

COMMITTEE ON ADMINISTRATION/INFORMATION SYSTEMS

September 25, 2006

4:00 PM

Chairman O'Neil called the meeting to order.

The Clerk called the roll.

Present: Aldermen O'Neil, Lopez, Smith, and DeVries

Absent Forest

Messrs.: Diane Prew, Jennie Angell, David Cornell, Kevin Clougherty, Lisa Thibeault, Frank Thomas, Tim Clougherty, Kevin Sheppard, Mindy Abood, Tom Bowen, Thomas Nichols

Chairman O'Neil addressed item 3 of the agenda.

3. Communication from the Public Health Director submitting proposed revisions to Chapter 117 of the Codes of Ordinances relative to food establishment permit fees.

On motion of Alderman Lopez, duly seconded by Alderman DeVries, it was voted to accept the proposed revisions.

Chairman O'Neil addressed item 4 of the agenda.

4. Communication from Matt Normand, Office of the City Clerk, advising that the temporary taxi rate increase has expired in September and though gasoline prices have dropped some drivers have requested the rate increase remain in place.

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

Alderman DeVries stated if I understand the scenario, the two owners are requesting that the increase stay in place, even though gas prices have dropped. And more than discussion, I would just state my opinion that I think that the increase in the taxi rates adversely affect those that can least afford to pay it in the community. And I would not be in favor of maintaining the increase unless it has been justified for this Board.

Chairman O'Neil stated it might be helpful for Mr. Normand just to give us a general overview of how the process works because it's not as clear cut as the general public might think it is. Matt, you want to...

Mr. Matthew Normand, Deputy City Clerk, stated the rate increase has been in for three months now. You put a sunset provision on that. It's set to expire this month, and both owners of the taxi cab companies here in the City have requested that it remain in place. We've had a couple of drivers call and ask that it be abolished, that it was affecting some of their clients, or their fares. The initial intent of the Committee was to help out the drivers with the gas increases, and it has obviously come down significantly in the last month or so. Who knows what's going to happen next month.

Chairman O'Neil stated Matt, can you just...the drivers lease the vehicles from the company and then the drivers are responsible for the fuel?

Mr. Normand stated right now both companies charge \$110 lease per twelve hour shift, so regardless of what the rates are, each driver is required to pay \$110 to the owner. So I think the rate increase truly helped to some degree, the driver. But I'm not sure...none of them have said that their business has dramatically dropped off because of it, so I'm not clear, I don't have any numbers for you on whether business has tailed off. They're going to pay that \$110 no matter what, per shift, whether you put the increase back to the former rates or you keep that where they are right now.

Alderman DeVries stated I'm just wondering if there's maybe a compromise that we could make to allow an additional three month period with half the increase, rather than the full fifty cent increase. Where gas prices are still somewhat higher that it still makes it somewhat more palatable for those that are dependent upon taxis as their primary means of transportation.

Chairman O'Neil asked Matt, where would that put us, if Alderman DeVries's wishes were carried out?

Mr. Normand stated I didn't catch the last...three month increase and then split the...so it would be a twenty-five cent increase...

Alderman DeVries stated for the next three months, and have it sunset again and review it in another three months to see where gas prices are at.

Mr. Normand stated the Committee can certainly do that.

Chairman O'Neil stated that sounds like a pretty good compromise.

Alderman Lopez stated I agree with Alderman DeVries for several reasons. It could be just an election year. After November we don't know what's going to happen.

On motion of Alderman DeVries, duly seconded by Alderman Smith, it was voted to drop the increase to twenty-five cents from fifty cents, with a three-month sunset provision, at which time it would be reviewed by the Committee.

Chairman O'Neil addressed item 5 of the agenda.

5. Update to be presented by Diane Prew, Director Information Services of the City's website.

Ms. Diane Prew, Information Services Director, stated good afternoon, ladies and gentlemen. This will be the second in our presentations of the various areas that the Information Systems Department works on. This will be an overview of the City's website. What you're looking at there is our current home page. The agenda for today includes a little bit on the history of the website and how it was developed, a quick overview of the organization and design of the website, a discussion on how the website is maintained and what services are available, and some statistics. The Information Systems Department took over the website in

1999. A committee was appointed by the Mayor to provide assistance to us in developing the new expanded site. The Manchester Development Corporation was very interested in the website as an economic development tool, and Gary Long from the Manchester Development Corporation became a member of our committee and worked with us, with representatives from the various departments and a member of the City Solicitor's office to set policies and determine what the City's website was going to be doing. MDC also provided funding for this since we did not have available funds at the time. So with their funding we were able to go out for a bid and for consultants. Novis Solution was selected at that time for the consulting services and we purchased content management software. Then, in 2003, we were able to hire a web administrator to take over coordination of the website. Now the website is divided into four areas, representing different approaches to the information. The first is Living Here, which is mainly for residents or for people that are looking to move to Manchester. Information such as employment, health and human services, hospitals, libraries, schools, recreation, those kind of things are included in this particular area. The second is Doing Business for the City. Here we've tried to put all the information that would be of interest to businesses that are in the City or those that are looking to relocate here. That would include interest in business and economic development, construction and land use, licenses and permits, ordinances, regulations, information about the airport, and lots more. Then we have the area that's dedicated to leisure. That includes information such as activities for seniors, arts and attractions, the downtown dining guide, leisure events, libraries, public recreation, that kind of thing. And the final area is City Government. And that's where we have information about the Board of Mayor and Aldermen, City budget, finances, City departments, City ordinances, commissions, Mayor's office – anything that's pertinent to the government of the City. How do we maintain the website? Well, our web administrator is responsible for designing, developing, coordinating, and generally overseeing the website. He works with the City departments. Each City department has a web content developer. And the web content developers, by using the content management software, are able to maintain the information that appears on their departments' websites. The Web Services Administrator meets with these people on a regular basis to bring them up to date on new functionality that's available and to discuss any needs that they may see or any changes that they would like to see to the website. Our online services...one of the things that I passed out this evening is a printout of the online services that are currently available. The list was a little too long to be able to go through each one so what I've done is picked out some of the newer services, and we'd like to give you a quick tour through those. This is one of the newest things that we have. Starting this month the City Library started offering access to a growing collection of audiobooks via the City website. Patrons can use their library card to download audiobooks to their computer, transfer them to an MP-3 player or burn selected titles into a CD, for listening on the go. This service is

available 24/7. We have online newsletters. These newsletters are an important resource of information for people interested in specific topics, such as what's going on at the City Library, snow emergencies, advance notice of tax bill mailings. People can sign up for any of the City's online newsletters directly through the website and the service helps to eliminate the cost associated with mailing to individuals requesting information on a one-to-one basis. Now, the snow emergency. As you can see we have about 2,100 subscribers. When the Highway Department declares a snow emergency, an individual can have one or more websites sent to wherever they wish to be notified that there is a snow emergency in place within the City. And we've had really good response on that. Another thing that the website is allowing us to do is to conduct surveys. Examples of this include E-Reg. The Tax Collector's office is currently asking customers if they typically visit the tax office to renew their vehicle registration or if they mail it in, and they've had about 10,000 hits to that. Another area is the Planning Department. It's conducting a survey asking Manchester citizens to provide responses to specific questions about the new Master Plan and Master Plan process. And they've had over 500 responses to that. The 2006 property revaluation information is available on line through links to the appraisal company. The information about the revaluation process is also posted, on how to compare properties and what the revaluation will mean to property owners. As you can see from the quote, the availability of this information may have helped the taxpayers understand the process and reduce the number of hearing requests. Voters can quickly find what ward they reside in, who their Alderman is, how to contact him or her, and where their polling location is with an interactive street map and a photo of the location. We also put sample ballots for the voters to review before going to the polls. Auto-calculating of business forms. There are permit application forms for things like electrical, plumbing, and HVAC that have built in worksheets. The worksheets enable applicants to quickly and easily enter their permit application data. The form does all the calculation work for the permit fees and prints a completed form that's ready to mail. The business community does seem to appreciate the convenience of this. Locations of important events. Events are announced online on the City's news. They are posted on the online calendar and then we provide maps to the locations, and hopefully increase participation for those people coming into the City that may not be totally familiar with where things are. We recently installed a new search capability that allows users to search the entire website. For example, you can quickly search posted Board of Mayor and Alderman minutes for any topic that was discussed. Simply enter a key word for the topic and the search engine provides a complete list of links for all occurrences. Hopefully this helps out the City Clerk's office so people don't have to contact them. They can go right to the minutes themselves. Now just for a few statistics... Since our web Service Administrator started in 2003, and we started adding capabilities to the system, the number of content pages that are viewed has increased threefold. In 2003 we had about 130,000 in

the month of July. In 2006 we had over 600,000. So that's a very nice increase in activity. We have over 45,000 unique visitors per month to the website. And many of these visitors return frequently during the month for updates and additional information. So the website really is getting a lot of use. Traffic to the website includes an increase in visitors who use high speed home service, business networks, higher education internet connections. Dial-up visitors are still part of our target audience and the website is designed to be dial-up friendly. City employees account for less than five percent of the website visits. And that's kind of important because we were wondering how much of the traffic was our own. But it's less than five percent. All the rest of it is coming from the outside. The City's website is truly worldwide. Each of those yellow dots represents user requests. Most of our users do come from greater Manchester and the New England states. However, you can see that we receive requests from across the country and even as far away as Europe, South America, Asia, and there's one out there in New Zealand. I don't know if you can see that. This is a very quick overview of the website. There are literally thousands of pages of information, and it lists other helpful sites as well. We do see the web site to continue to grow, to continue to provide further functionality, and further information to our constituents, both our residents and people all over the world. I would be glad to answer any questions.

Alderman Lopez stated excellent presentation. You keep us informed. We appreciate that. One question: Could you walk me through a procedure that you have in the City when a department head wants something to be on the website or a different time of form or format?

Ms. Prew stated most of that is coordinated through the web content developer in the department. The departments have the capability of putting pages out on the website, putting out whatever they want to put out on the website. If they need more assistance with special forms or such, they would call the web administrator and he would work with them to get that completed.

Alderman Lopez stated I guess the other question I have really is for Carol. Since the minutes are on the website, is it necessary for us to get a hard copy?

Ms. Carol Johnson, Deputy City Clerk, stated the minutes that you receive as hard copies are actually part of an agenda. We do not put them on the web until the Board has approved them.

Alderman DeVries stated I'll just make a quick comment because I think it's obvious from the statistics that you showed us tonight that the utilization is increasing dramatically at the website. I think the general public is greatly appreciative of all of our efforts - your efforts - to bring them the online services,

specifically paying their different bills online and we thank you for that. It's a huge assistance to busy families.

Chairman O'Neil stated Diane, on a separate handout you gave us, it says this is a print view, you talk...it says people services, and the very first item, applied for a City job. It says you can apply online. How far... and it says auto registration we can do online, and that seems to be very popular, as is applying for jobs. Some of the other items may be for the Clerk because I think some of these come from the Clerk – birth certificates, death certificates, marriage certificates, register your bicycle, school health forms. Will we eventually transition into where some of those things can also be done online?

Ms. Prew responded yes, I would think so. Some of has to do...we need signatures or you need to send money in with it. But over time I would think that those things would become more automated.

Chairman O'Neil stated and it appears the Tax Collector is very fond of online services. She's shaking her head in the back of the room. Any other questions? I think this is very helpful, very educational, and there's a lot more going on than I think the elected officials know, and I will admit that I, on occasion, if I've misplaced my agenda, I go online and print it from the website, so that's very helpful to even the Aldermen. So thank you very much, Diane.

Chairman O'Neil addressed item 6 of the agenda.

6. Communication from the Board of Assessors submitting exemption analysis and suggested changes for elderly and disabled exemptions.

Chairman O'Neil stated David and Tom, welcome.

Mr. David Cornell, Chairman, Board of Assessors, stated I believe there is a handout that we have. What we'd like to do is briefly update you, give you some historical information as far as the exemptions, and show how that plays with the new revaluation. This first slide shows some historical data back from 2000-2006. As you can see, we've been holding fairly consistent, right around 1,200, for the number of elderly that receive the exemption amounts. One thing to note there, you do see a slight upward trend in the over-eighty category, and that's just because people are aging and moving through the process, and now they're in the over-eighty category. This next is the blind exemptions. This shows the yearly total for those who receive the blind exemption. Next is the disability exemption. This started back in 2001. The Aldermen adopted it. This exemption is a local

option, so community to community can adopt that. And as you can see it has gone up in a linear pattern since 2002. We're currently at about 253. This is just a comparison of how Manchester compares, in this case, with the ten largest communities in the State and also how we compare to the State averages. So that gives you a brief overview of how we compare to other communities in the State. The first is the elderly exemption and on the bottom there's the disabled exemption. In one of our meetings in the spring, Alderman Lopez requested specifically, how do we compare to Nashua, Salem, Concord, and Portsmouth. So there we have communities similar to Manchester and it's more, how do we compare to those particular communities? Under the disabled exemptions you will see a zero for Salem and Concord. Those communities have not adopted the elderly exemption. The handout, the form that we sent the Aldermen, as far as where we're at now currently, from the 65 to the 74 category range, \$70,000 is reduced from the assessed value. Where to go after the revaluation certainly is completely up to the Aldermen, so what we did is we calculated it two ways. The first calculation is where the exemption amounts need to be adjusted to, utilizing an 82 percent increase. The 82 percent increase was a general average of the increase in single family properties. So, throughout the City, all residential properties increased on an average of about 82 percent. What we did next is we then calculated the percent increase in each category. And when we did that we found actually all categories increased at a greater rate than the population as a whole. So the middle sheet, if you look at the 82 percent, that's where the exemption amounts would be increased to if you increased all the amounts by 82 percent. And the farthest column over to the right, that's the column where it would be increased to the actual amounts. For example, the elderly, when we calculated it out, increased by 91 percent on average. For the disabled, they increased 90 percent, and for the blind, they increased at 84 percent. What this screen does, it shows the total amount that would be reduced from the taxable base of the property, using these different assumptions. The first column is current exemption amounts, so that's roughly \$162 million. The second column would be, if it's increased by 82 percent, if you look at the column there, it calculates up to about \$298 million. But if some of that...we have an unused portion. Let's say if an elderly person owns a condo that's worth \$110,000 and the exemption amount may be \$170,000, there'll be a portion that's unused. So if it's increased by 82 percent, we will have about \$14.7 million in unused credits to give us a total of roughly \$283 million. The last category is increasing by the actual amounts. All of these are just...certainly the Aldermen are free to adjust any of these figures. This is just three different methodologies that we were requested to calculate, and certainly you could be free to mix and match any of these.

Alderman DeVries stated just for the sake of clarification so that everybody at home can understand some of the graphics presented to us, if we increase by the 82 percent, that's par with the increase of the tax base and the revaluation. But

many of the individuals receiving exemptions previously, they're actual property values you have calculated, have increased by a larger percentage than 82 percent, which is why you have the final column increase by actual. And if we want to keep individuals who previously received an exemption continuing to receive that exemption in the future, we need to be adopting the increase by actual as the figures that we pass on to the Board. Correct?

Mr. Cornell stated that's correct. As far as, let's say for the elderly for example, the average increase for those receiving the elderly exemption increased 91 percent, as a whole. There'll be some that didn't increase quite as much as that, and there'll be others that actually increased more than that, but as a population as a whole, it increased 91 percent. The 82 percent is what essentially all residential properties, on average, increased to. And the tax base as a whole didn't increase quite...was more in the 80 percent range.

Chairman O'Neil stated David, you said elderly was 91 percent, disabled was 90 percent, and blind was 84 percent?

Mr. Cornell stated that's correct.

Alderman Lopez stated I guess maybe I want to follow up on the increase...82...to make sure...previous documentation that you sent us. If you adjust this to 91 percent increase, what number are we looking at?

Mr. Cornell responded let me go back here. So the farthest column to the right, at 91 percent, would be the elderly, so that's the 65 to 74, the 75 to 79, and the over-eighty. So if you increase it by 91 percent, there would be \$133,700 in the other two columns below that.

Alderman Lopez stated I wanted to clear that up. I thought that's what you meant, but I just wanted to clear it up in my own mind. Now, when you say mix/match...take the disability that is 90 percent, is the difference 82 percent...does that change any...I don't think that changes anything, does it? Except for the blind. Right? Is that the \$163,800?

Mr. Cornell stated it looks like...if you follow the disability at 82 percent, it would be taking off about \$57.8 million and so that would be at the 82 percent. At 90 percent it would be the \$60.3 million.

Alderman Lopez stated okay and one of the areas you missed...I don't think you touched...is the income for qualification.

Mr. Cornell stated right. For the income, the last time the income was adjusted was in 2004, and there was an error in the memo we sent our previously. We stated it was 2003. We've researched that. It actually was 2004. If you use the consumer price index, it would be...from 2004 to 2006 it was a little under six percent. If we're saying this would take place as of April 1st, 2007, for the increase in exemptions, we could probably figure in probably...in the memo we calculated 8.7 percent, and I think that would be fairly close, even though we did have the wrong year in there.

Alderman Lopez stated now just to...normally when we set this, at least it's been in the past is that we don't change it very many times. Once we set it, it's set until such a time. I'm wondering about...is that enough to set, let's say because we're going through the whole process here on the assessed valuation and the tax base, should we look forward to looking out years...as two or three years as we have in the past or should we do this every year?

Mr. Cornell stated I think that would be something certainly at your discretion. Historically, we've waited years and then taken big jumps at a time. I know other people previously have talked about just adjusting it yearly to maybe a consumer price index. So yearly, whatever the rate of inflation would be would automatically adjust.

Alderman Lopez stated what I'm concerned about is that if we do it \$30,000 and \$42,000, is then the following year people are going to be getting off the exemption and not going to have enough money to pay their taxes. So, in looking at that, and trying to come up with another number that's more comfortable, to me anyways, is so that the exemption...the elderly can have the exemption without fear, even if they get a two percent increase in their social security, or whatever the case may be. I think it ought to go up, in my own opinion, to at least single at \$32,000 in today's world and \$45,000 to married. Get it all down once and for all as we go through this reval situation. That's something we have to make a decision on, and I'm very comfortable in making that decision when the time comes. There's another area I want to talk about, but I'll wait until this is over with because there's the Veteran's exemptions also.

Alderman Smith stated back in May you sent out a list and I noticed you adjust your figures in this presentation. I'm interested in exemption for blind. According to your summary, 69 people are presently in that state. Am I correct if it's 82 percent, it would go from a value of \$90,000 to \$163,800? Would that be right, what you're presenting to us tonight?

Mr. Cornell stated I'm sorry, could you repeat that?

Alderman Smith stated the residential real estate to the value of \$90,000, would it go to \$163,800? This is on the agenda tonight.

Mr. Cornell stated oh, okay, the individual amounts?

Alderman Smith stated yes. And I know that you're just speculating, but I'm very interested in the blind, and since there's a low percentage of blind, I think that we should be able to do everything we possibly...and I know it's going to go with the Board, but do you have any ideas, or are you just throwing the figures out and relying on the Board of Mayor and Aldermen to make the adjustments?

Mr. Cornell stated we feel really our role is just to provide unbiased information and it's certainly up to the Board to decide what figures to choose.

Alderman Lopez stated it seems we have two different numbers here, and I just want to...I've got \$171,000 and the Alderman got \$163,000.

Alderman Smith stated one's at 82 percent and the other one's 91, or 84.

Alderman Lopez stated okay, thank you.

Alderman DeVries stated this is always one of the most difficult things that we have to accomplish as a Board, because we all want to do as much as we can for the elderly, the disabled, the blind. But it needs to be balanced because anything that is given as an exemption to one group of course means increased taxes to the other group or the remaining groups, which adversely impacts young families trying to purchase their new home and afford staying in their home, which is what makes it such a difficult balancing act and such a difficult decision for us to make as a Board. I wholeheartedly endorse that we keep people who have previously been at a certain level receiving the exemptions whole as best we can as a Board. And I would make a motion today that we do increase by the actual the exemption amounts, so that would be the third column there, and we do adopt the 8.7 percent increase as a recommendation to forward to the full Board.

Chairman O'Neil stated before I accept that can I ask a question? I want to make sure I understand, and let's work off the summary page. The column on the right would be consistent with the practices of this Board from the past.

Mr. Cornell stated yes.

Chairman O'Neil stated it's just with the new data that's been collected. Those actuals in that column would be consistent with what we've adopted in the past. And we should not see significant difference in either an increase or a decrease in

the approximate number that are receiving the exemptions in any of those categories. Is that a true statement?

Mr. Cornell stated right. For the number that receive the exemption, that should not change at all. The amount...the only thing really...the big difference there is in the particular categories, the elderly increased at a faster rate than the population as a whole, and so...

Chairman O'Neil asked is there any...why is that? Do we know?

Mr. Cornell stated when we analyzed it, we looked at the average elderly home...was at more of the lower end of value, and if you look at what the market's done in the last five years, percentage-wise, if you start out with a smaller base, every dollar you go up, percentage-wise, it goes up quicker. That's the best conclusion that we came up with.

Chairman O'Neil stated so it's not an exact science but it's a guesstimate of some sort? So, again, I just want to...the far right column would be consistent with the new numbers, based on the practice of the Board of Mayor and Aldermen in the past.

Mr. Cornell stated right. It would give them the same proportional benefit after the reval as it did before the reval.

Chairman O'Neil stated in the three elderly exemption categories, the disabled category, and the blind category.

Mr. Cornell stated right, and just so we're clear here also, let's say for the 91 percent, there will be people that will be paying more after the reval than before because there are properties that went up more than 91 percent. But as a class of property, they went up 91 percent. So as a class it's being treated fairly, but in that class there'll be some owners have gone up or down.

Alderman Lopez stated if we're doing the 91 percent only, we're not talking about the eligibility. Eligibility is separate, on the income in order to be eligible.

Chairman O'Neil stated that's correct, right Gentlemen?

Mr. Cornell stated that's correct.

Alderman DeVries made a motion to increase the exemptions by the figures represented in the actual column as presented. Alderman Lopez seconded the motion.

Alderman Smith asked does anyone have any idea of what this amounts to, total?

Mr. Cornell stated \$292,000 would be increasing at the actual, which would be the 91 percent, the 90 percent and the 84 percent. That figure may change slightly, but it's a fairly good approximation.

Chairman O'Neil called for a vote. The motion carried unanimously.

Chairman O'Neil asked do you want to take the second item, Alderman Lopez?

Alderman Lopez made a motion that, based on total net income, including any retirement income, a single person cannot exceed \$32,000 per year and a married person cannot exceed \$45,000 per year in order to be eligible to move on.

Alderman Smith seconded the motion.

Alderman Lopez stated I'm afraid that if we don't do something like that a lot of the elderly are going to be exempt in year two or year one, when social security gives them an increase and retirement increase – whatever the case may be – that it would be taking them off the rows but in the end they would be paying more money for taxes if we're going to exempt them. Second is to be eligible in going through, the total assets of \$75,000, excluding the value of your home. So all these things taken into consideration when making the exemptions, so I think, instead of us attacking this thing on a yearly basis, that if we don't solve the problem at this time, we'll be fighting this issue every year. That's the reason we did it before is... and we never had any problem with it. But money today is not the same money that they had before. And a lot of the elderly prescription drugs and everything else, so it's really costly. And to me, they've paid their fair share in the community.

Alderman Smith stated I think it's a very modest increase. We're only talking a single person, \$2,000 more and a married person, \$3,000 more from the proposal of 91 percent increase, so it's very modest and, like Alderman Lopez said, everything goes up, and a lot of these people, especially in my ward, are retired and in single family homes and, as everybody knows, single family homes got hit on the west side tremendously.

Alderman DeVries asked do you have any idea how many additional individuals that may put into the numbers and increase...

Mr. Cornell stated we were originally projecting, if the amounts were increased to \$30,000 and \$42,000, it would be about a five or ten percent increase.

Alderman DeVries asked so can you extrapolate from that the \$32,000 and \$45,000?

Mr. Cornell stated it would probably be more on the ten percent side. This is just a guess because we don't have an exact science, because for those who don't qualify, we don't hear from them.

Alderman DeVries stated so since you're more mathematically based than I, could you extrapolate a ten percent increase across so we would see ten percent on each of those figures?

Mr. Cornell stated the ten percent on the actual increase, that would be about \$29.2 million additional taxes coming off next year.

Alderman DeVries stated so that would bring it up to \$321 million.

Chairman O'Neil asked Alderman Lopez, was your motion exclusive to elderly exemption or were you changing anything on the blind or disabled?

Alderman Lopez responded no, it's strictly for the elderly eligibility.

Chairman O'Neil called for a vote on the motion. It carried unanimously.

Mr. Thomas Nichols, Board of Assessors, stated the last time we met I thought we were supposed to change...or the Aldermen were considering changing the acid limit from \$75,000 for a single person to a higher amount for the married couple. It's up to the Board, but...

Alderman Lopez stated thank you, Tommy. And that's a very good point, because there was some discussion about it because \$100,000, as you said from the asset of \$75,000. We never did take any position on it, but it is a very valid point. If you include everything that's listed here, and for the public it's cars, antiques, furniture, savings, checking accounts, stocks, bonds, you know...a person can very easily be disqualified, so it is an open discussion and I have no problem...I know that one of the Aldermen voiced his concern on the full Board that it should be increased in today's money, so to speak.

Chairman O'Neil asked Tom, does the Assessor's office have a recommendation for us?

Mr. Nichols responded no, I don't. I can tell you that the majority of the people who had been disqualified and the ones that we have pending right now – there's 54 of them that we have to look at for 2007 – if the \$75,000 does not change, they

won't qualify. Some of them won't qualify because they're going to be stuck at the \$75,000 asset limit.

Chairman O'Neil asked is that something...can you give this thought and come back to us with a recommendation before the full Board meeting?

Mr. Cornell stated on a surface level, certainly we feel our job is just to provide information. We're trying to stay out of the recommending because, as Alderman DeVries indicated, it's a very tough balancing act of providing those who need tax relief tax relief, but every dollar that you provide tax relief takes away from the rest of the community. So we feel that's probably best up to the elected officials to make those decisions.

Alderman DeVries asked can you help us by telling us, as you just did with changing the income levels, is there a percentage that you've worked out so if we were to change the \$75,000 to \$80,000 or \$85,000, we have some idea what we're taking off the rolls of taxable properties? Have you worked that out already?

Mr. Cornell responded we haven't. Some of it is, when somebody comes in to qualify, we state the guidelines...to say okay if your income is under X and your assets are under X, go ahead and fill out the form. And many of those we don't hear back from. So we're not sure if it was their income that disqualified them, their assets that disqualified them... We do know that some people that do come in do have too many assets now. So if was moved up to \$100,000, what would you guess, Tommy?

Mr. Arnold responded I'd say out of the 54 that we have right now, half of them or more get it. I'd have to go back into my files and find out the ones who didn't qualify this past year and have to call them back up. But remember now, they're only doing this for 2007. I don't want anybody out there that's watching...that we're not doing this for 2006 on the assets or income levels. Those are the 2007. The only thing the Aldermen are going to change for this year, I think, is for the limit amount, as far as the \$70,000, the \$95,000 and the \$125,000 going upward.

Alderman Lopez stated I think that you're right on the exemptions, but we're also right on what we're recommending to the full Board as the net income, and where you brought up the issue of the total assets, \$75,000, I think that was a Board discussion, and we never did come to a conclusion. So that could go up to \$100,000. I am looking at the total eligibility here, so we're not confused as to one item of moving forward to the full Board. Right now we've taken two actions, and everything else remains the same. So unless we change the \$75,000 to \$100,000, the \$75,000 goes to the full Board. And at that time it could be

changed to \$100,000 if we don't make a recommendation. Do you agree with that?

Mr. Cornell stated I believe so, yes.

Alderman Lopez made a motion that total assets go from \$75,000 to \$100,000.

Alderman DeVries asked aren't the assets usually determined by the age, matching the exemption? No? That's just one set?

Mr. Cornell responded that's just one set for the entire category.

Alderman DeVries stated and that is still, for clarification, lower for an asset limit than some of the other large communities, if I recall the slide. Weren't they doing more in the \$125,000 range? So that's not a...

Mr. Cornell stated if you look at the asset limit, it shows the four different...single asset limit in the...so Nashua, for example, would have \$125,000; Salem \$60,000; Concord \$90,000; and Portsmouth \$100,000.

Alderman DeVries stated and you were not able to guesstimate? I think I heard Tom Nichols indicate that by increasing to \$100,000 we may pick up an additional 50 people, which is another 20 percent increase.

Mr. Arnold stated they're in three different categories and I went through it today, and one third are in the first category – 65 to 74, and two thirds of them were in the over-eighty. There were very few in the 75 to 79 bracket. As far as their age limits go, there are a third in the 65 to 74 and two-thirds over-eighty that are waiting to hear what we do tonight.

Alderman DeVries stated if I could just clarify for the full Board meeting, and if you could maybe give us better compilation of all these facts and figures so that we can have a well-rounded discussion at the Board with the whole Board obviously weighing in on this. But I will for the time being second that \$100,000 and if there's any way that you can correlate that to the increase of the tax base that we're taking off the rolls, that's helpful.

Mr. Nichols asked are we leaving the \$75,000 for the single person and \$100,000 for the married couple?

Alderman DeVries stated I don't recall what the motion was from Alderman Lopez.

Mr. Nichols asked are we just going to say \$100,000...

Mr. Cornell responded no.

Mr. Nichols stated because not everybody who comes in is married. There are singles, too.

Alderman Lopez stated yes, you're right.

Alderman DeVries stated the figures represented up on the board, is that single, married, or...

Mr. Cornell stated currently we have the \$75,000 applies both to single and married.

Alderman Lopez stated which has been an argument. It's not fair. So let me rephrase my motion then. I think Tommy, you bring a really good valid point. To leave it at \$75,000 for a single and \$100,000 for married.

Chairman O'Neil asked that's the proper motion?

Alderman Lopez stated yes, that's the proper motion.

Mr. Nichols stated I think Alderman Osborne's the one that brought this up the last time, that he wanted to see two different categories and that's the only reason I'm bringing it up.

Chairman O'Neil stated so there's a motion made that the asset limit on single remains at \$75,000, but for married goes up to \$100,000. Is that correct, Alderman Lopez?

Alderman Lopez stated yes.

Chairman O'Neil asked is there a second?

Alderman DeVries stated additional questions before...it's probably one of the...

Chairman O'Neil stated can we get a second and then...

Alderman DeVries stated I'll second for discussion. What happens to an individual that becomes widowed, that had been receiving at the \$100,000 the assets and then becomes widowed?

Mr. Nichols stated as soon as we find out that the husband or wife dies, we try to requalify that person, and the asset limit will go down because they are now single.

Alderman DeVries stated but yet their actual assets, because of inheritance, wouldn't go down.

Mr. Cornell stated they remain under the married exemption law until they either resell the house or they remarry. So they wouldn't lose the exemption if their spouse would pass away. And that's written into State law.

Alderman DeVries stated that's a better answer. I'm all set.

Alderman Smith stated I'm very concerned on this because it's sort of like discriminating against someone who's married. Some people who are single have greater assets than people who are married. And I think that in the wisdom of the City fathers, that's the reason why they were the same amount, my estimation. I don't know what your thought is on it, but you're penalizing someone for being married. I realize the income might be greater but so isn't individual people who are in business themselves. They've got substantial money and they're going to be paying really less.

Mr. Cornell stated once again I'll leave that to the elected officials to decide how they want to handle it.

Chairman O'Neil asked do we want to send off the recommendation even if there's still some question with it, so we can at least get it to the full Board level, knowing very well that there's probably going to be a detailed discussion?

Alderman Lopez stated I think we have to because they're going to need something...

Chairman O'Neil asked are you okay with your second to at least send it to the full Board, Alderman DeVries?

Alderman DeVries responded for \$75,000 for the single and \$100,000 for the married, yes.

Chairman O'Neil called for a vote. The motion carried. Are we all set with the Assessors?

Alderman Lopez stated no, one more.

Chairman O'Neil stated oh, that's right, I'm sorry.

Alderman Lopez stated the Veterans Credit, we have increased it from \$50 all the way to \$300. Effective April 1, 2007 I'd like to get that increased to \$400, for all Veterans Exemptions.

The motion of Alderman Lopez was duly seconded by Alderman Smith and carried unanimously.

Chairman O'Neil addressed item 7 on the agenda.

7. Continuing discussion regarding centralized purchasing administration, fleet management and various communications received from the Finance Department items enclosed as follows:
 - a) Original communications and report from Finance Department regarding purchasing activities in comparable cities;
 - b) Cell phone/pager analysis submitted by Finance Department;
 - c) Centralized purchasing for printing needs submitted by Finance Department; and
 - d) W.B. Mason Analysis submitted by Finance Department.

Chairman O'Neil stated Mr. Sherman started a presentation that he couldn't finish last time so that's probably a good place to pick up from. We're looking for Mr. Sherman to continue his presentation. Without him here, is there any discussion that the committee would like to go into? It appears just about every department is represented here.

Alderman Smith asked were most of these departments notified of the whole agreement? Because I understand, like the purchasing card, we knew nothing about the agreement with the company, and so forth. As an Alderman, I don't know. Did the departments have any input or did it all come from Finance?

Chairman O'Neil asked Mr. Clougherty, can you answer that?

Kevin Clougherty, Finance Officer, stated I'm sorry I didn't hear the question in the back.

Chairman O'Neil stated the question was were the departments consulted regarding the use of the P cards?

Mr. K. Clougherty asked consulted in the design of them or in...what aspect of them?

Alderman Smith stated in any manner because as an Alderman I didn't know anything of any agreement until the last meeting.

Mr. K. Clougherty stated although we've been talking about purchasing cards for months. We've been talking about them as part of the budget process and how they would work.

Alderman Smith stated but you went into an agreement and signed a contract that we knew nothing about.

Mr. K. Clougherty stated again, Alderman, just to put it in context, a purchase card is no different that a credit card. It's no different than a check. It's no different than cash. All of those items fall under my responsibility as Treasurer, and I make those decisions as to how are we going to make vehicles available for people to make transactions and how are those controls going to be put in place. So that's within my responsibility as the Finance Director for the City. So I make those decisions, and how those are used by departments is up to them. I can put in place a mechanism that has potential savings as a result of its use but if an individual department decides that they don't want to use it, or they want to use it sparingly, again, we have a very, very, very de-centralized operation here.

Alderman Smith stated follow-up, Kevin, I thoroughly disagree with you. I've been involved with different departments. I think the departments are run very, very well, and I think that this is being mismanaged by the Finance department. I think the department heads should be able to run their own department in the most efficient way possible, and I think that these people are doing it.

Mr. K. Clougherty stated with all due respect, Alderman, there is always room for improvement. Now what we're talking about is introducing new technology that most of your other states and other cities are using, that most of corporate America is using. This is not revolutionary. This is a natural transition along with other vehicles that are being put in place in the banking system, and changes that are ongoing. We are simply making sure that this City and these departments have the opportunity to take advantage of that new technology. Now, again, if an individual department head decides that they don't want to use the purchase card, that's not something that we can force down their throats.

Alderman Smith stated there's so many pieces of paper here.

Chairman O'Neil asked is that the summaries of cities?

Alderman Smith stated purchasing activities in comparable cities. And the only one that's...you know, most of them are...I'll have to go back to get the figure on it. I know there is only one from New England.

Mr. K. Clougherty asked Alderman, are you talking about the purchasing activities in cities comparable to Manchester, the list that was in the memo from Lisa Thibeault?

Alderman Smith stated no. I'll get back to it. Thank you.

Mr. K. Clougherty stated because if that's the list, I can explain that. What we did is we went back and, as I understand it in talking to Lisa, she went back and looked at all cities and towns that had a double A credit rating. Now just to remind you, double A is a superior credit rating. So what she was looking for, I suspect, in her analysis, was to compare Manchester to the better rated cities in New England. And you're right. There aren't a lot of them. Manchester has distinguished itself, along with just a few others, and that's why the comparison probably does not have a lot of people from Massachusetts or Vermont, because they don't have the comparable credit rating for a city our size. What we're trying to do is move forward in excellence, not to go backward and compare ourselves to people that have mediocre credit ratings. I think, and again, I didn't direct this. This is something she did on her own, but I think she tried to take a look at the better managed areas to see what they were doing and was this out of the norm or not.

Alderman Smith stated in other words, you went to Moodys rating and that was it. You didn't look at other comparisons like Lowell, Lawrence, or anything?

Mr. K. Clougherty stated no, Alderman, you're missing my point. Moodys rates every...and S & P, all the rating agencies assign a credit rating to every city and town in New England that's issuing debt – Lowell, Lawrence, whatever. What I believe she did when she did her analysis – and you'll have to ask her – she selected just those that have superior credit ratings. She didn't go back and compare Manchester to somebody who has a B double A credit rating or has an A credit rating that's inferior. She tried, I suspect, to compare Manchester to cities that are well-managed. We didn't want...I won't speak for her again because it's not an analysis that we directed or that we told her to do. It makes sense to me. Why would you compare yourself to a B double A city or an A- city when you're trying to determine what makes good management sense?

Alderman Smith stated we could argue but I could say comparative cities, and I'm just going by size, but there might be other reasons why the rating is the way it is. Maybe they extended their bonding. I don't know. Now Lawrence, Mass. just built a brand new stadium. I don't know if you realize that,

Mr. K. Clougherty stated yes, I do.

Alderman Smith stated and that might have some impact on Lawrence.

Mr. K. Clougherty stated I suspect, Alderman, that there are a number of issues that relate to their credit rating, including their debt, as you say, the amount of reserves that they have, their reliance on state funding. All those things are taken into consideration by the rating agencies. Again, I think the purpose of the analysis was to say is there some common theme amongst these better rated agencies, or better rated cities and towns. That's not to say that if you go to Lawrence or Lowell that they might not have central purchasing too. She apparently did not look at that, and if you want to expand the analysis to take a look at some other areas or some local cities or towns, and determine why or why not they are structured the way they are, I'm sure she'd be happy to do that. She did this, I think, generally in response to some questions that the committee gave her, and over a period of a couple weeks, she tried to pull together some information that would be useful and provide some direction to you. That's all it is.

Alderman Smith stated thank you.

Alderman DeVries stated I guess for a point of clarification, do we really have two separate items here, one being the implementation of the purchasing card and the second, maybe somewhat separate from that being the centralized purchasing concept that has been brought before us at the same time. And for purposes of discussion, in trying to figure out where the hiccups are in the system, that we should look at those separately and maybe find out if the departments are having problems with just the P card and then separately look at the central purchasing? Or are they so tied that they can't be separated?

Mr. K. Clougherty stated in my mind they're very closely tied because what you're trying to do...if you look at the example she gave, for example the item that dealt with the cell phones. All she did was list out activity and make some general assumptions on it. And admittedly, it's not a sophisticated analysis. We've talked to some of the departments and there are reasons why there are some phones on those lists. Kevin's pointed out that some of those phones are on the fire trucks and they're just for emergencies, and we hope we never have to use

them. Similarly, there are other explanations for some of the phones that are on there.

Alderman DeVries stated if I could interrupt though, because that would be your analysis, that they're very closely tied. I could see that there could be separate practicality of eliminating some of our existing purchase order system and streamline some of that process for the use of a purchasing card or a credit card, making sure there's less petty cash on hand, better accountability. And I can see that there's a very useful separation of having two separate discussions to see if we can separate this and find out where departments are falling out...

Chairman O'Neil stated I'm going to make a suggestion on this. Number one, during a discussion about purchase cards, it was the Finance Officer's position that it was in his duties as the Finance Officer, it was his responsibility. I believe that was supported by the City Solicitor. Tom, is that correct?

Tom Arnold, City Solicitor, responded I believe so.

Chairman O'Neil stated so I don't think we should dwell on, spend a lot of time on the purchase cards. Whether or not the individual departments use them is up to the individual departments. I am correct on that. Legally, he has the authority on the City entering into that. I will, however, say that knowing that this whole discussion was coming up, there should have been some discussion on the concept of purchase cards, but I would prefer not spending a lot of time, tonight especially, looking back because we're not going to accomplish anything. We've got the bigger picture of central purchasing, trying to meet some goal of \$200,000, which may or may not happen. Purchase cards may or may not help us get there. We have the two employees that are kind of hanging out there in the wind, not knowing what their future is with the City because this thing wasn't followed too properly as far as I was concerned. I do think we should separate them out and talk specifically tonight about central purchasing and if the department heads want to come up tonight and voice concerns for the record about purchase cards, that's fine. But I would prefer not spending a lot of time on it this evening.

Alderman Lopez stated I agree with you on the purchase card because the City Solicitor has indicated that. I think where the problem lies is deeper than that and I hope that we do not go through this next year is to try to implement programs without going through committee structure in the budget process. And I think that's where the flaw is. All this was done...I had some conversations with the City Solicitor and the Finance people and my interpretation of the budget situation, just a little briefly, is that we as a full Board approved the budget. And that should have been the bottom line because that's where we said we're going to have revenue come from, and everything else should have been just the

administration aspect of it. That would be another day for discussion. But that's the problem we got into in this process is that after the fact, after we approved the budget, we start going through committees and find out a lot of minuses and plusses, and that's not the way to run an operation. But that being said, I agree with you on the purchase card. Nothing we can do about it. The Finance Officer, being the Chief Finance Officer, has the responsibility for that. But the Board of Mayor and Aldermen do have responsibility as to policy and direction, as to which way we're going to go...is setting policy for his recommendations coming forward. And the same thing with central purchasing. Unfortunately, an individual employee went into this position, and again, just is doing something that the committee did ask her to do. Now, whether she reported to anybody, whether she should have reported to somebody, whether she should have went to the department heads, or made sure that they received some of this correspondence, is another day for discussion, but I agree with you. Let's move forward. Let's attack the problem. Let's move forward. If we're going to have a central purchasing system, we already have one, and that's with Frank Thomas. Maybe we can capitalize on that a little bit and set some policies. The work is going to be out of Finance, into the Highway department, or under the Highway department, whatever the case may be.

Chairman O'Neil stated Mr. Sherman did intend on continuing his presentation that he started at the last meeting, but he kind of got double scheduled at meetings and is downstairs and he's going to get up here as quick as he can to continue that presentation.

Alderman Lopez stated do you think maybe, Mr. Chairman, there's a lot of department heads in here, and I've heard privately from some of them, and I don't want to speak for any of them, but I think it's appropriate, in my viewpoint. Maybe they can enlighten us with something that we're missing here. I'm not too sure. The purchase card is a different situation. The Finance Officer says okay you can purchase \$50,000 or \$5,000 or whatever the case may be. Do you want to explain that, Kevin?

Mr. K. Clougherty stated this is an important distinction that the committee need to understand. When you adopted the budget this year, included in the budget, under the central purchasing line, was \$200,000 in revenue, not \$200,000 in savings but \$200,000 in revenue. In order to generate that revenue, you have to introduce the purchase cards and use them as aggressively as you can, or you have no hope of making that bogey. That's why we've been aggressive in going ahead and implementing this, so you'll at least have a fighting chance to at least try and get that number in. Now, if you want to get that \$200,000, and again, as I've mentioned in all of my letters, if you don't go ahead with the purchasing vehicle, we don't go ahead with the purchasing cards, then we're going to have to, when

we submit the tax rate forms, lower the revenue estimate by \$200,000 and that's going to have tax implications. And I want everybody to understand that. The reason we've tried to do what we've done is to help the Board make its budget assumptions. It's impossible to make it if you don't go down that path. Now, with respect to...and that's why I was saying to Alderman DeVries, there is a very close link between central purchasing and purchase cards. If you don't put in policies, and just to follow up on the cell phone example, if you look at them all individual, there are individual explanations for why minutes aren't used. That's not the issue. The bigger issue is that because every department is buying their own, they are negotiating on their own. If you use the purchase cards and use a central purchasing approach, then all cell phones would be bid in aggregate, and you may end up, as a result of that bidding process, having two or three contracts – one with Nextel because the Police department needs that perhaps, or one with Cingular because there's some other need. But you would have low numbers for service that would be purchased because of the City's overall aggregated strength in that area. Then departments can choose how they want to go after each one of those. I don't think the question is about, should somebody from Central Purchasing be telling Frank Thomas that he has to buy this particular Family and Friends program at Sprint. What it should do is make sure that there's a process in place to go out and negotiate the lowest possible prices so that departments can select what they need from within that menu. That's the difference of the way we're looking at central purchasing. We're not trying to say that Highway can't buy Michelin tires, they can only buy... you should be going out and trying to negotiate the lowest possible aggregated bulk cost for those contracts so that everybody can take advantage of them. Are there going to be exceptions on occasion because of specialty types of things? Of course there are. But the more you can aggregate your purchasing power, that's what this concept of central purchasing is in my mind, and that's why it's so closely tied to the purchasing cards, because the more volume you can get, the more that's going to come back. So you save on what the cost is and you also get a rebate when you purchase through that mechanism.

Alderman DeVries stated while we're talking about the cell phones, when you came up with the \$200,000 revenue figure that was adopted in the budget, using cell phones as an example, individual contracts having been entered into by departments that have many different dates of expiration, in order to aggregate to receive the savings you then somehow have to get them onto a common time frame. And if you're looking at terminating policies, we know from cell phone contracts there's termination fees. So is that built into the revenue figures that you gave to us or was that all researched out thoroughly?

Mr. K. Clougherty no, really, what we did when we came up with those numbers is we didn't go back and take a look at individual items and how mechanically you could go about that, Alderman.

Alderman DeVries stated let's look at this one individual item now because we were given the...

Mr. K. Clougherty stated what we did is we did an RFP and we had responses from your largest banks in the credit card industry. And they came in and they talked about how these programs work. And virtually every one of them talked about how much could you make on volume. What could your rebate...what are the thresholds you could achieve and have them look at for a city our size – this is what we're buying, this is what our arrangements are, and really came up with a lower end estimate of what we thought was reasonable, given what we've seen for experience in comparable size cities around the country. So that \$200,000 is going to be a combination of some savings in areas. Maybe your first one isn't, as you say, going to be cell phones. Lisa was just trying, again, to throw out an illustration, for better or worse.

Chairman O'Neil stated let's clear something up here. Let's not drag Lisa into this thing. She's caught in the middle of this as it is. And there's a lot of reference...it's almost like people are blaming Lisa.

Mr. K. Clougherty stated and they shouldn't be.

Chairman O'Neil stated no. So, let's leave Lisa out of this.

Mr. K. Clougherty stated she was just responding to the request.

Alderman DeVries stated and certainly I wasn't trying to infer that at all. I'm just saying that was the example that we had to take a look at and the first thing that came to my mind was you're going to have many different end dates for the contracts, and therefore trying to get them on one start time, there's a considerable fee that has to be built into that, offsetting all of the termination charges and I didn't see anything addressing that. So, what else is left? I mean, office supplies, disposables such as that, is easy for me to understand how aggregating the purchasing under one contract might make some savings. Is that the only thing you looked at to come up with the \$200,000?

Mr. K. Clougherty stated no, obviously we've looked at more than the two examples that have been presented. The opportunities are, and that's why, again, it's important to put the full central purchasing structure in place. You need somebody whose job it is daily to go out and be negotiating these. And you're

right. You may not be able to take all of these things and do it exactly symmetrical, because of the contract arrangements that you have. But somebody has to be scheduling those and looking at them. More important, somebody has to be going out for the bigger ticket items. We have to be trying to introduce the use of purchase cards with big dollar items. We need to be talking to Public Service and to Keyspan and to areas like that to accept the purchase cards, or a piece of the purchase cards. The more that you can negotiate those contracts that have never been done, that's where you're going to get some big savings.

Chairman O'Neil stated Kevin, let me stop you there a second. My understanding of P cards, it's not our responsibility to negotiate, it's the firm that the City entered into agreement with. Am I correct on that?

Mr. K. Clougherty stated they help you on that, Alderman.

Chairman O'Neil stated that's not what I was originally told. It was their responsibility to negotiate these agreements, not the City's.

Mr. K. Clougherty stated, they're going to help you Alderman. They are part of the process. But you're going to have to get somebody in place that's the full-time central purchasing director whose job it is to coordinate all of these areas of activity and make sure that they're all working on a day-to-day basis. And there are opportunities at various levels within the business cycle.

Chairman O'Neil stated see Kevin, this is why this discussion should have went on before you entered into the contract on P cards because I know you provided me information. That's what I specifically read. The firm was going...it was their responsibility to negotiate these deals, not ours.

Mr. K. Clougherty stated, no, Alderman, I don't think that could have...

Chairman O'Neil stated Kevin, I remember like reading it yesterday. That's what was...there was never, ever any discussion at this Board that to accept P cards we also had to accept a central purchasing position in the City. If it was, then you were negligent in your duties for entering into that agreement if there was a position tied to it. I don't believe you were because I don't believe there was a position tied to it, Kevin. And I don't want to sit here and now paint a picture that we need a position for P cards to work. If that's the case, then this Board was greatly misled.

Mr. K. Clougherty stated the purchase cards discussions were always within the context of a central purchasing organization, always, Alderman. It was the Mayor's initiative, he proposed it in his budget as something that he wanted to

pursue, something he felt strong about, and it's my recollection that the discussions have been within that context. I'll go back and check on it, Alderman. Certainly if I wasn't clear on it I'll come back and I'll...

Chairman O'Neil stated to me that wasn't clear, based on what I read, because we had very little discussion about P cards here. Based on what I read, there was never any link between Pcards and having a central purchasing position in the City.

Mr. K. Clougherty stated the contract, as we explained it, with the banks, was to go out and identify those vendors where we have an opportunity. For example, if they have a client that has a purchase card process in another city or another state, and they are using a vendor, and they look at our vendor list, they're going to say wait a second, why isn't this vendor being used? They will go through that and help you identify that. They will go through and help you make the presentations and do the marketing to try and solicit as much as you can. But you can't delegate to a bank the responsibilities that we have to negotiate as a City our purchasing contracts.

Chairman O'Neil stated, Alderman DeVries, I'm sorry for jumping in on that, but it was an important point.

Alderman Lopez stated I think that you're absolutely right. The P card was not tied to central purchasing because the issue was brought up that Frank Thomas, under the Ordinance, is the central purchasing officer. So, let's leave that as it is now. Do you want to take individual things here, Mr. Chairman, or how did you want to proceed?

Chairman O'Neil stated we have an hour and a half. We have the attention of the majority of the departments, if not all of them. We have the attention of His Honor, the Mayor. So it's great to bring everyone together.

Alderman Lopez stated I think, since the cell phone issue has been discussed, I'd like to discuss it just a little bit.

Chairman O'Neil stated okay, but please, again, this is not about Lisa. She just did the legwork on it.

Alderman Lopez stated that's correct. She gave the committee what we asked for. I guess one of the questions I would have to ask, and if I could have Lisa up here, if it would be possible, since she's the one that wrote this. Is that okay? I'm sure she can handle it. I was just wondering, the statement in here that we needed some policy, I agree with the policy that you wrote. I'm not sure whether it's in the final form, and I think comments need to be brought before the department heads.

One of the statements was that there's no set policies, and how did you come to that conclusion on the cell phones? Did you check with the departments?

Ms. Lisa Thibeault, Finance Department, stated I checked with Mindy at Highway and then I checked with Carol Johnson because I know she keeps copies of every policy that the Board adopts.

Alderman Lopez asked did you talk to any department heads?

Ms. Thibeault stated no.

Alderman Lopez stated I think it's a fair policy. I just want to go down to the last one here. Employees may call their local representatives, the contract vendors to discuss the various...employees or department heads. Why would employees, if we're going to have a department head determine? Are you following me on your...

Ms.. Thibeault stated yeah, the cell phone policy is just a draft. I mean, I did some research on the internet, what other companies have, and that's just a draft. Alderman Lopez stated maybe the thing would be to do is, Mr. Chairman, if this draft policy could be sent to departments for their input as to how this would work. I think most concern from what I hear is that...it's no big thing...there should be a policy within the department. I'm sure most department heads set a policy when they give a cell phone and they instruct as to whether they have somebody sign something. Some do, some don't, depending on the position that you hold, I presume. But maybe the thing would be to do here is to send this to the department heads for their input as to...do they see any particular problem with this or they can add to it or give us a copy of their policy or send it to Lisa so that we can maybe get a final draft at some point. Let the department heads have an input.

Chairman O'Neil asked why don't we control communication through the committee?

On motion of Alderman Lopez, duly seconded by Alderman DeVries, it was voted to control communication with department heads on the cell phone policy through the committee.

Alderman Lopez stated the other item...we'd have to go into the analysis of the P card, as far as the purchasing that department heads do. I don't think there's any intent...Lisa, I don't believe there is, of stopping the departments from purchasing. They don't really have to go through purchasing in order to do something. The

advice of the purchasing individual at central purchasing would advise among various things I presume. How's your vision of central purchasing?

Ms. Thibeault stated I really can't answer that question.

Chairman O'Neil stated, Alderman Lopez, I don't think that's a fair position to put Lisa in. You know, Lisa is one of the positions that's kind of hanging out there because of this not-clear understanding between all the parties, especially the elected officials, so I'd prefer this not be about Lisa. She's just trying to help carry some of this out, but...

Alderman Lopez stated well let's ask Kevin, since they're the ones that brought up central purchasing, along with the Mayor. And with the other central purchasing individual and the Highway Department under Ordinance. What is the difference? I mean, if you have it in Finance or you have it under the Highway Department with the right people...

Mr. K. Clougherty stated Alderman, we have no pride of ownership. I mean, we don't particularly care if it's in Finance, and in fact if you want it in Highway, that's fine. But there's a certain structure that you have to have. You've had, within Highway, you've had central purchasing for years. But, you know, it hasn't been the type of contract coordinating, negotiating mechanism that's being proposed here because of the opportunity with the purchase cards, where you can go out and negotiate with vendors, and you can go out and try and get better deals in the way that you're paying for your services and get discounts. Those are the types of things that we haven't been aggressive on. Now, admittedly, it may be because they didn't have the staff to do it, and I'm not trying to be critical here. What we're saying is what would a modern purchasing arrangement that has a director and somebody in charge of fleet and two assistants, looking at all purchasing policies and modes for purchasing, look like as a structure? And that's what's being proposed. Where you put it is really up to you. Certainly the purchasing card mechanism we put in place, we're comfortable with. That can go...that's portable. What you have to do is make some decisions about do you really want to go out and look at the way you're purchasing? The thing that the purchasing cards do, Alderman, that is perhaps revolutionary for this City, is that... we've had credit cards. Individual departments have had credit cards, and they give their credit cards to whoever they want. This is not that same drill. If you want to issue purchase cards, these purchase cards are sophisticated. We can limit the use of the purchase card to the individual. We can limit the purchase card to vendor codes. We can limit the purchase card to vendor codes, individuals, and vendors. We can limit the purchase codes and tie them to work orders. There's an infinite array of what you can do. Department heads are going to have to sit down and take a look at how purchasing is done in their department

and how they want that to continue in the future using the modern vehicles that are coming out. For a long time everything was done in cash. You had to pay everybody in cash. And then when checks came in, it was a novelty. Well, you're going through the next evolution, and it's eventually all going to be magnetic and then chips. And you have to put in place the architecture. And you have to go down and say, I want this employee to only be able to buy certain items at certain places, or I want to give him a very broad item. And that's going to control your audits, and that's going to control your analysis so that you as a manager can get reports back on who's buying what, how often are they buying it, and use that as a real management tool. That's where this staff works...it's not that they're going to be going out policing purchases. Once you've done the negotiations in the contract, they can make reports for department heads so that they can see how these things work, is what's going to be critical. So, department heads do have to do some analysis.

Alderman Lopez stated I think that you're right in what you're saying and it would be a support to a department head, whether it's in Finance or whether it's at the Highway Department in that particular case. Where we talked about previously with Randy Sherman was the number of checks that you've got to cut, but we didn't talk about the number of personnel. That person's doing all those checks in Finance. Maybe we can eliminate that position, you know, and move it over to something more productive other than sitting there cutting checks. I mean, all of it's a planning aspect of it and to move forward is for this committee to make some type of decision as to where it's going to be so that the employees that are doing these support system, looking for the right person and getting guidance. I think that is the key element here. I think everybody agrees with some policies that should be in place as to whether or not some of them can be implemented, like three different cell phones, it's impossible that everybody have one. And who gets them, and stuff like that. I think the fear that people have is that there's going to be a bottleneck when a department head wants something. And I don't believe it's an intent that the department head wants something. I believe that department head has the authority under the charter to go out and purchase it. It's just a tool for somebody to go to him and say, look, here are some ideas, and if he accepts those, fine. Sometimes department heads don't accept our ideas. And I think the other fearful thing that I have is that we're going to have a warehouse stocked with stuff and we're going to have to go there, and I don't envision that, but some people do envision that. That if you want something, oh well, they're going to central purchasing...oh, we've got that paper over here, you know. We're going to do this and do that. So, I think we have to wipe all those things out and deal with the real issue here. I'm willing to do that. I surely would like to move forward but I'd like to make sure that we're moving forward in a responsible way and not in...everybody just...here it is July and here it is going into October almost and

we're still arguing about this that we should have brought this up maybe last year before the budget, but anyway, that's beside the point.

Mr. K. Clougherty stated I agree with you, Alderman. Your vision is more closely aligned with that of the Finance Department. I don't think we need to be warehousing and storing in a period where businesses are more than happy to deliver, and the more you can automate, the less hands have to touch paper, the less people you need, and that's where you can reallocate those resources to Police and Fire and other things. I agree with you.

Alderman Lopez stated let me ask you, Kevin, if you decided as the Chief Finance Officer that Mike Lopez can have a \$5,000 purchase card, right? And I say, hey, that's not enough. Is there someplace to appeal? The Board of Mayor and Alderman?

Mr. K. Clougherty stated at the department level, Alderman, it's really the department head who will make the decision. I guess your department head is all of you, so you'd have to argue amongst yourselves. And it's probably not a good idea for a bunch of people to have purchase cards anyway.

Alderman Lopez stated I'm talking about a department head. Are you saying that you have the sole responsibility to say to a department head that you only can have a \$5,000 card, or you can have a ten?

Mr. K. Clougherty stated there'd be maximums, Alderman, but it's based on utilization, and most of the department heads aren't going to abuse that. They didn't do that with the credit cards. I don't expect that to be a problem. And some need more than others and, again, it's all based on looking at what your practices have been. A lot of the department heads don't want to do the purchasing. They want people working for them so there's not that appearance that they've done anything other than to delegate policy. So, it's going to vary, but given what the...and again, you have to remember: these are not debit cards so people aren't going to be able to go around...we're making people sign contracts and there are controls with respect to how they're used, so I feel comfortable in that regard saying, to the departments to use their own discretion. It'll be different, based on each operation.

Alderman Lopez stated Mr. Chairman, would you like to hear from any of the department heads at this time?

Chairman O'Neil stated, I would. I'm just going to make a couple statements. I think we're all interested in the ways that we can save money. I don't believe creating what I know to be another layer of bureaucracy is the right way to go.

We don't need additional positions to do it. We can accomplish this by adopting some very strict and strong policies and procedures regarding purchasing. We already have, by ordinance, purchasing responsibility of Public Works, as in the fleet. We can expand that if we want, but again, it's through policies and procedures. All these recommendations all start off with, we need to have a position to do it, and I don't believe that's true. Whether it's fleet management of central purchasing. I talked to elected officials and city management people in various cities around New England, and many tell me they wish they didn't have central purchasing. It's out of date. It doesn't keep up with the times. So, I don't know that we need to be heading in that direction, and with that, I'd like to open it up for any department heads that would like to come up and voice their concerns, issues they see coming forward. Frank?

Frank Thomas, Highway Director, stated thank you. First of all, I want to note that a lot of the proposals that have been talked about as far as central purchasing, fleet operations, were developed in reports done in 1997 or '98. In there, the central purchasing report, P cards were mentioned. However, keep in mind that the Board of Mayor and Aldermen did not accept this report. I take exception with what Kevin Clougherty just stated, that central purchasing has been under me, since I've taken over PBS and nothing has been done. Well, nothing has been done because the Board of Mayor and Aldermen has never voted to accept central purchasing, never voted to implement any of the recommendations. So, I wanted to get that straight right off the bat. P cards are a done deal, as far as I can see. So, we're going to support the utilization of P cards. However, one of the points that I want to clarify is that in earlier presentations it was noted that a lot of time is going to be eliminated, in processing purchase orders, receiving invoice slips, and making the payments. With the detail work order system, costing system that we have, we're still going to have to do that. It's going to be done after the fact. So, at the department level, in order to maintain good budgeting, activity-based budgeting, which is needed to go with the performance-based budgeting, zero-based budgeting, any of that stuff, you're still going to have to do all this stuff manually. Example: On a purchase card, we buy blocks to build walls. We're buying enough blocks for three walls at three different locations - three different projects. When you buy that under a purchase card, when it gets fed back down four days later or a week later, you're still going to have to assign job numbers to them so you can allocate those costs to the various projects. You've still got to allocate the quantities, so there is still that manual work. Where there is going to be a savings, quite frankly, will be up at the Finance level where you're only going to be cutting one check instead of a lot of checks to a lot of different vendors. The other concern that I have with P cards is, as I briefly mentioned, right now under the work order system, as soon as a PO is cut, my budget is encumbered for the estimated cost of that purchase order. So if I bought the blocks for the wall, my budget would be encumbered. Under the purchase order system, if the vendor

elects not to charge the bank or put through that transaction on that day, it's not going to be reflected until they do it. I believe when it was tried with the Union Leader, the Union Leader waited four days before they entered that charge. Then the bank has another day or two to pay the bill, and then it has to come back down through the system before it comes back to us to be verified and approved. So there could be a time delay. In the winter months when I'm scrutinizing my budget down to the dollar because I'm pushing the limit of all my line items, that could present a problem. But again, those are some of the things that can get worked out and straightened out in the process. So, the point I was trying to make with the purchase cards is I don't believe we're going to save a lot of money, a lot of time and effort, at the department level if we want to maintain that same level of costing that we have now. The saving is going to be done by not cutting a lot of checks and by the revenue you receive. Also, with the purchase cards, there's going to have to be...I know, Chairman O'Neil, you don't feel that there's going to be a need for somebody to be out marketing these purchase cards. In order to make it work, you're going to have to have somebody out there because, in talking to some of our vendors, they may or may not give us all our discounts that we have now. For example, Robbins Auto Parts, we get two discounts. We get a municipal discount and at the very end we can deduct two percent when we pay the bill. Robbins is kind of indicating well, if they save all their purchases till the end of the month and put one blanket one in we could still get the two percent, but there's going to be a lot of things like that where somebody's going to have to go out to the vendor and talk to them, to try to get them to go along with it. In order to capitalize on the purchase cards, you want to hit some of the big vendors. Right now, my two biggest purchases that I make on a regular basis is salt and asphalt. Those two vendors don't take purchase cards, so again, you're going to have to have somebody going out. So there is going to be a commitment and effort with City labor to go out and do those types of things. With the purchase card, the way it's set up, right now with the purchase order system, we don't approve that purchase order for payment until we've gotten delivery and we count that delivery and we make sure we got our proper quantities and what not. Once we verify that, we process it for payment. With the purchase card, as soon as they get that number and they process it with the bank, the deal is basically done. Now, as I said, eventually it comes back to the department to accept the transaction. Now, at that time, we see that there's an error in that transaction, for whatever reason, the bill has already been paid. Now you've got to go through a challenge process and work it backwards. It was mentioned in an earlier presentation, I believe by Randy, warehousing was proposed. I think everybody's agreed that warehousing is a thing of the past. The State got away from warehousing, the school district got away from warehousing. Quite frankly, in talking to the State, what they typically do and what we could implement very quickly is general supplies. You can put out a bid to Staples, WB Mason, and everybody else to basically just bid their catalog at a discounted price. And in that bid you could include one-day delivery,

free delivery, no quantity on delivery, and that's the way you can quite easily make purchases of things that all departments use across the board. Central purchasing, again, the report recommended that central purchasing not be under the Finance Department, not be under Public Works either, really. But, to be under general services, if there's such a...just let me read what it says here. The purchasing office should be established within a general services or administrative services department rather the traditional finance department or an independent operating department. As far as central purchasing, I think it's unclear at this time what central purchasing is to do. I've heard that central purchasing should be just more or less a clearinghouse. But then on other periods of time, all bids should go through central purchasing. I think if all bids eventually go through central purchasing, I think you're adding another layer of bureaucracy and time for that. Then again, who does central purchasing report to? Are you going to have another department or is it going to be...how is it going to be handled. I think before these discussions end, I think we do have to get established what is happening with Mindy, our purchasing agent, and with Lisa. Right now I'm paying Mindy's salary out of my operating budget. She was not approved as part of my complement when the budget was approved, and I don't have any funds for her. Eventually, I'd like to think she'd be paid, I'd be reimbursed for what I've paid out of that. I think the point that I'd like to make is that we're willing to go along with the P card. Actually, I've got my P card already. I'm ready to go, if I haven't lost it already. But, there are some problems that we see that have to be worked out that haven't been worked out. One of the things that we've been told is that you can't integrate this P card system, THE, into our fleet system. The way we've been doing it before, if we buy something for a specific piece of equipment, that gets charged to that specific piece of equipment and we can track the cost. So I think there are issues that are going to have to be addressed. Having said that, we'll just quickly turn it over to Tim because he's got similar but somewhat different issues too with these cards.

Mr. Tim Clougherty, Highway Department, stated I'm just going to fill in some of the holes from the discussions Frank and I had today, and he's adequately described just about all of them. One of the additional ones that I think merits some discussion is differentiating between material purchases and material/labor purchases. A significant amount of the purchases that we make at the Facilities Division are for materials and labor. We hire a plumber to go out and fix something, or hire a glazier to install 30 windows at a school. If you were to assimilate that to purchasing cabinetry at Home Depot, and going down and purchasing that with your debit card, your checking account is debited on that day for those kitchen cabinets, whereas nobody in their right mind would actually pay for those cabinets till they see the final installation. So I think that there are some controls that would have to be put in place for purchases such as that where we're relying on a vendor, not only to order a product but also to install it. The other

differential you'd have is items with lead time, significant dollar items, in such a case. If we were talking about windows, typically a vendor requires a purchase order which is a commitment from us to pay for the windows. Then he would correspondingly order those windows. The situation that we're talking about with the purchase cards would put us in that precarious situation, where we are paying for those windows on that day that we make the purchase or very soon thereafter. So I think those things merit discussion and that's again, the differentiation between a strict material purchase versus a material and labor, which is going to take some time to execute. Just touching base again, highlighting some of the things that Frank talked about, administrative duties. They are going to be the same. We've taken some steps to try to build some efficiencies into the Facilities Division with a new work order system, streamlining our work order system, purchase orders, and the same level of administrative tasks are going to be necessary with this system, where we are going to have to go back and tag those items to the particular work orders. We also did contact some of our vendors today. Two of the large vendors we got in touch with. One was unavailable, but one told us straight out that if we were to contemplate credit/purchase cards they would no longer offer the City discount that they offer to us right now. So I think that there is a sales effort that's necessary on behalf of advocating for these purchase cards. But, again, they do have merit, and I would stress that the merit is more in the material sales categories.

Chairman O'Neil asked questions for the Highway and Public Works Department? Alderman Lopez stated when the Highway Department was tasked with the job of central purchasing, was that just for the Highway Department. Is that how you acquired Mindy?

Mr. Thomas stated no, Dick Houle was by ordinance the director of Public Building Services, was authorized to be Central Purchasing manager and also Fleet manager. Because at that time there was a discussion going on regarding these two operations. He was given the title, but the Board of Mayor and Aldermen never approved central purchasing, really central fleet operations. We've always had a buyer purchasing agent at the Highway Department because of the volume of purchases, the volume of buying that we do. Compared to most departments, between our operating budget and our CIP budget, there's a lot of expense purchases – asphalt, whatever. And that's why we had a buyer or purchasing agent, the title changed when Yarger-Decker came in. So my purchasing agent was never related to our acquiring Public Building Services. In having Public Building Services turned over to us, the titles came along with it, but no direction, no authority, no staffing to run a central purchasing operation. That's why it got me a little upset when I'm being criticized for something that I really had in title only.

Alderman Lopez stated it seems to me that the process of central purchasing that you have your hands on as far as Building Maintenance and the Highway Department, to expand that City-wide, a lot of policies, I agree with the Chairman, a lot of policies have to be made. What does that mean? How far do we want to go in restricting the Police Department, for an example, the Fire Department. These are major departments. I understand the end result of what we're trying to achieve and it's probably just like the cell phones. The issue is that you don't have a written policy, so to speak. But department heads, I'm sure...

Mr. Thomas stated well, first of all, I don't think there is a cell phone issue here. Alderman Lopez stated I agree with you. I think that the only intent was to have some type of City policy and work it out with the department heads. That's a separate issue. But what I'm getting to is that it's almost like taking a hill without knowing what's on top of the hill, so to speak. We have a system that's very productive in your department, in the Building Maintenance Department, which I'm very well familiar with, as well as other Aldermen. Is the policies with other...small departments I don't think are going to be affected one way or another to that degree. And whereby major departments could be affected. Now whether we realize the \$200,000 to pay the salaries of the employees, that's a different issue for this year's budget, and Kevin is absolutely right. When he goes up there he has to calculate that. Now if he has to calculate that and we have to take money out of the salary adjustment, or the other account, I mean that's what we have to do in order to move forward. But I think we're on a slow process here, as to, and I agree with you. What do we want you to do? If the Board of Mayor and Aldermen in 1997, I believe you said, never did anything and had this report, and they never got any guidance on it, and the charter says each department head is responsible for their own department. And I think that probably came into play with the new charter and everything. And so this all went by the wayside. So, I believe that there's room for improvement. As to what that improvement might be, I'm not too sure yet, as to what the minuses and plusses with the Police Department are going to have. Whereby nobody's in charge, so to speak, of the central purchasing, and maybe the right way to do this is to put these two people, I hate to say keep under you, because you already have the employee, you already have the system, you already have the report...is to maybe leave things go forward, with the understanding what we're trying to with the P cards, according to the Finance Officer, is try to save some money. And if we can't, maybe we need to take this and walk slowly with it. Maybe in six months, at the end there, we can get all those minuses and plusses as to what's not working, what could work, what policies we need to implement. Right now we don't know what policies to implement other than say let's move forward, and it seems that we did that from day one and I don't want to say nothing was done because the P cards were purchased. But it's the working thing that really makes the thing work. It's not just saying let's do something, let's take the hill. We need to know what's on that hill. We can move slowly or attack it a different way.

Chairman O'Neil stated I'm just going to add...and probably some other members of the committee...but just stuck in my mind. Frank, you said your two biggest purchases are salt and asphalt, and they will not accept P cards.

Mr. Thomas stated as we stand today.

Chairman O'Neil stated let me ask either Mindy or Tim with their various responsibilities, who will accept P cards. Give me an example of an item maybe that each of you might deal with in your respective duties at the Highway Department that you know will accept P cards.

Ms. Mindy Abood, Highway Department stated the vendors that also take the P cards such as your Robbins and your Sanels and Granite State Minerals may take a P card, I'm not quite sure on that. That would be something for the Finance to answer. Our problem is that it doesn't tie directly into Fleet, which was where Robbins and Sanels come into, which would then create a manual entry into the Fleet system in order to track our costs to the vehicle. And when you're talking about salt, that's an inventory item.

Chairman O'Neil stated let me stop you on the vehicle. So, you're going to replace the brakes on a dump truck. That may not be a good example but...And that dump truck is assigned to a certain paving job in the spring, summer and fall. You then try to put the cost of that toward paving.

Ms. Abood stated no, it's more toward the vehicle and what it may cost us in the future to replace that vehicle or what the maintenance is to that vehicle. I don't know how many departments are using the fleet system to the extent that we do. So any time...

Chairman O'Neil stated is that part of THE?

Ms. Abood stated yes. So, when our mechanics want to do a brake job on a vehicle, they put in a work order to that vehicle and all the costs to that get put right to that work order and therefore we can look up and say, how many times have we replaced the brakes on the vehicle.? How much maintenance are we putting into this vehicle? And then that can also generate information to replacement for MER.

Mr. Thomas stated but I think the question that you asked... What are some of the other vendors that would accept the card right now? I mean someone like Home Depot would accept the card. If we sent our carpenters down there to buy some mailbox to put up after a snowstorm, they would take it. Corriveau-

Routhier...anybody that basically takes a credit card will take a P card. However, the vendors that give us the special discounts may or may not give you the discounts with the P card, because again, a lot of places we do business we get what's called a municipal discount and then we also get another discount off the bottom for paying right away, I guess.

Chairman O'Neil stated Tim, are there...in your point you talked about the difference between material and labor and material. Are there certain material vendors that you know will take P cards?

Mr. T. Clougherty stated I haven't done any research personally but in conversations with Mindy and Frank I know the same line. The guys that are taking the VISA's now would probably do that. It's the larger vendors that we typically have the municipal discounts with.

Chairman O'Neil stated and just to make sure now, and I'll let the other committee members ask...many of the vendors we get a municipal discount of X and then we also, because the City traditionally pays on time, and they're not chasing the money, we get another discount for that? Is that correct?

Ms. Abood stated the vendors that we tend to do a lot of business with such as your Robbins and Sanels, and I believe Manchester Sand and Gravel used to. I'm not sure if they do now.

Alderman Smith stated Frank, if we went to central purchasing, I would imagine that they want to streamline the contracts. How would this affect you, like say with Granite State Minerals where you get your salt or other big, big items? If they're going to streamline the contracts, would you be still administrating it, or would they be administrating? I'm talking about cost amount. I imagine you must do like \$500,000 worth of salt a year, at least. Right?

Mr. Thomas stated on a very mild winter.

Alderman Smith stated so how would that affect you, the contracts, like if they apparently, from what I read, they want to streamline all the contracts into central purchasing.

Mr. Thomas stated again, I'm not quite sure of the make up of a central purchasing operation. The report basically states that central purchasing should be a service operation for the departments. I think any type of technical type of purchase or unique purchase, you still have to have the department develop the contract. And what was originally envisioned early on, and what was tried for a little while, was that central purchasing would be a clearinghouse where all the data, all the bids

that were received by the various departments would be put in under a spreadsheet so that any other department could then jump. So most of the state bids are all listed. You can jump on and what not. And that central purchasing would only be involved in items that affect all the departments. Where the specific purchases of asphalt, runway lights, or streetlights, or whatever the issue, would be through the department, with the information furnished to central purchasing. I think that's what was envisioned in this report.

Alderman Smith stated Frank, what I'm getting at is, I would imagine now in contracts you save money. You were just saying about your rebates, and they're saying in the administration of the cards, they would save \$500,000 or whatever it is amount, but that goes into the General Fund. You're savings go directly back in because you're budgeted. Is that correct now, any saving you get, or rebate, you can utilize it for your budget during the course of the year?

Mr. Thomas stated I think what was noted was any revenues generated on the P cards would go to offset the operating costs of the central purchasing. That's why in this budget there was two hundred allocated, identified for revenues, and two hundred identified for operating costs.

Alderman Smith stated that's my point. In other words, right now you get the benefit of the rebates, but central purchasing would get the benefit of the...

Mr. Thomas stated if you lost the rebates, the savings, yeah.

Alderman DeVries stated to try to sort some of this out, I would find it helpful to maybe hear what Kevin Clougherty would respond to some of the questions that I still think are lingering. The labor product, whether it's a combined bid, for contracts that we're looking for the central purchasing to interact with or whether it's just strictly for purchase of product, separate of any labor. But then after that I would find it helpful to hear from maybe some of the smaller departments.

Chairman O'Neil stated how about instead of bringing Kevin back and forth we let some of the other departments come up and then he can come up later and address...

Alderman DeVries stated that's my...it's possible but it's your choice, obviously. Chairman O'Neil stated we may hear similar points each time, and he may come up and...

Alderman DeVries stated I guess my point would be that if that's not the intent of the program, to include contracts, RFP's going out that include labor, that maybe if we could clarify that right now...

Mr. Thomas stated I might be able to clarify that because we've had discussions with the Finance Department regarding the implementation of P cards and more so, Mindy has sat in on a lot of the meetings, and Kevin can confirm it, but I think the vision of the P card is to be expanded out to pretty much anything that the City buys – goods, services, potentially engineering down the road, potentially legal costs. That's the way that I heard it mentioned.

Chairman O'Neil stated any further questions for the Public Works people? Kevin, why don't you come up on this basic question that Alderman DeVries is asking, and I guess I'll throw in the same. Do we know who will accept P cards and who won't?

Mr. K. Clougherty stated we have done some preliminary lists, and I think Lisa provided you at the last meeting some information, and if not, Randy will have it in his report. It showed that we looked at the current vendor list that the City has and compared that to lists that Bank of Montreal had for vendors that were accepting purchase cards and I think there was a large majority of them that did accept them. In fact I can get you that report if you'd like, Alderman. Chairman O'Neil stated I don't know that I've ever seen that. I don't know if the other committee members have seen it.

Mr. K. Clougherty stated they have looked at that and there's a high correlation there. The question with respect to purchase cards and their application: Again, a purchase card is like a check. You can use it for anything, but you have to make decisions as a consumer. Are you going to use your check, are you going to use your credit card, are you going to use cash? And there's different times when you want to use the different mediums. This is no different here. Nothing says that you have to use everything one way or the other. With respect to what they've been talking about with the work order system, right now when you go into the screen you have to key in the purchase order information, then you have to key in the work order. You're still going to have to key in the work order; you always did before. No one said that would substitute that. Now there perhaps is a way, by using the cards and coding the cards on a work order basis that you could pick that up. And that's what, again, somebody can be looking at as this process moves forward. So, it's not a panacea and it's not like we're going to get everybody to use this all the time. There are occasions where you're going to want to use it. There are things that are going to have to be done differently. When you talk to your cell contractor and there's an agreement to use a purchase card, there could be restraints as to how that number and when that card is used upon delivery. There are different ways that these things work out, and that's, again, why you need the staff to negotiate those arrangements. And you win by getting cheaper rates and you win by getting the rebate.

Chairman O'Neil stated Kevin, my concern sitting here is I'm hearing, for instance, and maybe others will get up and speak. The two largest purchases from Highway won't accept P cards. What's the savings to the City then?

Mr. K. Clougherty responded well again, Alderman, under your current arrangements my understanding is, and at one point someone had told me they had done some research on this and the vendor that we do receive salt from had received purchase cards from other places. We can go back and research that again, but it's all about volume and it's about negotiation and it's about if you want to be able to do business with the City and if you want to do business with the State. We're not the only entity in the United States today that's trying to follow this. What's happening is most of your larger states, most of your other large municipalities are starting to use this medium. And as they use that, they're going to bring about pressure on these large vendors. And again, it's a transition and it's going to be time. Now, we're lucky that I think we're in a position to be ahead of the curve. As people come on, we're going to be ready to use them, as opposed to waiting and stay back, and then you're going to have to develop it and you're going to be behind the curve and you won't get the savings. But you have to be part of the process and you have to be out there trying to effect the change into the new medium.

Alderman DeVries stated Kevin, why didn't you look at this through an implementation of a smaller, an incremental program, a pilot program, working with a few departments, developing? Because I can't see that the one or two people involved in central purchasing can possibly seek out all of those contractual arrangements in a short period of time. So did you envision bringing on one or two departments that think they would like to work with this program and did you have that sort of outreach?

Mr. K. Clougherty stated Alderman, I thought I made it very clear, in answering questions of the Board during the budget process, that the two positions that we're talking about tonight would have been eliminated if it were not for trying to come up with a creative way to provide some revenues to cover those positions. Alderman DeVries stated that's not answering my question.

Mr. K Clougherty stated it is, Alderman. What we did is we put forth a recommendation that said, if you want to go down this path, these are two positions. Are you going to need two positions, plus two? We've always been very clear that you need the structure in order to make this work. Alderman DeVries stated I still don't think you've answered my question, as far as trying to incrementally put a pilot program or a program in place.

Mr. K Clougherty stated well, Alderman, we've...

Chairman O'Neil stated from my standpoint we needed to walk before we ran. Mr. K. Clougherty stated from our standpoint, the increment...whether the departments use it, use the purchase cards, and whether you decide to do central purchasing, the Finance Department has done what we need to do in order to get this vehicle in place and operational. On whatever scale it needs to happen. And we did that within the context of time and pressure of the budget to try and assist the Board in coming up with some revenue dilemmas that it was facing at the time. But we've been very clear that that's tied to a structure. And so, in terms of a pilot, we would not go out and do what's been done today any different. You can't go out and take, well we want to do a purchase card on a pilot program. Either you're in or you're out. And you have to build that architecture in order to be able to move forward. And we've done that.

Alderman DeVries stated let me try asking the question a little bit differently. Can you tell me today any City departments that have contacted you saying that they would like to see this program enacted within their department because they find it useful in...Have you had that conversation with any departments?

Mr. K. Clougherty stated I know that there have been discussions with a lot of the people that work in the departments. There has been talk about how this works and they have been well received. I know the Police Department is up and running. And my understanding, from talking to the folks that are actually using it, is that it's well received.

Alderman DeVries stated so Police, you're saying, receives it favorably.

Mr. K. Clougherty stated my understanding is it's working and they're doing okay.

Alderman DeVries asked is it useful to the smaller departments? That's what I'm trying to decide. Is this more useful to...maybe it's not so much for Highway; perhaps somebody who's doing their purchasing for them.

Mr. K. Clougherty stated I think you're right, Alderman. It's more practical and more useful for the smaller departments, but they're not your big volume dollars that are going to get you your revenue and that's why we've concentrated on that end.

Alderman DeVries stated it's probably more important that we do it right, though, than try to rush something that's only going to cost us more money in labor and

manpower in the long run. Then we really would not have captured anything for the taxpayers.

Mr. K. Clougherty stated again, Alderman, I would submit that it has been done right. It has been implemented. It can be used, and it's how we take it to the next step.

Alderman DeVries stated I'm referencing some of the conflicts that we've just heard about from Highway Department where it will actually cause duplication of inputting some of this information - the work orders and the detail that they need. So I can see that it may not be as useful in all departments. Maybe it's a good time for us to consider talking to some of the smaller departments or Police, I guess, who we just heard has favorably received this and try to determine who else out there has some issues and/or favorable comments.

Mr. K Clougherty stated may I just make a point, Alderman, in respect to the work orders. They're already doing that duplication. This takes out the purchase orders. I don't think we have a tray that would take out of all of the work that you'd have to put in to do your work orders. There's a potential for that to work over time.

Alderman Lopez stated just for clarification, the Police Department is doing the purchasing card. Is that correct?

Mr. K. Clougherty stated not the whole system.

Alderman Lopez asked central purchasing too?

Mr. K. Clougherty stated no, they're doing the purchasing cards only. That's all I was speaking to. I wasn't speaking about the broader...I understand that they have got their purchasing cards and they're farther along than anybody else on it.

Alderman Lopez stated Mr. Chairman, what's your vision of the Enterprise System? Does it work the same way?

Mr. K. Clougherty stated I think, again, they all... the Enterprise Systems are unique in that they're self-contained, Alderman. And the managers of those Enterprises have, I think, a much more business approach, just because of the nature of what they do. And this is just another vehicle that can be used. You want to use the purchase cards, then that's another tool that's out there. It's got more controls. It can produce more reports. It has more capacity.

Alderman Lopez stated I know the purchase card. I understand it. But how do you ...you're not talking about central purchasing through the Enterprise System?

Mr. K. Clougherty stated no, Alderman, I think when you're talking about...the question came up about contracts. I don't think somebody sitting down on Elm Street is better equipped to negotiate a salt contract than a guy that actually is doing it at the Highway Department. However, because you're dealing with contracts all over the place, one of the things that we talked about, the Solicitor is trying to make sure that every time we enter into a contract there are certain provisions in all the contracts that are common, to protect the City. And that there are certain elements that are built into our RFP's that go out. It's never going to be 100% boilerplate. But the more that you can through a process ensure that your contracts and your RFP's have those protective provisions and have those items in there that solicit information so you can make better management decisions, we're better served by that. And I would see that the central purchasing would be more toward that type of a coordination and that type of a standard ethic than somebody sitting down and saying, I'm not going to let Frank buy salt because I know better we can get it someplace else. I just don't agree that that's the right way to go. It's more, as we said, a service industry; it's more of a service provider.

Alderman DeVries stated can I just make one more comment, because I don't know how the rest of the members of this committee perceive it, but when the budget was adopted, it was my understanding that the implementation of the P cards, because it would eliminate certain purchase order pieces...that was where the cost savings was involved. It was never envisioned that we had to implement the entire central purchasing concept in order to capture the \$200,000 savings. And I think that's where we're falling apart today. I don't have a problem with the P card scenario, the way it is voluntarily being utilized at the discretion of the department heads. Not a problem. It is other parts of the central purchasing concept that we're starting to hear about now, and it just was not clear to me in the budget process that we had to adopt the entire kit and kaboodle, if you will, in order for us to capture \$200,000. It was more of a presentation of going with the purchase card scenario.

Mr. K. Clougherty stated again, Alderman, I'll remind you that \$200,000 is not generated by savings. It is generated by utilization of cards rather than checks, and you get rebates as a result of utilization, and it has always been that, and it has always been volume driven. And the way you get volume is to have somebody going out there, and as Frank said, working with the vendors to try and get them to accept these cards. The more you do that, the more you're going to make. And that's always been the revenue that was in the budget.

Chairman O'Neil stated Kevin, I think something is important. You used several times when you spoke and you used the word clear. It wasn't clear. Otherwise we wouldn't be having this discussion. So, I think it may be clear in your mind or your eyes, but it's certainly not clear and I think if we talk to the balance of the Board of Aldermen it's not clear that this was a total package. So, I'd like to get to some other departments. Mr. Dillon, do you want to come up? You've been...

Mr. Kevin Dillon, Airport Director, stated I'll be very brief because I know you have other people you want to talk to. I guess in terms of purchase cards, just as Kevin just said, I'm not too sure that I'm overly concerned because I view it mainly as a method of payment. Instead of cutting a check, we're going to use a credit card. I think my concern with the purchase cards more would involve if we got to the point of making it mandatory, where it would start to impact people's desire to put in a bid on products. What I simply wouldn't want to see, in a mandatory situation, is that if the rebate or fee payment is two percent, that vendors were simply raising their bids by two percent. And then, one percent comes back to the City but one percent gets lost on the outside. So I know that's contrary to where Finance says they need to be in terms of aggressively using these things, but I think it certainly will take a very big marketing effort. I think they need to get out there and explain to the vendors what the benefits are and then it is what it is, but I think on its surface it's a method of payment. That's how I see it. I think the one thing though that I want to make sure the Committee understands, and I think Finance understands is that any savings that would accrue from the use of purchase cards related to airport purchases, that savings would have to go back to the airport, not the General Fund. That's under FAA rules. In terms of central purchasing, I guess I just want to say on the record, I was very disappointed to see the story in the Union Leader today regarding the cell phones. I think that was a very poor example to use to be reviewed for central purchasing. I think there were a lot of inaccurate assumptions that were put out there. I'd be happy to clarify any of those assumptions with the committee, but I can tell you the Airport does have a cell phone use policy. The phones that you did see at the Airport that aren't used, I hope they are never used because they're assigned to emergency equipment and would only be used in the event of a crash, but we're required to have that communication on those pieces of equipment. So again, I think that was just a very poor example to take a look at regarding central purchasing. I think in terms of central purchasing, just in general, I don't necessarily object if central purchasing looks at what I would consider items of common use between departments. If somebody wants to aggregate the amount of paper City departments are using and then go out and negotiate a good bid for that, that's fine. I think my concern with central purchasing comes when you start talking about specialized equipment. For example, we have aviation sand. That's different from the highway sand. It's an item that's only used by the airport. If you're talking about purchasing runway lights, those are things that the Airport

needs to insure that we're getting the product that meets FAA specifications and meets the product requirement for superior operations at the airport. I think, you know, in the past this committee has always stressed to me, the Board has always stressed to me, that department heads are responsible for running their department. I think the department head, at the end of the day, has to be the final say in terms of the quality of what would be purchased. Again, if central purchasing was used simply as a process to try to assist departments, or a process to get a better price for the City, that's one thing, but I certainly would hope that it wasn't evolving into something where I as a department head am going to have to start arguing with some other department about what type of runway light I'm going to be using at the airport or what type of aviation sand I'm going to be using.

Chairman O'Neil stated questions for Mr. Dillon? Kevin, and I should have probably asked Frank this because both of you would, and many departments, would do RFP's, to hire a consultant to provide some professional service for you. I have a concern with adding that layer of bureaucracy to do it because traditionally the departments have to run right to specs anyways. Do you have any thoughts on that?

Mr. Dillon stated I guess that's what I mean when I start talking about specialized...you know once you get to the point I think where a single department is going to use the product that's being purchased, whether it's a construction contract or specialized equipment, I think the efficiency or the savings of central purchasing are lost. I think it can only really add value when you're talking about items of common use, where they can be aggregated, and therefore because of that aggregation you're getting a better price when you're buying in bulk. You're absolutely right. Today, for example, we have boilerplate that we work with the law department on. We try to update that boilerplate with the law department annually. It gets inserted into every contract. The rest of the contract has to be specifically written by the Aviation Department to meet the specific requirements that we're trying to fill. I could never see, for example, trying to write a contract for a runway overlay. The expertise would just not be in a central purchasing department to do that. There's expertise that gets built into these contracts. The specific specification of an airport snowplow is much different than a highway snowplow. Those are things that the Aviation Department is going to have to write. Yes, it gets lumped on top of the boilerplate that we get from the law department but that's what I mean by specialized equipment. I'm not too sure I see the utility on contracts like that.

Chairman O'Neil stated any questions? Thank you, Kevin. Are there other departments that would like to speak? Diane, before you come up, I'd like to get Tom Bowen and maybe Frank up here just because they have...I don't know this

for sure and I'm going to ask the question, PUC. Tom, you definitely are regulated by the PUC. Frank, are you regulated PUC on waste water?

Mr. Thomas stated no.

Chairman O'Neil stated so savings in your department can go back into...theoretically could go in the General Fund?

Mr. Thomas stated no. It would have to go back into the Sewer Use fund because by law monies generated through Sewer User fees have to be used in those areas, and if there's any savings, those savings or revenues go back into the account.

Chairman O'Neil stated, Tom, would that be similar at the Water Works?

Mr. Tom Bowen, Water Department Director, stated same with water. Any savings have to go back in, including any savings on the P card would have to go back in. And we've had discussions with the Finance Department as early as yesterday and they assured us that that's the intent of the plan.

Chairman O'Neil stated Tom, do you see some items that might be unique to the Water Works that P cards would...vendors, I guess, that would accept or vendors that wouldn't accept?

Mr. Bowen stated about sixty to seventy percent of our monthly purchases are typically fifteen to twenty different vendors, and primarily it's purchased power, it's our treatment plant chemicals. We have, to some minor degree, paving contracts, because we don't do our own paving. Some of the other large vendors such as Public Service Company of New Hampshire and Anthem Blue Cross are all payments that we make on a monthly basis. Whether or not those would be included...but those twenty or so would constitute about sixty percent of our savings. And, as has been previously stated, what we primarily see are those small purchases that come up on a day to day basis. However, we're still wrestling a little bit with the authorization if you...and how far down the ladder the P cards are distributed. And, from our perspective we're kind of shifting the responsibility from some of our clerical staff to track all that cost and match up the requisitions and the purchase orders and so forth, with our operations people who are much less accustomed to handling paperwork and keeping track of all that kind of stuff and turning it in on a monthly basis. I'm sure it can be done. These are highly qualified people, but they're just not accustomed to that part of the operation. Chairman O'Neil stated do you happen to know, I'm trying to think of some items that might be specific to the Water Works, chemicals you mentioned, or piping. Do you happen to know if those vendors will accept P cards?

Mr. Bowen responded no, we just were introduced to the issue yesterday at a meeting at Finance, so we haven't really gone through, but the authorization issue is one too. You know, we have internal controls. It takes multiple signatures to get a purchase order for certain dollar levels that are over and above what the City ordinance say, and so forth. They're just for our own purposes. We're trying to wrestle right now with how's all that going to work with someone out in the field with the equivalent of a credit card in their pocket. We have credit cards right now. There are probably eight people in the department that have credit cards, but they're all at a higher level, and so forth, buying things that may be on the Internet, and so forth, that would fall into certain categories.

Chairman O'Neil asked any questions for Mr. Bowen? Thank you, Tom. Diane, you wanted to come up?

Ms. Diane Prew, Information Systems Director, stated I'd like to comment on two points. First of all, we're basically central purchasing for computer equipment and software for the City departments. I think last year we must have purchased somewhere in the neighborhood of \$3 million worth of equipment and software. Funds for this come from various sources – from City budgets, from bonding, from grants, from various places. I would agree with Kevin Dillon in that these are very specialized purchases and I'm not sure how that would fit into a central purchasing environment. We'd certainly want to look very carefully at that because, for us, you have issues of compatibility and it's a constant changing affair. Jennie Angell does most of our microcomputer purchasing and she spends a lot of time with the vendors and many times by the time we order something and it's ready to ship, the compatibilities have changed, so it gets to be a very complex area. As far as the purchasing cards, philosophically we don't have a problem with it. We are one of the departments that is starting to work with it. However, we want to go very slowly with this because we have concerns about tracking. All of that \$3 million worth of equipment that we talked about, we need to track it very carefully in terms of where the funds came from and what projects they were purchased for. I'll let Jennie speak to an experience we just had. We had a grant auditor come into the office and we were asked to track where all the equipment...some of this is PC, some of it's smaller pieces of equipment. We had to go in and find all of the receipts and prove that they had been purchased in accordance with the requirements. Under purchasing cards, we've been told that there are no PO's. And PO's for us is how...we issue a requisition and a PO for everything that we purchase, and that's how we track it. We know where all our equipment is and how it was purchased and who purchased it. So I'll let her give you that example of when the grant auditor came in.

Ms. Jennie Angell, Information Systems, stated this particular grant was a fire grant. It was a \$92,000 grant, and the Fire Department had cut the PO to us for

\$92,000 and out of that money we were purchasing software, servers, hardware, communication equipment and services from the vendor of the software. This was a single audit that was being...part of Finance's... they have the auditors come in and this was a single audit of the grant. And I had to produce the actual receipts, copy of the check, check number, date that the check cleared, for every single one of these pieces of equipment – hardware, software – that were in this grant. And how I've got this set up is, as Diane said, we can track every piece of equipment and software that I have. I know what funds paid for it. I know what purchase orders, and with the purchase order, I can go into HTE or a business manager can go into HTE. We can see the purchase order. We know what was purchased. We know what it was purchased for. We know when it was received. We know what the invoice number from the vendor is. We know what check number it was paid for, whether the check was cleared. So this is a purchasing mechanism, and with the purchasing card, we haven't got that and we're not seeing what it's been replaced with. So I'm not sure how I would be able to track this, as I also had to pull every one of the invoices, photocopy them, and give the auditor a copy. So I'm not sure how I would do that. It's something that needs to be worked out.

Ms. Prew stated so I guess what we're seeing...we're certainly willing to give this a try, but we want to go very slowly at it. And we have concerns...under the budget that's been put forth, that these purchases need...you know we're looking to make these purchases as quickly as possible. We're concerned about how we will deal with the tracking of it.

Chairman O'Neil asked Diane, do you happen to know if the type of vendors you deal with, if they will accept purchase cards?

Ms. Prew responded yes.

Chairman O'Neil asked they all will?

Ms. Prew responded not all of them, but we have specifically requested...some, like Dell will take purchasing cards. Insight will take purchasing cards. But in speaking with the vendors, they have told us that, for the most part, they see small purchases with P cards. We'll place orders sometimes with Dell for \$100,000 but they don't see those kinds of purchases coming in with P cards.

Chairman O'Neil asked any questions of our Info Systems folks? Thank you, ladies.

Ms. Prew stated Jennie has one more comment that she'd like to make.

Ms. Angell stated I would like to...and I'm all for doing new things. I purchase online. I use a credit card. I do a lot of things online. We did do a test using one of Finance's P cards to see how the transactions would come through. So we made...we did two transactions – one to Insight, one of my larger vendors, and to Dell. On each transaction we purchased two items to see what would come back for the transaction report from the bank so we could see how this would come back. So both of these transactions were done at the same time. What came back on the report that we saw was a transaction date, which was the date of the transaction for one of them and a different date for the other, and a transaction amount. Now both of these transactions that we put in were for two different items. The one from Insight came back as a total amount. It did not differentiate between two items. The one from Dell actually came back with two different transactions for the two different items. And then when we put these transactions in, every place that there was an option to put additional information, we made up purchase order numbers. We just made up identifying numbers to see what might come back on the transaction. On the Dell that came back, they actually put in the order numbers. On Insight, no numbers came back, so what came back, there was nothing on the Insight transaction that would uniquely identify it. And that concerns be. On a bad day, I'd be faced with sixty new boxes in my stockroom, and trying to match these up. The issue is the lack of a purchase order and I'm sure we can come up with a mechanism that will help us. And I can create numbers internally. But if the numbers don't come back, I can have three orders for the same amount of money, but they bill me for two, but which two? I don't have anything to uniquely identify these transactions, and so that's just...looking at it, I'm sure we can get through it, but it's just going to add to our processing time of trying to figure out what we're paying for.

Alderman DeVries stated you triggered a couple of questions there. So you were not involved at all with Finance Department or anybody else in trying to determine the terms of this particular P card purchase because they were pre-existing...they were already using a purchase card technology, both Dell and Insight.

Ms. Angell stated the thing with the vendors is just like purchasing anything with vendors. Every vendor...when we receive stuff, every vendor does things differently. We can't dictate that if I order to you today, it's got to be processed today. They're going to do what they're going to do. We can't specify. I think the whole P card thing is evolving. It's still new. It's like everybody does purchase orders and a purchase order is a standard. The standards for P cards are still evolving because it's still relatively new technology.

Alderman DeVries stated one additional question if I might. The equipment that you purchase and I'm dating myself because it's been a few years since I've been on the job, but when it's in the field, all of your computer equipment, and most

other significant purchases have an identifying equipment number for tracking purposes with the City. When does that tracking number of the equipment get put on? Is that something that could become the replacement PO number for you if...and would there be a usefulness as we're trying to think about this whole process?

Ms. Angell stated the issue I have with the lack of transaction number...the fixed asset number gets put on when we receive the equipment, before it goes out. Say we get ten PC's from Dell. We open the boxes. The tracking number goes on, and there's a database behind that that gives all the information – the purchase order, the date, who bought it, and all that stuff. So we have that. The problem I have, without having a purchase order number or some other identifying number, I can get fifty boxes in a day from Dell. They can be from five different orders. They're not all the same. And the outside of the box has the purchase order number so I can look on the outside of the box and we can look it up in the system, and I go, okay this goes with this, and then I can put the fixed asset tag on it and mark it and we know where it's going, and we're losing that.

Alderman DeVries stated I understand that, Jennie.

Ms. Angell stated and so we've just got to find something to replace it with, but the big concern on the transaction reports that come back, we don't necessarily have a unique identifying number on that transaction to match it to your purchase.

Alderman DeVries stated and I understood that too. I'm just assuming that there might be a way to correct that with the individual vendors or processing company.

Ms. Angell stated I'm sure over time...

Alderman DeVries stated and that might become part of the duties of Lisa or whoever is in the central purchasing division. And I'm asking you to forward think to whether or not that particular fixed asset number is something that might be useful to replace...not to give me an answer but just to think. Is that going to be the new PO number that we need?

Ms. Prew stated but we need to be able to attach something to...when we place the order. That's what's missing. And that's what we'll be experimenting with to see what we can do. But I guess my caution is that we will be moving very slowly and while we're moving slowly, we still need to make the purchases in a timely fashion for the departments so that they can continue...

Alderman DeVries stated by purchase order.

Ms. Prew stated right.

Chairman O'Neil stated we've got to take care of one item regarding taxi cabs before we go. Could I ask Kevin Sheppard to come up just to talk quickly about the fleet. And I would like to ask, and I don't know if we need a motion, but if departments have comments on the central purchasing or the P cards, Mr. Bernier from City Clerk has put something in writing to us on central purchasing, we'd ask the departments to please address those to the committee via the City Clerk's office. Kevin, can you – I should have called you ahead of time to let you know I was going to ask these questions, but just one of my concerns with the fleet part of this is that we seem to, as a City, five departments may be buying each a pick-up truck, and we buy five different pick-up trucks, instead of buying one purchase, whether it's through the State bid. And I know you've gone out to look, it's a request for information maybe, more so than anything else. There was an advertisement in the paper for vehicles...to get a feel for what is pricing out there beyond the State bid. Do we have any policy in place that says if we're purchasing like items, like a one-ton pick-up truck, or a mid-sized car, that we go out once for that and there has to be an agreement on what the spec is written?

Mr. Kevin Sheppard, Deputy Director of Public Works, stated in the past a lot of times department heads have told us what piece of equipment they want or the details of that. Mindy has actually been working with our buyers, actually been working with the different departments to begin standardizing, especially this year when we're purchasing equipment, i.e. a one-half ton, three-quarter ton pickup truck. You know the chaise for, whether it's Parts or Highway Department, or should roughly be the same chaise and I believe that's where Alderman O'Neil's going. There are attachments that go to each piece of equipment that may differ, depending upon the department. But Mindy's been working with the departments to try to standardize the base bid or base piece of equipment...i.e. the Fire Department's getting a mid-sized car or a small car this year. We're going out to bid for a mid-sized car. We're not saying it's got to be a Chevy Impala or a Ford, whatever. We're going out for a mid-sized car, whoever will provide us with the least expensive car that meets our minimum specifications. So we've begun working on that, so there is some standardization. Part of the problem is you go out to bid for a three-quarter ton pickup. This year it might be Chevy, next year it might be Ford, based on the bidding process. Whether that matters, I'm not too sure - the maintenance on a Chevy, the maintenance on a Ford or a Dodge, or whatever it is - is that much different. But we are trying to standardize the minimum, maybe contracts, boilerplate type things, for our equipment.

Chairman O'Neil stated but we don't have a specific policy in place regarding that.

Mr. Sheppard stated the CIP committee has never directed us to have a policy in place, but internally Mindy's been working at that over the past couple of years. We haven't gotten a lot of money for equipment replacement so...but internally she's been working on doing that.

Chairman O'Neil stated and just from a past conversation with you I think one of the things – and I don't want to quote you on this – it's just an observation for me. Our bargaining power may not...because we don't have a great amount of...we don't purchase a great amount of vehicles. We might not have a lot of bargaining power regarding fleet purchases. Right? We...I don't know how many...maybe police cruisers are our biggest and that's six or seven cruisers maybe, Chief, that we purchased?

Mr. Sheppard stated this year we put out a bid for five vehicles. The CIP committee requested that we put out a bid versus going up for State bid. We've always seen a benefit of a State bid because there's a larger purchasing power. We actually went out to bid. When we get those bids in we're going to compare those numbers to the State bids so we can go back to the CIP committee and maybe they're right and maybe they're wrong, but at least we'll know, or have a better idea maybe. That's just a small pool.

Chairman O'Neil asked can you also provide that information to this committee? Just because that's part of our charge is this fleet management issue as well. Thank you. Any questions for Mr. Sheppard?

Alderman Lopez stated I think the system that's been developed over a number of years on the MER and purchasing is a good system in comparison to what we've done in the past. I think we need to put something down in writing as to what division is, as to how we're going to do it. Like, why does Building Department have a truck or why can't this person have a smaller car versus a big car. We understand the police car. That's a different situation. Those are the things we need to know to make it a policy. So, if not...people are not getting Crown Victoria's for no reason.

Mr. Sheppard stated and again, we've allowed department heads to, where they manage departments, to make those decisions on the vehicles they need. And I believe that's what – I want to say - they get paid for but they're managing their department and they're the ones that are telling us what vehicle they need. We didn't feel that we were in the place to be telling departments, no you don't need a pickup truck, you need a Ford Escort. They know better than we do.

Alderman Lopez stated I understand that. We just need more justification on the vehicle.

Mr. Sheppard stated and maybe that's provided as part of the CIP process.

Chairman O'Neil stated and maybe that's one of the recommendations we can come out is on that as well as group purchases. Thank you, Kevin. We need to take care of one item and I'd let Matt bring it up.

Alderman Lopez stated I know Alderman O'Neil said it, but is there anybody – you can just raise your hand - in favor of the central purchasing system in their department? So therefore, I don't see anybody raising their hand, so Alderman O'Neil indicated...tell us why. It just can't be, I'm not in favor of it. We're trying to be fair on both sides and make a policy. We need to know. Some of the good comments I've heard are mostly support, and we do have an auditor that's separate from anybody that can be utilized to go into these departments and see if things are right or wrong, and so far all of the departments that he has visited, he's done a good job and the department heads have done a good job. If you put those things in contents, in writing, like the City Clerk and we appreciate it.

Chairman O'Neil stated and I think it would be helpful to the committee if the departments would supply us a list of who will accept, based on what vendors today will accept P cards, what vendors won't. That would be good to know because I don't think we know who will accept what. One final item before we adjourn. Matt.

Mr. Matthew Normand, Deputy City Clerk, stated several members of the taxi industry showed up at five o'clock, rather than four. I explained to them what happened, and they claim that they cannot, at least at this point, right up front, could not program the taxi meters to handle a twenty-five cent increase, but they could do it for a fifty-cent increase. They're going to contact the manufacturer of the taxi meter tomorrow. I told them to touch base with me, but they were pretty adamant that they were not going to be able to do this. So, it's possible that what the committee desired cannot be followed through on, and if that's the case, I can poll the committee and get back to you and let you know what happened.

Chairman O'Neil stated so if that's the case, I think what Matt has recommended to me, because I went out back at one point, we're going to have to continue until we can get this worked out on the fifty cent increase that we had approved previously...until this gets worked out and possibly we can address this before the Board meets the first week of October. We're not trying to give the Clerk gray hair with more meetings, but maybe we could just have a quick Administration meeting to talk about this.

Alderman Smith asked where does this money go to? Does it go to drivers, is it prorated, or does it go to the owners?

Mr. Normand stated that would go to the total amount they would make on their shift. And then they still pay that \$1.10 back to the company. That \$1.10 lease fee is fixed, so no matter how much they make on that increase, they still pay that \$1.10. So any increase they receive, in theory, goes to the drivers.

Chairman O'Neil stated I just wanted to make sure the committee knew that before we left today. We're going to have to leave the fifty cents intact. It's an ordinance change anyway. So it couldn't be addressed till the full Board.

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

A True Record. Attest.

Clerk of Committee