

COMMITTEE ON FINANCE

October 1, 1996

Upon Recess of BMA

Mayor Wieczorek called the meeting to order.

The Clerk called the roll. There were eleven Aldermen present.

Present: Ald. Wihby, Elise, Reiniger, Clancy, Soucy, Shea, Domaingue, Pariseau, Cashin, Robert, Hirschmann

Absent: Ald. Sysyn

Messrs.: K. Clougherty, J. Gardner,

Mayor Wieczorek addressed item 3 of the agenda:

Communication from Alderman Elise, proposing that the City repeal the increased fees associated with automobile registrations.

Ald. Elise stated as the Board knew, she had voted against the fee proposed during the budget process and since it had been implemented noted she had received several calls from people saying they were opposed to the fee; that the majority of the people calling were elderly on fixed incomes who were having difficulty managing their budgets; that she did not oppose the fee merely for the elderly, however; that in general she thought as time went by and as more people received their bills they would be receiving more complaints noting it could turn into a situation where the fire fee had to be reimbursed to quite a few number of people and with respect to this fee being part of the budget and not being able to repeal it at this time, if the pressure from the public got to the point where in the future they had to repeal it, it would be worse and the money would have to be reimbursed to them and moved to repeal this fee noting if a majority of the Board chose not to do so, she would encourage the Board to look at perhaps an elderly exemption and refer it to revenue for review.

Mayor Wieczorek stated although Ald. Elise may have voted against it in Committee, but thought she may have voted for it when she voted for the budget because it was in there noting when he vetoed the budget had voted to override his veto; that if she wished to repeal the fees asked how she proposed to replace \$1.2 or \$1.3 million because that was what was in the budget.

Ald. Elise replied a lot of people voted for the bottom line in the budget for different reasons noting she had voted against all of the proposed fees and thought that if the Board so chose not to rescind this fee at this time and as time went on and there was an outcry from the public to do so in the future, they would be in a worse situation which was why she preferred to review it than in the future and if the majority of the Board did not wish to go along with this proposal at this time reiterated this was what she felt should be done at this time.

Mayor Wieczorek stated the tax rate would be set during the latter part of next month noting this was a part of it and asked Ald. Elise if she would recommend they raise taxes \$1.2 or \$1.3 million or cut expenses by \$1.2 or \$1.3 million and asked what she would recommend.

Ald. Elise replied ideally, she would have recommended that they had worked on proposals regarding economic development for six months rather than how many fees could be assessed the public to balance the budget and thought the Board should start doing it now for next year's budget.

Mayor Wieczorek asked Ald. Elise what she proposed to do now noting he knew what she'd like to do and what she thought might be nice, but asked what would she do now.

Ald. Elise replied she was doing what she felt the Board should do regarding this particular fee and would be willing to take any suggestions from the Finance Department or the rest of the Board or even the Mayor's Office.

Mayor Wieczorek reiterated they could either raise taxes or cut expenses noting those were the two options.

Ald. Elise stated if the Board wished to repeal this fee at this time they could then perhaps look at those two issues at future Board meetings.

Ald. Wihby stated he was going to ask the same question as the Mayor; that he saw there were two options: one being they could cut \$1.3 million from the current budget - three or four percent from everybody's budget or he did not know if they could place it on the tax rate because they couldn't open the budget, but if they didn't get the revenue imagined they could go to the Board of Land and Tax Appeals or wherever informing them the monies would not be coming in, so the tax rate could be raised next month, but it was not something that could just be repealed unless they had one of those two options and did not know where they could cut four percent from everybody noting it had been part of the budget and the taxes would have been higher if that fee was not implemented; that things were going to be done where they would pay cash noting it was his understanding it would take care of some of the parking operations and did not know if it was fully understood the way it was because he had always thought that after so many years the extra money wouldn't be charged noting he would like to have that aspect explained to him and how it works because he had thought that after four or five years there wasn't going to be an increase and guessed there was an increase, so he didn't know if they were using list price, or the value which was why there was an increase for some of the older cars, but didn't know what else the Board could do with it unless they made a decision this evening as to whether or not they'd repeal it and then they'd either have to raise the taxes or to cut two or three percent more off the budget.

Mr. Clougherty stated there were several questions involved; that he believed the City was outside of the 90-day window for reopening the budget, so if the Board were to repeal it what would happen would be that those dollars would not be included in the tax rate setting process and when DRA sets a tax rate later this month the Assessors had told them the rate could be set after October 23rd, then that \$1.2 million would be offset by taxes and the tax rate would go up more than what had been forecasted during the budget deliberations; that the other side would be where the Board would issue directives to departments to cut a percentage of their budgets to accommodate that amount of lost revenue; that if there was some thought of doing away with the fee the Finance Department would need know so that they wouldn't go up and set the tax rate and not get that addressed within the next 30 days; that the fee itself was in effect, newly adopted noting it was his understanding and would have to check with the Solicitor, but if at some point down the road the Board wanted to revisit it, it

would be at the Board's pleasure and did not think it would have to be reimbursed; that Ald. Domaingue had insisted as part of the deliberations at the Committee level that there be put in place as part of it a mechanism for annual review, so that it could be reviewed annually for two reasons: to make sure that the work was being done as part of raising the funds was to do better improvements to the parking garages and roads and other items which were necessary and two to make sure that the fund was not getting to a point where it was over robust and creating a drain or creating some sort of an excess funding level for the plan that was in place for using these funds noting what needed to be done was to match the ability of the City to do the jobs with the flow of dollars which was the reason why in the Committee's deliberations that it was lowered from 2 mill discussions or better down to the 1.5 mill which was finally adopted.

Ald. Hirschmann stated he had difficulty with the fee noting he had not voted for it during the budget process also; that he had received a number of phone calls about it and understood and empathized with Ald. Elise with what she was saying, but he was trying to get only one thing straight; that by passing it at the Board level an account was established and asked if that money didn't go into a so-called escrow account how would it increase the taxes noting the money was being put aside for specific purposes and was not going into the general fund and thought the statement of taxes being increased was untrue; that if the fee were to be repealed the City would not have an escrow account to rebuild the garages.

Mr. Clougherty stated, no; that they were budgeted expenses in the operating budget and if those funds were to be deposited into a trust so as to earn more revenue those monies would come back as an offset whether it was a special revenue fund, trust fund or whatever mechanism.

Ald. Robert stated he was not a fan himself of shifting the costs in terms of fees noting he had not made a habit of doing it that often, but he had made an exception in this case and was not an easy decision to reach on his part, but the extra money would go...it was targeted money which would go to a specific purpose no matter what specifically to fix up the garages and was one of the pieces of the puzzle to rebuilding the tax base and making the Downtown a more vibrant place; that he saw it as an investment and if it had not been done in that manner felt it would not get done; that those accounts in his five years on the Board had been flat with the garages falling apart and guessed the question was “do you fix them or do you let them fall apart and let the Downtown situation deteriorate any further”; that at election time he kept on hearing the same old stuff - the Downtown’s been this way for a long time, you haven’t done a thing - and taking this one particular action, the Board’s done something noting they would see results down the road.

Mayor Wieczorek stated he could recall when they had the two-by six’s holding up the garage on Canal Street and it was being held up in that fashion because the City did not have the money to address that issue and finally when they did address it, it cost \$2.3 million to get that garage fixed, so they were trying to provide funds which would deal with those issues.

Ald. Robert stated if the overall tax burden was a problem noted there was a whole other range the Board could look at, but thought this had been something that had to be done which would bring a pay back in the future.

Ald. Domaingue stated she agreed with Ald. Robert, but not only as an investment, but she also saw it as a responsibility of the Board noting she had voted for it with the understanding that they would review it next year to determine whether or not that assessed fee was going to be necessary any further; that she didn’t like doing it, but when she had looked at the condition of the garages and the reports which had been given to the Committee and the full Board, felt it was the Board’s responsibility not to get to the point where there was a serious mishap because that in turn would translate onto the taxpayer, in terms of any kind of liability or lawsuit if something should happen because of a lack of maintenance in those facilities, but was glad that the Finance Director, Mr. Clougherty, was prepared to revisit it in a year.

Ald. Shea stated he would like the Finance Officer to elaborate on the dynamics of it in terms of the payment of the fee, so that people listening and people present could understand how much each person would pay in terms of their vehicle, etc.

Mr. Clougherty replied he did not have that information to that level of detail; that the millage they had talked about; that there was a potential to slide it based on the future which was to let it go for a year, but to revisit it and keep records during that year to see what, if any problems existed or what, if any potential improvements could be made in the system; that if they did not have to raise the rate they would not want to do so noting two things would drive raising the rate up; that one would be the amount of work which would need to be done and obviously if they could get to the level of work which the Highway Department and Traffic were saying they could do within their resources as a preventative maintenance type of effort that would save the City money down the road in terms of all of the bondable expenses having to go out; that if the Board so desired, Finance would be more than willing to come in at the next Board meeting and make a presentation explaining the fees, how they were being collected in the Tax Collector's Office, what the rates were and how it would affect different vehicles noting he did not have that information in front of him this evening.

Ald. Shea stated the newer the vehicle the more expensive the fee.

Mr. Clougherty replied in the affirmative; that the theory was the people using the roads and using the garages through the fee would be paying for the maintenance of those facilities and that by raising the fund in this manner the City would be able to address those problems faster, more efficiently and not have to incur borrowing costs and debt service and interest and be able to get more done for the dollars because they would not have some of those restrictions of time and paperwork and reiterated if the Board so desired, the Finance Department would be willing to make a presentation at the next meeting explaining it so that the taxpayer could understand how it would affect them and would be more than happy to work with the Tax Collector and do so and try to inform the public as to how it worked and where the money would go, etc.

Ald. Clancy stated he had received quite a few phone calls over the weekend regarding the automobile tax noting that a lot of his constituents were on

fixed incomes with some not being able to afford it; that he had indicated to them he was trying to do the best he could noting it would be brought up at Tuesday night's meeting; that he knew that the City would derive \$1.2 million which probably amounted to 30 cents on the tax rate.

Mr. Clougherty replied probably not quite that amount.

Ald. Clancy stated they would pay either one way or the other.

Mr. Clougherty reiterated they were not prepared this evening to explain the details of how it worked, but would come in at the next meeting and explain the mechanics of how it worked and how it would impact the tax rate and be able to provide more information on the matter.

Ald. Elise asked if there was some reason for not explaining the breakdown of fees on the registrations as she thought it would be very helpful.

Mayor Wieczorek asked if when the auto registrations were mailed out could an explanation be included.

Ms. Gardner replied the form was currently pretty crowded now and was not sure as far as programming where it could fit; that the program had not been asked to do it specifically noting they had a hard time trying to fit it on the permit itself; that the programmer could take a look at it to see if some sort of a statement could be included on it noting that would probably generate a lot more phone calls.

Ald. Wihby stated he thought the '93 autos would pay a certain mill and so on; that as a vehicle got older the amount they would pay for registrations would go down, so he had understood once the auto was getting older even with the additional fees it would still be less than the year before, but yet there were some cars which were 10 years old and people were still getting hit.

Ms. Gardner stated the fee was strictly based on list price and was based the same way as the permit fee was; that she recalled one which had been done with Ald. Hirschmann over the phone because he had asked her to walk through it; that that particular customer had a list price of \$13,700, the vehicle would have been \$42.00 back before they did agency or whatever;

that they added \$2.50 for agency, \$3.00 for waste reclamation and it was \$14.00 for the parking trust fund noting it was an older vehicle and his list price being \$13,700 he paid an extra \$14.00 and believed it was an '88, but his registration which had originally been \$42.00 was not \$61.50.

Ald. Wihby asked why was it his understanding that as the cars got older that amount would go away.

Ms. Gardner replied it would not go away, but on the assumption that an older car had a lower list price, the fee would be lower, but if there was an older Cadillac...

Ald. Wihby asked if those prices changed yearly.

Ms. Gardner replied, no, the list price was the manufacturer's list price when it was brand new.

Ald. Wihby asked so how would that be lower every year.

Ms. Gardner replied when a car became five years old, it stayed at the same list price forever noting those were the people who were noticing it even more because they were used to paying the same fee for every year and all of a sudden it's jumped up.

Ald. Wihby stated he thought it had been explained to the Board that as the vehicle got older after so many years noting he thought that was five years, they wouldn't see an increase at all; that he thought it had been set on the value of the car so that after five years when the car's value had gone down the book value went down, etc.; that it had been explained to the Board that whatever the number had been that after five or six years that number would get smaller and now he was hearing that it wouldn't get smaller after five years, but rather it would stay the same.

Mayor Wiczorek stated it would go down for the first five years.

Ald. Wihby stated he thought that after five years they would have to pay almost nothing.

Mayor Wieczorek stated he believed it was very much like collision and comprehensive in that you could have a car that's 10 years old and if you have collision and comprehensive, it would still be at age group five which was the lowest age group noting it didn't get any lower, the car was worth less and if it was stolen people would get something less because they would go by the book value, but still pay the same rate for either collision or comprehensive.

Ald. Wihby stated after five years they would always pay the same amount, correct.

Ald. Elise stated that was perhaps the reason why they were receiving a lot of calls from the elderly as older people keep their cars longer thinking they could afford the costs associated with their autos; that if the majority of the Board would like to act on it moved that fees associated with automobile registrations be repealed. Ald. Cashin duly seconded the motion.

Ald. Wihby asked if they were raising the taxes or cutting the expenses.

Mayor Wieczorek replied it was one or the other.

Ald. Wihby stated if it was about 30 cents per thousand on an average house of \$100,000 was \$30.00 and asked if people would be paying \$30.00 on this fee.

Mayor Wieczorek stated you'd be asking the homeowner to pay rather than those owning the vehicles.

Ald. Pariseau stated the item had been amended in Committee to add with a required annual review of all set fees and suggested that the Board let things go the way they were and during the next budget deliberations make sure it was an issue the Board could address noting the Board couldn't raise taxes during the year.

Ald. Elise stated she would hate to get into the same situation as the fire inspection fee.

Ald. Domaingue stated recognizing that the elderly were on fixed incomes asked if either the Tax Collector or the City Finance Officer expand on whether or not there was a possibility that the people on fixed incomes, the elderly in particular could get a break asking if there were any current provisions in any ordinance which would allow for it.

Mr. Clougherty replied that was certainly something which could come back to the Board and they could go back and do some cost analysis of what it would be and what that impact might be and some recommended language as to how it would work; that they could probably look at the tax exemptions set by the State for property taxes and look at a model of that to see what impact that might have.

Ald. Domaingue stated she could support that; that she could not see the positive benefit of hitting up every single homeowner with \$30.00 plus when, in fact, that individual homeowner may go down register his car noting it could cost anywhere between ten and twenty; that she thought they had been trying to do it in the most prudent and effective manner when they had looked at it in Committee noting they could not ignore the garage problems which was a very serious liability.

Ald. Reiniger stated he also had calls from elder citizens on fixed incomes, but noted Mr. Clougherty had made the point that there was a State law provision with respect to the property tax for elderly exemptions, so perhaps an analogy could be made in that respect.

Ald. Cashin stated the only reason he had seconded the motion was because it was obvious that there were some Board members who had voted for the fee and had not fully understood what they were voting on, based on comments this evening; that it wasn't a twenty dollar bill; that if they checked there were probably quite a few residents who had more than one car and in some cases it could be as high as forty or even sixty.

Ald. Wihby stated the tax rate could be sixty also if someone had a \$200,000 home.

Mayor Wieczorek stated they always heard about what was happening to the property taxpayer noting that was true, but here there were people who were using the facilities and seemed to be a fairer way to do it than taking the elderly homeowner who had a car and probably didn't use it very much and have it added to their property taxes noting they would still have to fix the garages.

Ald. Cashin stated he remembered saying to the Board when they were discussing the fees, once the bill came out and they started getting the phone calls they would all revisit it, which was what they were doing noting they had done so with the Fire Department and now this fee; that it belonged in the tax rate and if it had been that way, they wouldn't be experiencing these problems, as least when paying a property tax some of it can be written off and this way there was no write-off, nothing and it was a wrong way to do it noting you couldn't finance the City through fees.

Mayor Wieczorek called for a vote on the motion noting the Board would have to determine what it would do and if so what they would do.

Ald. Wihby stated if they were going to cut, he would support it, but if they were going to add it to the tax rate he couldn't.

Mayor Wieczorek asked Ald. Elise how she wished to correct it and asked her if she wished to incorporate it as part of her motion and did she want to raise the taxes.

Ald. Elise replied she would support Ald. Wihby's suggestion of cutting some of the budget.

Ald. Cashin stated he would support the motion, but would not support any cuts noting the budget had already been cut to the bone noting that according to today's paper the School Department was in deep trouble.

Ald. Elise stated the Board could perhaps make a decision as to whether or not it wished to repeal the fee and take a look at it afterwards.

Mayor Wieczorek stated he sensed an air of indecision on the Board's part.

Ald. Wihby suggested a decision be held off until the next meeting noting that the Board seemed to be concerned with the elderly at this point in time and get the numbers from Finance first, find out what the elderly number would be, find out about how much money they were talking about and then they could decide if they wanted to cut the budget by two or three hundred thousand rather than talking \$1.3 million at which point they could then take a vote as he thought everybody's concern dealt with the elderly.

Ald. Wihby moved to table item 3 until the next meeting.

Mayor Wieczorek asked Mr. Clougherty if he could have the information available for the next Board meeting.

Mr. Clougherty replied the Board would have to have the information by the next meeting as the tax rate would be set during the first week of November and ideally the last week of October, so if there were to be changes made they would have to know that beforehand when scheduling an appointment with DRA.

Ald. Elise stated she would be in favor of tabling this item.

Ald. Reiniger duly seconded the motion to table. The motion carried with Ald. Robert duly recorded in opposition.

Mayor Wieczorek addressed item 4 of the agenda:

Communication from the Deputy Finance Officer advising of a request for Contingency transfer for Youth Services.

Ald. Wihby moved to approve the request for a Contingency transfer for the Office of Youth Services. Ald. Clancy duly seconded the motion. The motion carried with Ald. Hirschmann duly recorded in opposition.

Mayor Wieczorek addressed item 5 of the agenda:

Resolution:

“Authorizing the Finance Officer to effect a transfer of One Thousand Seven Hundred Eighteen Dollars (\$1,718.00) from Contingency to the Office of Youth Services for office lease payments.”

On motion of Ald. Wihby, duly seconded by Ald. Soucy, it was voted that the resolution be read by title only, and it was so done.

On motion of Ald. Wihby, duly seconded by Ald. Clancy, it was voted that the resolution ought to pass.

Mayor Wieczorek addressed item 6 of the agenda:

Communication from George H. Boudreau, Jr., Director of Manchester on Parade, seeking the City’s assistance for funding of Police coverage for the parade held on September 22, 1996.

Ald. Clancy asked what the balance was in the Contingency fund.

Mr. Clougherty replied there was a balance of \$176,000.

Ald. Wihby stated he did not have a problem with giving Mr. Boudreau the money ; that he wanted to make sure that it would cover the expenses and that there would not be anything left over, for accounting purposes.

Mayor Wieczorek stated he was in agreement with Ald. Wihby noting this was taxpayer money and thought if the Board was going to do something, they ought to have bills on-hand which would need to be paid, so the Board would know.

Ald. Shea suggested the Finance Department contact Mr. Boudreau and find out exactly how much money was needed as a couple of ideas had been proposed and thought that this item could perhaps be tabled this evening and discussed at the next meeting.

Ald. Pariseau stated he had called the Finance Office to find out what the balance was in the Sesquicentennial Committee fund to see if some of those funds could be used and noted he was still awaiting a response and asked if there was money in that account or not.

Mr. Clougherty replied there was \$10,000 which was available for that purpose noting it had been appropriated for the use by the Committee much as funds would be appropriated and made available for any other 501C-3 type of organization; that it was his understanding that they had already had all of their \$10,000 programmed and committed for Sesquicentennial activities of their own and there was nothing remaining that would be available for use.

On motion of Ald. Shea, duly seconded by Ald. Wihby, it was voted to table the communication from Mr. Boudreau until the next meeting of the Committee on Finance.

Mayor Wieczorek addressed item 7 of the agenda:

Communication from Terri Perkins seeking the City's assistance for funding for 15 members of the Co-Ed Softball team to attend the World National Co-Ed Championship near Dallas, Texas from October 17-20, 1997.

On motion of Ald. Pariseau, duly seconded by Ald. Shea, it was voted to receive and file the communication from Ms. Perkins.

Mayor Wieczorek addressed item 8 of the agenda:

Resolutions:

“Authorizing the Finance Officer to effect a transfer of Five Hundred Dollars (\$500.00) from Civic Contributions to the South Little League.”

“Authorizing the Finance Officer to effect a transfer of Two Thousand Dollars (\$2,000.00) from Contingency to the Personnel Department for Total Quality Management Training Session.”

“Authorizing the Finance Officer to effect a transfer of Nine Thousand One Hundred Ninety Five Dollars (\$9,195.00) from Contingency to Retirement Severance payments.”

On motion of Ald. Wihby, duly seconded by Ald. Reiniger, it was voted that the resolutions be read by titles only, and it was so done.

On motion of Ald. Wihby, duly seconded by Ald. Domaingue it was voted that the resolutions ought to pass.

Mayor Wieczorek addressed item 9 of the agenda:

1997 CIP Budget Authorizations:

7.60322 Wastewater Treatment Plant Odor Control

7.60323 Cohas Brook Interceptor

On motion of Ald. Domaingue, duly seconded by Ald. Shea, it was voted to approve the 1997 CIP budget authorizations subject to the final adoption of related bond resolutions.

There being no further business to come before the Committee on Finance, on motion of Ald. Wihby, duly seconded by Ald. Shea, it was voted to adjourn.

A True Record. Attest.

Clerk of Committee