

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

October 18, 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, W. Sanders, T. Arnold, M. Whitten, K. Buckley

Chairman Ouellette addressed item 3 of the agenda:

3. Department travel/conference summary reports submitted as follows:

- Guy Beloin (Finance)
Maffe Financial Group Symposium, Andover, MA
September 28, 2010
- Guy Beloin, Sharon Wickens, Lisa Sorenson (Finance)
New England States Government Finance Officer's Association
Conference, Bretton Woods, NH
September 13 to 15, 2010
- Wayne Robinson (Airport)
AAIA Mid-Year Board Meeting, Buffalo, NY
September 30, 2010 to October 1, 2010

On motion of Alderman O'Neil, duly seconded by Alderman DeVries, it was voted to discuss this item

Alderman Long stated I'm assuming that the Mayor approved these travel requests.

Chairman Ouellette stated he would have had to; otherwise they wouldn't have gone forward.

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

Chairman Ouellette addressed item 4 of the agenda:

4. Communication from Lisa Sorenson, Financial Analyst, submitting 1st quarter fiscal year 2011 write off list for 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 asked when we look at the open invoice report over 90 days, do those write offs take those names out of that open invoice?

Ms. Lisa Sorenson, Financial Analyst, replied yes, they do.

Alderman Long said so the open invoices are the same number as the write off.

Ms. Sorenson replied yes.

Alderman Long said on Pan Am Railways, why are we asking to write off something from them when we deal with them on a constant basis, and the reason we're given for the write off is the statute of limitations?

Ms. Sorenson replied the statute of limitations has expired. This particular account has been in collections for a while. They haven't had any hits with them, haven't been able to collect any of the funds. So where this is getting so old, I thought I would be able to get this one off the books.

Alderman Long asked are there any communications that the City does with Pan Am on an ongoing basis? What railway does this reference?

Ms. Sorenson replied this is a fire account. I'm not sure if they do business with any other City departments, but I could look into that.

Chairman Ouellette stated the amount that's open is \$37.46.

Ms. Sorenson stated yes.

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

Chairman Ouellette addressed item 5 of the agenda:

5. 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 DeVries, duly seconded by Alderman O'Neil, it was voted to discuss this item.

Alderman Long said on May 23, 2010, Pan Am Railways is in there again for \$305.31, and November 4, 2009. It seems to me this will be on the write off report coming up.

Ms. Sorenson asked under the Police Department? What is your question?

Alderman Long said the first write off was the fire expense for May 3, 2007. I assume that the November 4, 2009 is going to be looking for a write off also. Actually with the first one, \$37.46, I think there's been an issue with vendors of ours paying the pension or something. There is something that the insurance companies are paying with the fire invoices. I recall a couple of months ago in this Committee was where insurance companies weren't paying a portion of the wage and benefits. I forget what it was, whether it was the pension or the health insurance or something. Do you recall that?

Ms. Sorenson replied yes, I do. I believe that is for finance charges that they refused to pay.

Alderman Long asked was \$37.46 a finance charge?

Ms. Sorenson replied yes.

Alderman Long asked they paid the whole detail?

Ms. Sorenson replied yes they did. Correction, they paid for the Fire bill, not on the detail for the Police. This other invoice that you were talking about on 05/23 is for Police.

Alderman Long asked the first one for Fire, do we know where that property is? I know it is B & M, most of that I'm familiar with, but do we know what Pan Am properties did or did they recently, within the last couple of years, sell to B & M? We deal a lot with railways and I'm wondering why, as far as the finance charge yes, but I'm looking at close to a year old, something that will be within a couple of weeks a year old, and they haven't paid anything on it and it is for a police detail. I don't understand why they would sit on this. It is not a large number and they need to work with us throughout the year.

Ms. Sorenson said correct. Again, all the departments pretty much handle their own accounts receivables, so I'm hoping that Fire has tried contacting them, and again, collections has also contacted them and they feel that they do not want to pay the finance charges for that \$37.46 remaining on that invoice. Going forward perhaps they will be paying this. I can contact Police and see if I can get additional information on this account and provide that at the next meeting.

Alderman Long asked actually, could you provide a history like for the first one they paid? Did it take them two years to pay or was it within a year? This way here we're looking at this is going to be a year old, so I'd like to know what the likelihood is that they're going to pay this.

Ms. Sorenson replied sure, I can put that together and get that for you for the next meeting.

Chairman Ouellette asked why don't you have that for us, Lisa, as soon as you get it? Don't put it off until the next meeting. Just forward the information when you have it ready.

Ms. Sorenson replied I can do that and send it to the Clerk.

Alderman DeVries asked Lisa, do you have anything to report as far as the overall trend and increase in our receivables trending?

Ms. Sorenson replied I did put together on the first page of the summary here, just to kind of show you where we were from last month compared to this month. This month we're at a collection rate of approximately 70%; last month we were at 73% collection rate.

Alderman DeVries said in comparing that to a year ago, two years ago, for the larger trend.

Ms. Sorenson replied I do believe you asked for that at the last meeting. I have been working on that. HTE is live software, so I have to go back and gather the information from previous reports. When I run the report now it's just telling me what's in there for today. Hopefully I will have that together soon, and I can send that as well prior to the next meeting. I would like to know how far back you are looking for.

Alderman DeVries replied I think I'm just trying to get a handle on how trend is moving. Myself I would leave it to your discretion as to how far you think you need to go to prove that we're not carrying greater receivables or if there's something that you see that you want to prove. Mr. Sanders might have a comment or two.

Mr. William Sanders, Finance Officer, said if you look at Page 5-3 of your package, the one thing that Lisa is including is the 90 days from last month to the 90 days to this month, and you will see that it is about \$21,000 or \$22,000 higher this month than it was 30 days ago and that's something we're going to start doing more regularly, so you would see that as part of the regular report. It is likely that we do have higher 90-day receivables today than we probably had two years ago or a year ago. We don't have the data yet, but just in the general environment that we're in, I expect that there is some delay in payments.

Alderman DeVries said thank you, Mr. Sanders and Lisa. Is it possible to expect when we finally have some of that information that you might be able to lead us to understand what is driving the trend. I know we have degradation fees that are now included and subject to discussion, if you would, between the parties, so that might be part of what would push our trend. If you have a feeling as to what is pushing and increase in our collectables, it would be helpful for us to have that level of awareness.

Alderman Roy asked Lisa, back to the issue that Alderman Long was talking about with that Fire Department deal, when you're talking with them, can you find out if they have a policy for the vendors, the prepaid, before there is a detail? And if not, could they put one in for people who have a tendency not to pay on time?

Ms. Sorenson replied sure, I can look into that.

Alderman O'Neil said it might be good for all of us, I'll speak for myself, but just at some point maybe the Finance Department could send out our policy on accounts receivable. I don't honestly know how much effort the

departments are putting into this. The Fire may not have been detailed. Do we confirm that was detail? It could be other.

Ms. Sorenson said I believe Fire was for 42 gallons of foam. That was on the invoice.

Alderman O'Neil said and I don't know if that's a good thing or a bad thing. We don't want departments spending a lot of time inputting what the actual service provided was. I smiled when you mentioned HTE and it not allowing you to do some things, and I'm hoping that our new Innoprise will have a module that will make it user friendly. Lisa is nodding her head yes, so that's good to know. I think that was the wise decision to move away from HTE. Maybe just if there is a policy, getting it out to the Committee members just to review, and maybe at some point we need to bring the departments in because I honestly don't know their level of efforts that they're putting in with some of these receivables. Then we also may want to look...the collection agency only gets paid when they actually collect.

Ms. Sorenson replied yes, they only get paid on what they collect.

Alderman O'Neil said I don't know. There might be times where we need to draw the line and say let's settle. On this Pan Am issue, they've paid the base fee finally, but we're going after them at what level of effort for interest. Who knows if that's worthwhile. Last month we talked about it, if you go to the bottom of Page 5-3. We talked about some of the larger outstanding receivables. Have the departments gotten back to you at all with what their plan is? I know we talked a little bit like with National Grid. They were still going to continue to issue permits to them, but at some point we've got to say, 'Hey, you have to pay your bill.' Do we know what the departments have been doing? National Grid and FairPoint, I'm going to guess are ongoing. Some of these others, Corcoran, we went through the legal process there. Adams Petroleum may be a one-time deal, and I don't know if we're ever going to see that money. Have the departments gotten back to you at all on any of these?

Ms. Sorenson replied I did contact Kevin Sheppard one last time on the National Grid because I did notice that it went up again, and again, he stands by the performance bond that's in place. He feels that the City would be receiving the money due to us if anything should happen.

Alderman O'Neil said that's fine if we call the bond, but in the meantime they owe us money. I think we've got to try to work with them to improve their payments. I agree we're protected with the bond. I think we've just got to

continue to work on a relationship with National Grid and FairPoint to see what we can do to assist them in getting paid earlier.

Alderman Long asked with National Grid, is that the roadway degradation?

Ms. Sorenson replied yes.

Alderman Long said we're still charging them. That's the degradation fee. I think the last time there was going to be a decision made somewhere, somehow. Is this being challenged anywhere? From what I understand I thought Kevin had mentioned something.

Ms. Sorenson said we would refer to Tom Arnold to answer that question.

Mr. Thomas Arnold, Deputy City Solicitor, said yes, National Grid has filed an action in Superior Court essentially contesting the validity of the degradation fee that's presently in the process of being decided. We have discovery issues that we're dealing with now. There hasn't been a court hearing date actually scheduled yet on that. There is a similar action pending in Merrimack County for the City of Concord that we've been following also.

Alderman Long asked so the City of Concord will get a decision prior to us in your opinion, Mr. Arnold?

Mr. Arnold replied that is probably likely. I could not say for sure, but it appears that their case for some reason in the Merrimack County Superior Court is progressing faster than the case down here.

Alderman Long asked do we know what the bond amount is? Did he say \$100,000?

Mr. Arnold replied it is \$500,000.

Alderman O'Neil said obviously FairPoint and National Grid are very important businesses to the City of Manchester, to the people we serve. I just would hope we try to open some dialogue to not get to that point. I'm also concerned if we're talking about the bond, I don't want to see us go down that avenue with my understanding of this court case pending, but that could drag on for a period of time. In the meantime we've got to open the dialogue with some of these businesses, FairPoint and National Grid especially. I don't know who should be doing that, I guess National Grid it should be the Public Works Director, FairPoint that's the Solicitor's office, according to here. But we have got to have some dialogue with them. Thank you, Mr. Chairman.

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

Chairman Ouellette addressed item 6 of the agenda:

6. Communication from William Sanders, Finance Officer, submitting the City's Monthly Financial Report (unaudited) for the three months that ended September 30, 2010.

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

Alderman DeVries said I just didn't know if Mr. Sanders wanted to present his report on record.

Mr. Sanders said on Page 6-1 is a summary letter with the financial information that's enclosed in your agenda package. Generally the report is similar to last months'. Typically you would expect after three months that's we'd have 75% of our budget left and we are nearly dead on to that number. The only departments that have any significant variance from the 75% are Information Systems and the Human Resources Department, which are explained in the material. The one line item that continues to be challenging from a budget point of view is health care costs. Through the end of September we are about \$355,000 over where you would think we would be through three months of time. We're spending about \$3.2 million on health insurance costs for the first three months and our budget is about \$11.3 million. But overall, our unobligated balance, as I said, is 74.94%, almost right on the 75%, and this compares favorably to last year when we were at 74.7% at this time. From the revenue point of view, we are actually higher than we were the same period a year ago. Our building permits continue to do well actually this year, and our workers' compensation reimbursements from the State are also contributing to the increase over last year. So we've closed the month of September in a generally good position with the caution, once again, on the health insurance costs.

Alderman DeVries moved to accept the report. Alderman O'Neil duly seconded the motion.

Alderman O'Neil said Bill, I'm trying to make sure one of the good items to watch to see what's going on is auto registration. On Page 6-8 it shows we are behind a little bit.

Mr. Sanders replied we're actually ahead. Because of fiscal years it gets confusing comparing the two columns. The first column, the three months actual for FY2010, is last year where auto registrations were about \$3.188 million.

Alderman O'Neil said you're on Page 6-9.

Mr. Sanders replied yes. That would be the page that's comparing actual to actual, and we're actually beating last year's auto registrations by about \$38,000 through the end of September.

Alderman O'Neil said just somewhat of a positive sign.

Mr. Sanders replied yes, most definitely.

Alderman DeVries asked didn't we have a stimulus last year? So that's actually very much a positive sign if we're beating last year at this time.

Mr. Sanders said that's right, I believe you are correct there was the Cash for Clunkers.

Chairman Ouellette called for a vote on the motion to accept this report. There being none opposed, the motion carried.

Chairman Ouellette addressed item 7 of the agenda:

7. FY 2011 Budget Forecast to be submitted by William Sanders, Finance Officer.

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

Mr. Sanders said this is our first forecast for fiscal 2011. If you turn to the second page, you can see that from a departmental point of view we have a few departments with some projecting shortfalls not yet incurred. As you can see, the Fire Department and the Police Department and to a lesser extent the Health Department, the City Solicitor has some issues, other departments are moderately positive. Since it is the first forecast you would expect departments to be somewhat cautious and a number of them did come in at zero. We also have slight revenue shortfall, the Finance Department being the biggest one, the biggest piece of that is the Parking Division is experiencing a fairly significant reduction in the number of permits issued to parkers and institutions in the City, so they have dropped their forecast about \$270,000. We've been able to offset most of that in

the Finance Department because of the Build America Bond rebates that you might remember from the bonds we issued earlier in the summer and some other adjustments. We think we'll still be short \$85,000 there. After we consider all of the pluses and minuses on the revenue and expenditure side, the available contingency and severance amounts, we're right now projecting a net surplus to the general fund of about \$242,000. I should also point out that the \$100,000 shortfall in the revenue side was something we'll be rectifying when we do the tax rate in November as we adjust our revenues. If you'll remember back in March when we guessed at our revenues, and now we know more, that's part of the DRA rate setting process. We will be adjusting our revenues to our current forecast. Once that's been corrected we'll be in a surplus of about \$340,000. I haven't shown health insurance on this schedule because we have a reserve for health insurance costs. The Aldermen actually transferred about \$2.6 million into that fund as part of that current budget, and we also had a carryover balance of about \$900,000, so we have about \$3.5 million in our insurance reserve. If our insurance costs continue to deteriorate relative to budget, we do have that reserve to call on. So I have not included that in this projection.

Alderman O'Neil asked Bill, did you say the Solicitor and Health Department had minor issues.

Mr. Sanders replied yes.

Alderman O'Neil asked is there any background on the Fire Department or Police Department? I guess on Fire, one of my observations is that they expected some retirements that just aren't happening and may not happen, and I believe it's all over health insurance.

Mr. Sanders said yes and I think they're experiencing somewhat higher overtime, and I think they had to task a little bit in their budget when they started the year that they were hoping to make up with vacancies. Obviously as time passes, that's becoming less and less likely.

Alderman O'Neil asked do we have documentation that their overtime is up?

Mr. Sanders replied I don't have it as part of the forecast that they sent me, but I can certainly get that for the Aldermen and will.

Alderman O'Neil asked do you have anything on Police?

Mr. Sanders replied the Police is overtime, the entire \$129,000.

Alderman O'Neil asked can we get a breakdown? I know we've had some unfortunate incidents, which may have required some overtime and it would be good just to know that.

Mr. Sanders said yes, I will do that.

Alderman O'Neil said you said parking permits were down, not necessarily on-street parking.

Mr. Sanders said lots and garages.

Alderman O'Neil asked this is all monthly permits?

Mr. Sanders replied yes it is.

Alderman O'Neil asked do you have a feel for the on-street parking with the kiosk system?

Mr. Sanders replied the revenues were down about \$270,000. \$231,000 of that was parking permits of the Pearl Street Lot, Pine Street Lot and Victory Garage and a couple of other green and blue zones. The other \$40,000 was probably scattered. But I don't have on-street parking with me tonight.

Alderman O'Neil asked can we get a breakdown of that at some point?

Mr. Sanders replied yes.

Alderman Long said thank you, Mr. Chairman. Does this include the Chili Fest Initiative that they had?

Mr. Sanders replied the parking activity associated with Chili Fest is all part of the Chili Fest project and is not included in the parking figures.

Alderman Long said this \$40,000 would be whether it's the street or they did overtime.

Mr. Sanders said their total shortfall is about \$270,000. \$230,000 was coming from permits, the other \$40,000 is split between other revenue sources but also some higher expenses, the shuttle service that they're going to be running is going to be more expensive than they had originally understood, about twice as much, so there's about \$15,000 of additional cost there, and probably a little bit higher health insurance costs. Since they are an enterprise fund they bear the brunt of their own health insurance.

Alderman Long said did I hear you correctly that the \$100,000 deficit is going to be calculated with the DRA in November? We're going to change our revenue minus \$100,000? Are we going to add \$242,000?

Mr. Sanders replied we cannot change the expenditure appropriation that you authorized. That is locked in. That is what you have authorized the City to spend. What we do with the DRA is we look at our revenue picture as we get to the end of October and adjust that as well as the Assessor's finish their work and we have final information on cost categories. For example: county taxes that we didn't have finalized.

Alderman Long said county taxes are zero now.

Mr. Sanders said actually the county tax is a little bit lower than we originally estimated. So there will be an offset to the \$100,000, I assure you of that. That will not result in an increase.

Alderman Long said so our original .39; we're not looking at a substantial or any increase in that.

Mr. Sanders replied no we are not. It is possible it might go the other way a little bit

Alderman O'Neil said the Director/General Manager of the MTA is here. Mike, do you have anything to add on this shuttle service costing twice as much? I would have thought that would have been a number we had a pretty good handle on when we approved it.

Mr. Michael Whitten, MTA Director, replied what I believe happened is at some point two years ago when the grant was put together; a number was inverted in communications back and forth. The local contribution for that CMAC grant is \$42,000, and somehow in the Parking Division's budget it was listed as a \$24,000 local match. I believe it was just as simple as the two numbers being switched.

Alderman O'Neil asked the CMAC is \$42,000 a year?

Mr. Whitten replied right. The City pays 20% of the shuttle cost for that service, and that figure is \$42,000 for the year.

Alderman O'Neil asked and that money comes out of the Parking Division?

Mr. Whitten replied correct.

Alderman O'Neil asked one more time, why is the number off?

Mr. Whitten replied I believe it was just miscommunication at some point in the budgeting process two years ago between when the grant was written and when it was decided who was going to pay the local match amount. I believe the two and four were simply switched, because everything that I can find from the initial presentation of when the grant was submitted, it has been \$42,000 all along.

Alderman O'Neil asked so it's not really costing twice as much?

Mr. Whitten replied no, the costs are in line. I believe it is just a simple switch of a two and a four.

Alderman O'Neil said thank you.

Alderman Long asked so the shuttle is costing \$48,000? Is that what you're saying? We thought it was going to be \$24,000.

Mr. Whitten replied the shutting is costing \$42,000 local match. That's 20% of the cost. The other 80% is picked up by the federal grant, and that's exactly where it was supposed to fall. It looks like the projection right now is that it may come in a couple of thousand dollars under budget.

Alderman Long asked so we originally budgeted for \$24,000 and actually it's \$42,000.

Mr. Whitten replied right. It's something Brandon and I discovered when we were going through our budgets for the year and noticed that we didn't have the same number plugged in there. We went back and investigated to figure out who had the correct number and the grant is \$42,000.

Alderman O'Neil said the Finance Director will get back to us with a little more detail if he can get it from the Fire Department and the Police Department on what makes up their projected numbers in the expenditures.

Mr. Sanders replied yes.

Alderman O'Neil said it seems manageable, Bill. I don't know if this retirement issue is the issue at the Fire Department. They may not be manageable, but the police side of it may be manageable.

Mr. Sanders said yes, I hope that they are manageable. Obviously it's early in the year and the snow hasn't started yet, so there is a little bit of anxiety associated with that at the moment for me.

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

Chairman Ouellette addressed item 8 of the agenda:

8. Communication from the Independent City Auditor submitting an audit of the Manchester Transit Authority.

Mr. Kevin Buckley, Independent City Auditor, said the tax audit is an audit I did of Manchester Transit Authority. It was a performance audit. I looked at data mostly from the prior year FY2009, but I also went back a few years, I broke the audit into a number of parts, I compared the performance from the MTA to prior years and to its peer groups and to a number of standards that have been developed in the industry. I looked at the staffing needs of the agency, and I found no issues there. I looked at the fare structure, and I had two observations. One is that the fare box recovery ratio that they used included some items that I didn't feel should have been in there and it was reflecting as a much lower recovery ratio than it actually was. The short range five-year strategic plan that they have, which is an extremely important document, dictates the direction that the MTA should be going in, hasn't been developed yet. They are late developing that, and that's actually developed by the Southern NH Planning Commission. They develop that for them but they didn't notice that it hadn't been developed yet. I looked at service development. The one issue that I found there was that due to budget constraints, they had to turn some straight-line routes where the bus goes up and down one route, combine them into loop routes, which makes one leg of the commuters' journey very, very long, and this caused a drop in ridership on those two routes. I then looked at ridership data, and the one issue that I found there was that it could be improved by the use of magnetic strip cards and readers on the buses. It would give them better information on their ridership, and I think there are some efficiencies that can be obtained there. But it is very capital expensive to institute it. With emergency communications, while the MTA has a contingency plan for whenever a route gets changed or there's an issue on a route, they just don't have it down in a written document, but they do have all these different plans with the different scenarios. It happens that I just felt that it should have been written down as part of their procedures manual. Finally I looked at Para-Transit services, which is the most expensive part of a bus service, and I found no issues with their Para-Transit service.

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

Alderman DeVries said thank you, Mr. Chairman. There certainly was a lot favorable in the report, and I thank you, Kevin, for the work, and I thank you for the good work of your organization, your commission. You have gone through a lot of changes, I think, over the last couple of years with your routes and such and it's noted within the report. If I recall what I read last Saturday, you had done some of your route changes in order to streamline and save money; I didn't know if you wanted to speak to that in light of some of the need to subsidize at a higher ratio than had been predicted earlier. Do you see the ability to go back to your other routes at any point in the future?

Mr. Whitten replied sure. I don't think anybody questions the efficiency standpoint, needing to combine routes so that you can save money when times are difficult. It is not something that's uncommon in the industry. A lot of times transit authorities will make the decisions that were made here in Manchester when funding is unavailable to try to maintain some level of service. It's certainly not ideal. You'd much rather have line-haul routes where the ride is 15 to 20 minutes in each direction rather than 15 minutes in one direction and 45 minutes to get back, but it keeps service even if it's inefficient at times in two different sectors of the City. The only other way that we could have kept service going at the current budget level was to eliminate routes entirely. For example, routes 5 and 9, the bus that goes to SNHU and the bus that goes to Northside Plaza, you could have kept the SNHU bus as it was, but you would have lost service to the Northside Plaza entirely. So part of the process when we look at route changes as a public comment period, we do everything 30 days in advance before an changes are made so that we can hear from the community, and what was resoundingly clear to us was that they would rather have loop routes and maintain service, even if it meant they had a longer bus ride than lose it altogether. That's why we implemented those. Yes, absolutely if times get better in the future and more funding is available, we would definitely prefer to go back to the line-haul routes and see the ridership hopefully rebound.

Alderman DeVries said I'm just hoping you can comment on Page 8-11, Page 9 of the actual report as it was originally numbered. The portion of the report that's talking about staffing meeting overtime objectives actually considerably beating national standards for the number of overtime hours needed per employees. I guess it's the relief factor, I'm not going to say that I totally understood the metric that's used within the industry, but my read of this is that both management and employees have been working very hard to make sure that the numbers fall within the budgeted amount. My read is this is very much a joint effort between the employees and management. Would that be a correct read?

Mr. Whitten replied absolutely. A lot of credit for the overtime numbers is due to ATU Local 717's partnership with us. We just negotiated a new four-year contract this summer. It is the longest contract we've ever had between the two parties, so they've been really good about sitting down at the table with us and working to control as many of the costs as we can so that we can keep the service on the street. The bottom line is the cheaper it is to run the service, the more of it we can offer the citizens of Manchester.

Alderman DeVries said the other item, if I might, and I will let Mike go after this if I can. The very last comment of the report, just before the service development on Page 8-16 of the numbered handout, Page 14 of the original numbering, is talking about the possible consideration for another federal grant opportunity for the StepSaver, or as you call it Para-Transit service. Is that something that you are prepared to speak of at this point in time? Is that something that is readily available? You're also taking advantage of another federal program?

Mr. Whitten replied we were successful in a livability grant initiative. You're going to see new vehicles; they should arrive in January. They are small, body-on-chassis, low-floor vehicles, so they are completely accessible. They combine all of the benefits from an accessibility standpoint that the large low-floor City buses have with a capital cost savings equivalent of a couple of hundred thousand dollars per vehicle. So they are basically smaller, cheaper vehicles that will be able to meet the demand in the City and save us significantly on capital as we start to replace aging vehicles. They also provide flexibility. The MTA is required to offer our StepSaver service; it is an ADA mandated service for passengers who cannot access the fixed-route system because of a disability. These vehicles will be able to flex between the two. A 30-foot City bus can't navigate some of the City streets to perform demand response service, so it requires MTA to have two vehicles really where one would be sufficient. That's something that we got; you'll see a health care circulator starting in two weeks. November 1st is the launch date, and that's replacing our current Route 1, the Bridge Street bus. It's going to serve all the east side health care facilities linking them through one simple to understand schedule. So if you have an appointment, whether it's at the Elliot Hospital, the Dartmouth Clinic, the VA Hospital, Manchester Mental Health, wherever you're going, as long as it's on the east side, there is one bus, one schedule to remember, and no transfers to make. Hopefully it will make the system that much easier for passengers to use and cheaper to administer.

Alderman Roy said Kevin made five observations and understanding that the loop routes will be addressed at the right time when you can financially do it, have you made any progress on the other four observations.

Mr. Whitten replied yes. I'll take them in order so it's easier for folks to follow. With the fare box recovery ratio we have already changed the statistic as it is reported. We have removed some of the expenses that were included in there once it was kind of pointed out that they probably should be accounted for in a separate area of our expense. We've also created a new statistic that's on the Commissioner's Report that is called an Operation Recovery Ratio. The reason for that is, without trying to get too technical, the fare box recovery ratio is really a planning tool, and what that looks at is if you make service changes, what's the impact going to be on your fare revenue. Really the only revenue you want to have included in that is the cash that goes into the fare box, the ten-ride ticket passes and the monthly passes. We intentionally do include things like our U-pass programs with several local colleges, our public/private partnership with Stoneyfield Farms, E&R Cleaners. There is shopper shuttle, different grocery stores purchase services three days a week, and that revenue is kept separate because if you were to cancel the 6:00 trip for River Road, you would see no impact on that revenue because it's all contractually based and you really just want to see what the impact is going to be in the fare box itself. So this way we still can keep the fare box recovery ratio statistic intact for planning purposes, but we'll also be able to report an operational statistic to the commissioners and then through to the City that includes all operating revenues. So it should capture what Mr. Buckley was trying to get us to share, kind of a larger picture of what is our total operational revenue on our total expenses. I think we have kind of achieved both that way.

Mr. Whitten stated the second observation, the short range strategic plans in the final stage through Southern NH Planning Commission. They are tracking some of the finer reviews. This was something that should have been done approximately 15 months ago. It was significantly delayed because of the error funding. When error came out, that really pushed a lot of projects back. They didn't receive any more staffing or anything, so they went on the number of projects. They are the municipal planning organization, not just for Manchester, but several surrounding communities. So one requirement of error was that your project had to be shovel ready, so when projects were submitted, if they needed planning assistance, Southern NH Planning Commission kind of put a few things on the back burner and really went to move that error funding because it's been requested that that money get obligated as quickly as possible. Now that that is largely done, they've gone back to some of their regular things, and I expect to see a short-range transportation plan by the end of this year. That should be addressed. We've talked about the routes. The use of magnetic strip cards and readers is something that's at the top of our list in the event that a second round of stimulus funding is available or if there is a transportation capital grant that's been talked about in Washington, DC. If any of that materializes, this is the number one priority from a capital standpoint for the MTA. Our fare boxes are called a

GFI Genfare; it is the original version of a fare box. All it does is takes dollars and change and that's it. They have fare boxes out there that will print transfers, ten-ride tickets, and monthly passes. What that does is a couple of things. It removes the requirement for the operators to carry cash, which none of us really like seeing, but it's the only way that we can sell things to the public. It also eliminates having to stock several different things. We pay for printing costs and storage for monthly passes; every month the pass has to change color because there is no way to print it with a live date on it. We'd also like to see perhaps a shorter range plan. They have kiosks; an airport is a common place you see these for parking, where you can prepay your parking in advance. They have those for the transit industry where you could buy a 1ten-ride ticket, a monthly pass, a day pass, which is something we're going to come out with in November. To house one of those a good location would be the welcome center right downtown at Veteran's Park. Every bus goes to Veteran's Park. That would also work if something doesn't come out where we could replace the fare box in every vehicle. That would be more capital intensive. A much cheaper option would be to have one local like a vending machine for transit downtown. There are two avenues that we can do with that. We will keep monitoring things from Washington to see if capital funding is available.

Mr. Whitten stated the final observation, the written emergency communication plan, has been drafted and will be presented to our commission on October 26th. I don't expect any delays there, so we should see that passed in two weeks' time.

Alderman Long said thank you, Mr. Chairman. The health care circulator, are the facilities currently online that you'll be going to? This is coming out November 1st, the health care circulator? Are the facilities that this circulator is going to be going to online now? Do you know? Is the list of those facilities online on the website?

Mr. Whitten replied everything will be posted this Friday. Things will go out with ten days advance notice. You will see that. It will be in the bus schedule. So everything will be posted online, on our Facebook page. There will be postings inside each of the buses, so that will be up there by this Friday.

Alderman Long asked is there any other initiative to market the high-rises or to get the word out because I think that's a great opportunity that will really work.

Mr. Whitten replied yes, we have communicated with all of the health care facilities themselves to hopefully have them educate their patients, folks that are visiting the facility, and employees. That's another big piece of this. We found that a lot of the patients will take StepSaver and the employees will take the fixed route, and you end up running two vehicles, each bringing one person to the same

spot at the same time. This should get rid of a lot of that inefficiency; they will both be on the fixed route service.

Alderman Long asked the magnetic strips, for how you would like them to run, what are you looking for at a capital expense to implement that? Do you have a rough idea?

Mr. Whitten replied ideally I think for a city this size, the most sensible way to do it would be to partner with the Parking Division. They have passes available that will combine everything together. You pay for your parking wirelessly, you go by the fare box and you just tap the top of the fare box and it pays the fare all from the same account. Something like that I would imagine would be roughly \$75,000 to \$85,000 to implement fleetwide. Some of that would be offset by the Parking Department but Brandy Stanely would probably be able to give more accurate numbers to that. I know she's looked into that for the Parking Division.

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

TABLED ITEM

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.

Chairman said I will tell you that Item 9 is not ready to be removed from the table. This has to do with the implementation of the new software system that Alderman O'Neil alluded to earlier. Probably next month, or at the very latest the month after, we'll be able to put that one to bed.

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

A True Record. Attest.

Clerk of Committee