had one. We send all the information we have to the first one. They provide us what they can. If they don't provide us with everything that we need, we send it to the second and then to the third. If still that fails and we don't get what we want, we have a manual skip tracing team in house who will go out and use every search engine possible on the internet to track these people down with last known bank information, employment information or where they last lived and we will find them. If we get a hold of them on the phone, we will send them over to our collections department. We will keep going until we find the person. Nothing is uncollectable in MSB's eyes. We will work an account as long as you want us to work an account. This last one highlights what I mentioned earlier about how often we call people. If we get a busy signal we will call them 30 minutes later. If it just rings and rings we will call them an hour later. We will never stop on an account. This is a flow chart about what our collection practices actually look like. The rest is primarily information for you. If you have any questions, I'd be happy to answer them now.

Chairman Ouellette stated I appreciate the quick but thorough presentation.

Alderman DeVries stated I agree, great presentation. Tell me where your company is located out of.

Mr. Lodolo stated Austin, Texas.

Alderman DeVries asked do you keep all of your employees in the United States? You don't outsource overseas do you?

Mr. Lodolo replied correct.

Alderman DeVries stated and that would also explain some of your better collections as well. The only thing you could do better was move to New Hampshire. Have you considered that?

Mr. Lodolo replied I have not personally, but I bet if we find the person.

Alderman Long stated on page ten there is a human resources figure. What is that figure that was collected?

Mr. Lodolo replied that is wrong. It is \$1,518.

Alderman Long asked is there a collation with percentages and the longer you have it? From what I heard, the shorter span is when your percentages are the highest and then it drops down as the length gets longer.

Mr. Lodolo replied let me clarify. Age of delinquency is when it is turned over to our collection agency so the younger the age of that delinquency at turnover, the greater likelihood of us to collect on it. Overall, if the debt sits with MSB for 30, 60 or 90 days, the longer it sits with us, the greater the propensity us collecting on it.

Alderman Long asked are the open invoices over 90 days necessarily going to collections?

Ms. Sorenson replied not all of them. Most of what is on the 90 day report is in collections.

Alderman Long asked how long on average do we hold before we turn to collections?

Ms. Sorenson replied 90 days. We usually give people 90 days. We give them a couple of notices, letters, letting them know that they have an overdue account and that they are going to be sent to collections on the third letter and then they get sent over to MSB.

Alderman Long asked is 90 considered in your businesses a short outstanding time?

Mr. Lodolo replied it is a fair time, absolutely. We have some cities or municipalities that turn over debt once a year and we have some that turn it over at 61 days. I think it depends on how good the collections department in house is. It seems that your recovery rates are pretty solid in house before you turn it over to us. Brandy and I had this discussion. Parking turns over at 120 days, four months. Originally it was 90 days, but she didn't see a point based on her internal recovery rates to switch that back to 90 days. It really depends on how well your collection group can do before you turn it over to us. If it is a poor establishment, turn it over to us at day 61. If it is great, keep it as long as you can.

Alderman Long stated whatever rate your company collects, does it matter if it is 90 days or does it get lower or higher?

Ms. Lodolo replied the contingency fee is set and that is one of the great things about this municipality. You allow for us to add on a collection fee and pass it directly to the debtor. If you have \$100 delinquency, that will turn into \$120. We still remit \$100 to the City and we retain our \$20 fee.

Alderman Roy stated I was looking through these documents, page 8-20, and the last time we met I believe we had some that we were writing off and some questions arose from that list. That isn't in this packet tonight. One of them on the list I thought was a department store on the south end of town. I see it on here still as 90 days.

Chairman Ouellette stated we didn't write that one off.

Alderman Roy asked we didn't?

Chairman Ouellette replied no. Best Buy is still here. I'm going to ask about that.

Alderman Roy stated that was my question. I thought that there was some question about whether it was going to be written off. I have a problem with that.

Chairman Ouellette stated when we have these major corporations that owe us \$46.97 since 2008 and there is another major pharmacy chain that owes us \$469 from 2008, why can't we collect those?

Mr. Lodolo asked the first one was for how much?

Chairman Ouellette replied the outstanding amount is \$46.97.

Mr. Lodolo stated small. It depends on the collection handlers that we have.

Chairman Ouellette stated to me it is not the amount. It is a multimillion dollar corporation that owes us 50 bucks. Just pay the 50 bucks.

Mr. Lodolo stated I think there has to be incentive for them to pay. What happens if they don't pay? Currently, they are just going to keep getting telephone calls from MSB. Something we discussed in a meeting earlier was the idea of reporting to the credit bureaus or putting in our collectors' notes that they can call on these folks and say that if this is not paid. We may report to the credit bureaus on the City's behalf if they approve such reporting. That is an extra collection hammer that sometimes helps. You really have to ask yourself what the incentives are for them to pay.

Chairman Ouellette asked don't they apply for a business license every year? Wouldn't that be the incentive for them to pay?

City Clerk Matt Normand replied they do. I was trying to find if they paid their business license for this year. I can't find that on this computer. It is something I can get back to the Committee with.

Chairman Ouellette stated I think if the departments work together, some of these things may be able to go away. I was talking to Alderman Roy earlier today and there is a lot of...I believe it was the Highway Department contracts with some paving companies and they may change their name or something.

Alderman Roy stated it is different vendors and then they change their board makeup and it is a new business entity and they just stiffed us last year.

Chairman Ouellette stated but it is still the same people.

Alderman Roy stated it doesn't make any sense.

Chairman Ouellette stated I thought it would be good for the Committee to hear exactly what you do. I have nothing to compare with other cities of our size in terms of across the country and you provided that information, but it is something that the Committee wants to tackle and really get a better handle on it. The other question I had was if your company recommends when it is probably time to say that this debt is not collectable. Do you make those recommendations to the City?

Mr. Lodolo replied at this point we do not. We do for some of our clients who request that information. In MSB's eyes, everything is collectable. We will keep working it. If we exhaust it for five years and we call somebody 1,500 times and get nowhere and it is a \$40 debt, it is probably not collectable and you write it off, but each municipality is different and each municipality has different requirements so I think that is something that this group can decide. We would be happy to do that and use our parameters that we do for other clients and bill what we feel is uncollectable and every six months or every three months, notify the staff that these accounts are uncollectable in our eyes and we can have a conversation about that.

Chairman Ouellette asked Lisa, how does something make it to the write off list? Do you make the determination? Is there a policy?

Ms. Sorenson replied typically if it is a small dollar amount, anything under \$1,000, I will just put them on the write off list if they are old. Anything above \$1,000 I will send to the City Solicitor to have him take a look at it and see if there is any further avenue that they can take to collect the money. If they deem it uncollectable

because the statute of limitations may have expired, they will advise me to write it off so it would be on the write off list.

Chairman Ouellette stated I'm not advocating to write everything off, trust me, but a lot of these debts, and I know there are a lot of companies who are in bankruptcy on this list and there are extenuating circumstances why some of these things are on here so long, but there has to come a point where it is cumbersome for the City to keep track of all this. I'm not sure if it is something that the Finance Department wants to take a look at. I believe most of it is in the Parking Division. I don't have an answer for this, but I'm sure some of this is very cumbersome to keep track of and will end up costing the City more than it is worth.

Ms. Sorenson stated I agree, but it is a hard decision to pull off some things from the report.

Mr. Lodolo stated if that was something that this group was interested in, I could work with a few staff members on identifying a strategy or making some recommendations for what that threshold might be for the City based on the work that we do for you.

Chairman Ouellette stated again, I'm not advocating writing anything off that is collectable and I know everything in your opinion is collectable, but if we have outstanding parking tickets for how many years...Brandy, can you come up for a second?

Ms. Sorenson stated getting back to the business licensing, I have been working with Jeff in the City Clerk's Office and when some of the bigger companies come up for their business license renewal he has been contacting me to make sure they have paid. We have received some money on some of the bigger accounts because he has withheld their license until they make a payment.

Chairman Ouellette asked is it new that we have been doing that or pretty recent?

City Clerk Normand replied no, we have been doing that for quite some time. After the Committee last brought this up, I know that we noted the files for all the people who were on the over 90 day list, including the businesses previously mentioned. It was just due May 1st so I'm not sure if they have come in, but I can verify that. They wouldn't have been issued the license until that \$46 has been paid, but I don't want to tell the Committee that they have in fact paid that until I can verify that. I will make sure that I get that to the Committee.

Chairman Ouellette asked Brandy, do you have a process by which you decide when it is time to write people off the list? How do you determine that?

Ms. Brandy Stanley, Parking Manager, replied actually at this point we don't. We knew that when we entered into the contract with MSB, which, by the way, is the first company that the City has ever had that has actually taken collection action on parking tickets. It has only been in place for a year. We didn't have any way of knowing what the success rate was going to be and what was going to be left over after a certain period of time. What I can tell you is that in the year 2003, which is as far back as our database goes, the collection rate was about 98%. In 2004, it dropped 2% to about 96% and it dropped every year after that so what we have seen is that the longer these tickets stay in collections...Typically, a lot of the people will resurface and buy a new car. As we upgrade the integrity of our database, we will find them and match them up with tickets they have had as long as seven years ago. At this point we know that we are going to need to develop some sort of write off policy, but we don't think that we are finished with closing all the loopholes so I would rather not write them off until we understand how it is going to work and how MSB is going to do. On the first parking account where the average outstanding date is almost 1,100 days, they have a 25% collection rate and that has grown from 18% probably six or eight months ago so they are having a lot of success collecting very old debt. We do need a policy, but we want to see how everything goes for a little bit longer before we figure that out.

Chairman Ouellette stated that's good information, thanks. The purpose for you to come in was not to criticize or say that you aren't collecting enough for us. We just thought it would be good information to tell the Committee so we know exactly what you have been doing for us in the past year. I thank you very much for making the trip up here and I hope you enjoy your stay.

City Clerk Normand stated I wanted to follow up on the business on South Willow Street. I did go down and check that. They paid on April 26th of this year. They paid their license fee. They are still disputing the \$46 so their license has been withheld. They will be subject to fines if this does not get resolved shortly. That is the latest on that particular business.

Chairman Ouellette asked they are disputing with the City Solicitor's office?

City Clerk Normand replied it is the \$46 that they are disputing right now. I know Kevin Kincaid from my office is trying to resolve that and get the additional money from Best Buy, but the license has not been issued; it has been withheld.

Chairman Ouellette addressed item 4 of the agenda:

4. Department travel/conference summary reports submitted as follows:
 - June George (EPD) Utility Management Conference in San Francisco, CA.
(February 21, 2010 to February 24, 2010)
 - Lisa M. Sorenson (Finance) Annual Conference of the Treasury Management Association of New England in Boston, MA.
(May 5, 2010 to May 7, 2010)
 - Guy Beloin (Finance) 18th Annual Spring Training Seminar of the New England States Government Finance Officers Association in Waltham, MA.
(March 25 & March 26, 2010)

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

Alderman Long asked did Alderman O'Neil ask for the costs at the last meeting to be put in these? I just want the minutes to reflect that again because there weren't costs.

Alderman Roy stated if I remember right, there was an issue of the date or the location. I don't think it was the cost.

Chairman Ouellette stated cost doesn't ring a bell. It was more who was going on the seminars. I think at one point travel had to be...Mr. Sanders, can you clarify? I believe travel had to be preapproved by the Mayor.

Mr. Bill Sanders, Finance Officer, replied that's correct, Alderman. All out of state travel has to be approved by the Mayor and all department head travel has to be approved, whether it is out of state or in state. Cost estimates have to be provided at that time and we also have to subsequently report the estimate and what was actually spent. The cost information could be included in here, but it is controlled or reviewed.

Chairman Ouellette stated I'll clarify that with Alderman O'Neil. Thank you for bringing that to my attention, Alderman Long.

Chairman Ouellette addressed item 5 of the agenda:

5. Communication from Kevin M. Buckley, Independent City Auditor, regarding a completed audit of the Office of the Tax Collector.

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

Mr. Kevin M. Buckley, Independent City Auditor, stated this is a pretty vanilla financial audit of the Tax Department. I had audited them just a few years ago, but seeing as the Tax Collector retired and we are turning it over to a new Tax Collector...For towns, there is a State statute that requires that they have an audit whenever the tax collector leaves. The City does not have such a requirement, but we thought that it would be a good idea to do it anyway. I went and did a financial audit for six months, ending on the last day that the former tax collector was there. The Tax Department runs a very tight ship there. There was only one observation and it had to do with their brand new computer system. When they switched over they had inadvertently put some permit numbers in the system twice and did not catch it during the inventory at year end because they weren't testing in that direction. They have corrected that and the physical inventory matches now.

Alderman DeVries asked in reference to the deficiency that you just noted, the decals, I'm assuming that is something to do with the State? I couldn't quite tell from the report.

Mr. Buckley replied those are the little stickers that you put on the license plate. There is no monetary impact of it. It is a control that the State requires that the permit stickers be watched closely.

Alderman Long asked does the State do an audit of their decals?

Mr. Buckley replied yes, the State also comes down and does an audit.

Alderman Long asked so they didn't catch it either?

Mr. Buckley replied no, they didn't.

Alderman Long stated I was under the assumption that we would do an audit when a department head leaves and another one takes over. Through reading this, I know the Charter doesn't ask for it. For example, when we merge Parks and Rec into Highway, in your opinion from what I see here, that wouldn't be...the revenue source isn't large enough to warrant an audit.

Mr. Buckley stated there are a couple departments in the City, one of them is the Finance Department and the other ones are the Tax and Assessor's offices, where the major revenue and the major financial controls in the City are really the umbrella over almost all the revenue in the City. When those department heads leave there really should be some sort of audit done just to make sure that the transition went smoothly, at least the department head transition went okay.

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

Chairman Ouellette addressed item 6 of the agenda:

6. Communication from Kevin M. Buckley, Independent City Auditor, regarding a City-wide risk assessment.

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

Mr. Buckley stated I think it was Alderman O'Neil who asked about the auditing universe of all the different possible financial audits that I can do. I was explaining that I do risk assessments and that will show you all the different pieces of how I can break down the departments to do financial audits. You have a copy of the risk assessment and the risk factors of how I came upon what makes one department riskier than another and from that, I have developed the proposed financial audit schedule that is attached to it. You can see that starting next fiscal year, it is going to be heavy on the Parks Department because they are spread out through that risk assessment, but they all kind of clump together as revenue sources. Because Parks is now merged into Highway, there are some issues with administration and such, so it is a good opportunity right now to put them all together and get them all at once. Also in there is a list of possible future performance-type audits. That list is made up of...I constantly get suggestions from people. I get anonymous phone calls and anonymous letters once in a while. I will be at a conference and someone will be talking about an audit and I'll think that maybe I have that same problem in my city. I always write that information down on a sheet of paper and that is what these possible future performance-type audits are. They are different questions that have been floating around and if I get the chance I would like to try to answer. I try to fit those in between the financial audits as I can.

Alderman DeVries stated the possible future performance-type audits, I don't see any kind of ranking of those. Wouldn't that be a more valuable type document for us if you ranked or prioritized those possible audit suggestions?

Mr. Buckley replied it is hard to rank those. I don't have the type of criteria that I have with financial audits to be able to come up with a rank. I work those in conjunction with the financial audit rankings. If something is risky for financial audit and it shows up on this list, I am going to try to do those two in conjunction with each other.

Alderman DeVries stated so what I think I just heard from you was that when you are at a department doing a financial audit you will review this list of possible performance audits and see if there is an interface or second audit that you should perform while you are there.

Mr. Buckley stated correct.

Alderman DeVries asked is there a way to continue to build this list so that we know that the types of performance audits being done are the right ones? I think you talked about suggestions, that this list came from a lot of suggestions or things you have learned at conferences or word or mouth suggestions from others.

Mr. Buckley replied this is just a real informal list. I keep track of it on my desk.

Alderman DeVries stated as far as policy makers though, I'm wondering if there is a step that we should take further. Maybe going out to department heads at one of their meetings or suggesting to the Mayor that he try to hammer out a more comprehensive or decide what kinds of performance audits as a City we should be doing. The list is interesting. It talks about the cost effectiveness of recycling, pay and display, and goes through just about every function that we have changed or touched over the last decade.

Mr. Buckley stated one of the reasons I really wanted to show this list to you was because I wanted to show you the types of things that audits can do. Normally, people think of audits as financial related data, but it is so much more than that. In most cities, internal audit functions concentrate a lot heavier on performance audits because frankly, the boards find that type of information more useful. If you would like to develop a criteria or guidance on what you would like me to do in this type of audit, I would be very grateful for that guidance.

Alderman DeVries stated the next obviously question would be your staff. How much of this can you do within the constraints of the limited staff, being yourself, that you have to perform the necessary financial audits as well?

Mr. Buckley replied I would like to be able to do one performance audit per year. You are going to find that a performance audit takes a lot longer than a financial audit to do because it is a lot more research just to try to get performance data that is comparable to the City. I have to really know how a function works. Right now I am looking at the MTA. I am going to try to wrap that one up this summer as soon as I can. I have to learn how buses run, how they make routes, how they do all that stuff so that when I go in there I know what questions to ask. It is a very detailed type of audit. When we start getting into more performance audits, I have to warn you that they take a long time and you have to really narrow the scope on them.

Alderman DeVries stated thank you. I look forward to developing a list for you.

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

Chairman Ouellette addressed item 7 of the agenda:

7. Communication from Mark Brewer, Airport Director, regarding parking rate adjustments for the Manchester-Boston Regional Airport hourly lot and parking garage.

Alderman Roy stated Mr. Chair, I think this is just informational. Maybe I'm wrong. They have the authority to raise that and they are just letting us know.

Mr. Brian O'Neill, Deputy Airport Director, stated I think our challenges with our fiscal issues have been pretty well documented. For the first two years we really worked on the expense side. We cut about \$10 million from our operating budget. We don't want to do anything that is going to scare way the airlines by raising too many of their fees and we don't want to do anything that is going to scare away the passengers by raising their fees. This is a fairly benign adjustment, but it is going to net us about \$600,000 a year. It still puts us at 50% of what Logan and Providence are charging and still \$1.50 below what Bradley is charging. We are still very competitive in the market place and it is revenue that we desperately need.

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

Alderman Roy stated the point of my comment earlier was that we could move this to the Board for informational purposes.

Chairman Ouellette addressed item 8 of the agenda:

8. Communication from Lisa Sorenson, Financial Analyst, submitting Finance Department reports as follows:
 - Department Legend
 - Accounts Receivable summary
 - Open Invoice report over 90 days

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

Chairman Ouellette addressed item 9 of the agenda:

9. Communication from William Sanders, Finance Officer, submitting the City's Monthly Financial Reports (unaudited) for ten months ended April 30, 2010.

Mr. Sanders stated this is the monthly financial report. Overall the City is in very good shape from an expenditure point of view through the month of April. We have an unexpended balance of about 20.1%. A year ago we were at about 18.92%. A few of our departments at this point are just about on track and doing better. A couple of accounts that we have been pointing out over the prior four or five months that are running behind budget continue to be our healthcare costs, which are just under \$2 million projected to be over budget, and our worker's compensation salary and worker's compensation medical budgets. I would point out that both of those budgets in fiscal year 2011 have been increased. The worker's compensation has been increased significantly and the health insurance costs have been increased if you include the amounts that the Board of Mayor and Aldermen will be putting into the healthcare reserve for next year, but for this year they are going to be short. We can talk about overall where we are for the forecast in the next item, but for expenditures through April we are in good shape. Our revenues continue to track very well with our tax rate, DRA reporting, that we submitted in November. We do have declines when you compare us to the prior year. A year ago we had \$1.9 million in revenue we were anticipating in State revenue sharing and we're not anticipating that anymore. We are still tracking lower auto registrations through April. We have lower interest income, but primarily due to the River's Edge project, our building permits are about \$800,000 higher this year. Overall, our revenues are on track with 2010 estimates that we gave DRA. From the expenditure point of view, we are spending below what we have budgeted. That's positive.

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

Chairman Ouellette addressed item 10 of the agenda:

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

Mr. Sanders stated I am pleased to report that we continue to project an operating surplus for fiscal 2010. The material that you have been handed out this evening shows a forecast of a net surplus for the general fund for \$2,749,000. We have a small revenue shortfall of \$61,000 and expenditure surplus of about \$2.8 million. The surplus is really attributable to a couple of things. One, the departments have been operating at well below budget for the year and we expect from the operating departments in total to come in at about \$1.6 million than their budgets. By virtue of delaying going to the debt markets, we had originally budgeted in 2010 that we would have been borrowing money back in the September time frame. We delayed that until June. We are currently estimating that that will generate about a \$1.3 million surplus on the debt service line and we also received a Homeland Security Grant for some breathing apparatus that we had originally budgeted for. As we already mentioned, these improvements are being offset by our health insurance situation and worker's comp line items. Overall, particularly in comparison to what 2008 and 2009 looked like at comparable periods when we were talking about drawing on the Rainy Day fund, we are going to be putting money into the Rainy Day fund this year and generating a significant surplus.

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

TABLED ITEM

11. 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. Re-tabled 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.

On motion of Alderman DeVries, duly seconded by Alderman Long, it was voted to adjourn.

A True Record. Attest.

Clerk of Committee