

COMMITTEE ON FINANCE

May 15, 2000

7:00 PM

In the absence of Mayor Baines, Chairman Cashin called the meeting to order.

Chairman Cashin called for the Pledge of Allegiance; this function led by Alderman Shea.

A moment of silent prayer was observed.

The Clerk called the roll

Present: Alderman Wihby, Gatsas, Sysyn, Clancy, Pinard, O'Neil, Lopez, Shea, Vaillancourt, Pariseau, Cashin, Thibault, and Hirschmann
Alderman Levasseur arrived late.

4. Appropriating Resolution:

“A Resolution appropriating to the Manchester Airport Authority the sum of \$32,247,000 from Special Airport Revenue Funds for Fiscal Year 2001.”

On motion of Alderman O'Neil, duly seconded by Alderman Thibault, it was voted to read by title only and it was so done.

Alderman Pinard moved that the appropriating resolution ought to pass and lay over. Alderman Wihby duly seconded the motion. There being none opposed, the motion carried.

5. Appropriating Resolution:

“A Resolution appropriating to the Manchester Transit Authority the sum of \$663,330 for the Fiscal Year 2001.”

On motion of Alderman Pinard, duly seconded by Alderman Wihby, it was voted to read by title only, and it was so done.

Alderman Pariseau moved that the appropriating resolution ought to pass and lay over. Alderman Thibault duly seconded the motion. There being none opposed, the motion carried.

6. Appropriating Resolution:

“A Resolution appropriating the sum of \$3,149,254 from Recreation User Charges to the Recreation Division for Fiscal Year 2001.”

On motion of Alderman Shea, duly seconded by Alderman Lopez, it was voted to read by title only, and it was so done.

Alderman Clancy moved that the appropriating resolution ought to pass and lay over. Alderman Sysyn duly seconded the motion. There being none opposed, the motion carried.

7. Resolution:

“Raising Monies and Making Appropriations for the Fiscal Year 2001”

On motion of Alderman Pariseau, duly seconded by Alderman Sysyn, it was voted to read by title only and it was so done.

Chairman Cashin advised that the proposed budgets for departments as listed shall be discussed. Motions to amend the resolution may be considered.

- 1) Discussion relative to revenues
(Finance, Assessors, Tax)

Chairman Cashin noted that Finance was not present at the moment and suggested they proceed with revenue discussion with the Assessors.

Steve Tellier, Chairman of the Board of Assessors addressed the Committee stating revenues for our department are pretty well set by statute. That is payment in lieu of taxes. We have a small amount of revenue that we generate from photocopies, property record cards and that type of thing. In the handout that all of you have, tax liens, specifically what that is are those...

Alderman Wihby interjected we do not have that sheet. What is it?

Mr. Tellier replied it was done by the Mayor's Office quite some time ago. These numbers have not changed.

Chairman Cashin stated we don't have it.

Mr. Tellier replied if it was my mistake...I didn't know I was bringing handouts. These numbers haven't changed for some time.

Alderman Pariseau asked is it the revenues that you are talking about.

Mr. Tellier answered our revenues, yes.

Chairman Cashin asked is it one sheet.

Mr. Tellier answered it is one sheet that totals \$464,509.

Alderman Lopez stated it is on the revenue sheet. It is dated 4/22. It is a report of all of the revenues of the City.

Chairman Cashin asked the Clerk to make copies of the sheet for the Aldermen.

Mr. Tellier stated there are just a few categories here that are pertinent. The first one is tax liens. State statute provides that people fulfilling certain criteria can enter the elderly deferral program. At some point if the home is sold or if they elect to come off that program, then they have to pay the past taxes and it is a statutory 5%. We have anticipated approximately \$50,000 for that. The next one is other housing units. That is in lieu of taxes. That amounts to about \$199,447. It is a little over \$200,000 for that. There is the Carpenter Center. Then there is MHRA in lieu of taxes. That is set by State statute also. Then we have some research fees - \$5 per research, photocopies, maps and prints. The total for that is \$464,509. It is not an awful lot of money.

Alderman Pariseau asked how can we generate more revenue in your department.

Mr. Tellier answered I am not going to wish for more people to die, Alderman. In lieu of taxes, that is set by statute. The only way that is going to change is if the State statutes change in the legislature. If I recall, Alderman, three or four years ago we had the City Solicitor involved and other attorneys and the Mayor and Board of Aldermen and we discussed that. There is legislation that is usually proposed yearly, however, to date nothing has changed as far as the exemptions, the deferral or the charitable situation. At present, these are set by statute.

Chairman Cashin asked, Steve, weren't your revenues higher last year.

Mr. Tellier answered I don't believe so, Alderman. They have been pretty consistent at this point. In fact, our revenues went up a little bit this year over the year before because the City side went up about \$3 per \$1,000 from the year before. It is a little over \$15 on the municipal side and the previous year was \$12.17.

Alderman Wihby stated in 1999 it was \$418,000 but year-to-date is \$485,000 and for FY00 you are at \$464,000 so year-to-date is probably going to be over \$550,000 or so but you only put \$464,000 for next year. Can we go to the \$550,000 number?

Mr. Tellier replied there was one revenue that left our office. There were a number of tapes that are generated for banking institutions so they could pay the mortgage amounts but that has been transferred over as a revenue to the Tax Collector.

Alderman Wihby asked how much did that equal. Do you know?

Mr. Tellier answered I don't have that number right in front of me. This number may increase a little bit on the tax lien side, but I don't see a substantial change from what I have here.

Chairman Cashin asked so we are looking at about \$500,000.

Mr. Tellier answered approximately. Less than \$500,000. I have between \$465,000 or \$485,000. It is not going to change by much more than that. The tax lien amount often has gone up as people pass away or in the event that someone enters a nursing home and the property is transferred either by probate or a regular deed then that deferral is paid off and there have been years when that amount went up a little bit, but that is a hit or miss.

Alderman Wihby asked about the revaluation. The Mayor used...

Mr. Tellier interjected the Mayor used \$3.833 billion.

Alderman Wihby stated every year it seems that whatever we use it always go higher...let's put it this way the Assessors are conservatives so we always under estimate that and we always seem to in the budget process go a little higher and always meet that figure. I think you guys are conservative and probably should be.

Mr. Tellier stated to recap what occurred last year, we got a gift last year. The Department of Revenue Administration reviewed the valuations on all utility properties so we got an extra approximately \$35 million out of that. That is not going to happen this year. However, the economy is robust. We have anticipated...when I say we the Board of Assessor's anticipated approximately a \$25 million increase. The Mayor's Office requested of us whether we thought that may increase. We said that there is a better than average chance that it would do so, so they in turn increased the Assessor's amount by \$10 million. If you are asking me if it will increase above that, I think there is a very good possibility that it could do that, however, this Board has always looked to the Board of Assessors to be conservative. It is better to have some good news come October that the rate goes down further rather than have some bad news. However, clearly everyone here recognizes that the economy is doing well. Vacancies are down, but by everything that we have a lot of construction doesn't happen until April 1, therefore, it isn't picked up until the following year. The tax year being April 1 until March 31.

Alderman Wihby asked when you say we had a one time and it is not going to happen again, we will still get that though. We are not going to lose it.

Mr. Tellier answered correct.

Alderman Clancy asked are there any cities or towns in New Hampshire that charge these non-profit agencies for taxes.

Mr. Tellier answered not that I am aware of, Alderman. That is set by statute. Clearly, a tax-exempt corporation can elect to pay additional in lieu of or make a charitable donation to the City, but they are not liable for it.

Alderman Clancy asked all of the non-profit agencies we have here in town don't pay a dime in taxes. Nothing?

Mr. Tellier answered many of them are paying in lieu of, but most do not, Alderman. They have a charitable 501-3C with the IRS and they follow the State statutes as far as filing A-9's and A-12's with our office, which describes our mission and their budgets and lists them as a non-profit agency. If this body were to tax them and the legislature struggles with this every year. If they were to tax them, then you would be taking from Peter to pay Paul. Now I am not appearing before you to dictate policy, but this is what they struggle with every year. Whether it is the churches or the art institute or families in transition. There are a number of benevolent associations out there that look towards that savings in taxes to put in their budget and they parlay it elsewhere.

Alderman Clancy stated no some people in town don't pay their taxes for a number of years. How many years do you wait before you actually go after them?

Mr. Tellier replied I think that would be a question for the Tax Collector. I think that comes under her purview.

Alderman Clancy asked, Joan, how many years.

Ms. Porter answered three.

Alderman Gatsas asked can you tell me what the difference is between non-taxable and tax-exempt.

Mr. Tellier answered non-taxable specifically is Federal, State, County and municipal owned properties. Tax-exempt are those listed by statute as fulfilling a charitable mission and they have certain criteria that they have to follow to qualify for that exempt status.

Alderman Gatsas asked so when I see Manchester Housing Authority under non-taxable, what does that mean.

Mr. Tellier answered they are set-up by statute as a tax-exempt corporation.

Alderman Gatsas asked they are under non-taxable, not tax-exempt. They are listed under non-taxable in your sheet that you sent us of non-taxable and tax-exempt.

Mr. Tellier answered that should probably have been listed on the tax-exempt list. That may have been an oversight on my part, Alderman.

Alderman Gatsas asked do we have a special agreement with Manchester Housing.

Mr. Tellier answered my understanding is that we do. I have never seen it.

Alderman Gatsas asked, Kevin, have you ever seen it or is this one of those audit questions for the accountants.

Mr. Clougherty answered I believe it is a cooperation agreement.

Alderman Gatsas asked do we have one.

Mr. Clougherty answered Tom just handed me...we have a cooperation agreement for Elmwood Gardens signed by Josef Benoit, who was a former Mayor.

Alderman Pariseau stated back in 1948.

Alderman Gatsas asked what does it say.

Deputy Solicitor Arnold answered it is a cooperation agreement between...this document says Elmwood Gardens which would now of course of MHRA and the City providing for a payment. It is entitled a Pilot here but it is actually a payment in lieu of taxes.

Alderman Gatsas asked that was in what year.

Deputy Solicitor Arnold answered it is dated 1996, however, it appears the original agreement is dated June 8, 1950.

Alderman Gatsas asked what do you have a codicil that was signed in 1996.

Deputy Solicitor Arnold answered this particular document is not signed. It is a memo to file.

Mr. Clougherty stated I think what that is, Alderman, is a letter from the Housing Authority outlining the agreement from the 1950's.

Alderman Gatsas asked is it supposed to be tax-exempt or non-taxable.

Mr. Tellier answered tax-exempt.

Alderman Gatsas asked then why did we strike an agreement with them in 1950.

Mr. Tellier answered the statutes provide for that agreement to be struck. Payments in lieu of taxes for specific types of property are provided for by statute. There is additional criteria in the statutes as far as a 10% of the sheltered rents, which are outlined by governing agencies on what they can charge for rents.

Alderman Gatsas asked so what you are saying on statutes is let's assume that tomorrow I decided to start a non-profit and buy a bunch of real estate and was a 503-C. Would that exempt me from taxes or could you levy 10% against me?

Mr. Tellier answered the Board of Assessors can deny that tax-exempt status. You would be required to fill out the State A-9 and A-12, which describes the mission of your organization and also incoming expense forms and your budget and what your proposed benefit to the municipality is.

Alderman Gatsas asked have you every denied anyone that you are aware of.

Mr. Tellier answered I am not aware of one that we have denied to date. We take great pains to make sure that our paperwork is in order and review that.

Alderman Gatsas stated let's assume you approve me. Can you now charge me 10%?

Mr. Tellier replied no. The 10% is specific to housing. It depends on what your mission is.

Alderman Gatsas responded let's assume it is real estate and it is apartment buildings. Let's understand why I have got you here. Not because I want to start a non-profit to take care of an animal shelter.

Mr. Tellier stated if you fulfill that criteria it would be 10% of your sheltered rents.

Alderman Gatsas stated I would assume that everything that is in here that is non-exempt, when I see some of these names, I assume we can get 10% from them.

Mr. Tellier replied all of the names that you see on that tax-exempt list you can't get that. These are tax-exempt properties whether it is churches or the art institute. It could be any number of benevolent associations. They are exempt from taxes by statute and they fulfill all of the criteria to preserve that tax-exempt status. Now the housing issue is something unique.

Alderman Vaillancourt asked doesn't this have something to do with the Federal government that they have gone through and been chartered and incorporated by the Federal government.

Mr. Tellier answered they do qualify under certain housing standards that are provided for across the country, yes. I couldn't sit here and explain the criteria as far as that.

Alderman Vaillancourt stated I think it would take us several hours to get into. I do have it all at home. I have been looking into the MHRA as you might know for another reason, but I do have all of that documentation.

Alderman Gatsas asked do you feel comfortable that they are paying enough, Alderman.

Alderman Vaillancourt answered I didn't say that.

Alderman Hirschmann stated just to get to the bottom line number, as of May 4 of this current year you have already beaten out your revenues. I see \$486,000 in hand and that doesn't include the in lieu from the Carpenter Center, which is another \$40,000...

Mr. Tellier interjected it does include that.

Alderman Hirschmann stated I don't see it on my sheet as being counted.

Mr. Tellier replied line 4130, Carpenter Center in lieu of taxes should be included in that total.

Alderman Wihby stated he is talking year-to-date.

Alderman Hirschmann stated year-to-date I don't see that being collected yet on my sheet.

Mr. Tellier replied that is done in December by statute.

Alderman Hirschmann responded I am saying that if you got that it would put you more over this year-to-date number...the Mayor's budget is calling for \$465,000 and the only question I am asking is why can't we go at least with \$486,000 if you have already collected that with 10 months this year.

Mr. Tellier stated there may be a better than average chance that we will meet that number, especially in line 4004, the tax lien issue. Homes that are taken off the tax lien or the elderly deferral, those monies come in at a different amount from year-to-year. Someone enters a nursing home, the home is transferred to another relative and that elderly deferral has to be settled. That payment has to be made back to the City. It can be any number of years of back taxes that is owed. That number changes from year-to-year. We are not talking a substantial number here.

Alderman Levasseur stated these tax-exempt properties that we are talking about here, are you the proper person to be asking about this or should we be talking to Tax.

Mr. Tellier replied it is the Board of Assessor's function.

Alderman Levasseur stated I look at this and see \$30 million worth of money that is not being taxed in our City. After going through this whole list, is there anything that we can do about this? Are you satisfied that that is all we can do by statute?

Mr. Tellier replied by State statute. I will not look at you, Alderman, and tell me I am happy or sad about it. It just is. These are the State statutes as provided for by law. We administer those laws. Should there be a change and as I indicated before there is legislation that is presented on a yearly basis to change the situation in the tax-exempt laws as they are written presently but to date that hasn't changed so legally it is what it is and it will not change until further legislation is passed.

Alderman Gatsas stated maybe you can help me again because my calculator doesn't seem to come up with the same number. If I use your year-to-date number...

Mr. Tellier interjected what are we looking at.

Alderman Gatsas replied total.

Mr. Tellier asked on the tax-exempts.

Alderman Gatsas answered no on the sheet that you gave us. If I take your \$486,114 and divide that by nine and multiply it by twelve I am going to come up with \$517,932 annualized. Now, I guess...why are we going to \$464,000?

Mr. Tellier stated I think the big difference is and if I could have a copy of the sheet you are looking at...

Alderman Gatsas interjected I am looking at the same one you told us about.

Mr. Tellier replied not it is not. I am looking at one that was submitted to the Mayor.

Alderman Gatsas asked can I see the sheet that you have. It is the same number. It is just on different paper. The year-to-date number is \$486,114. If I divide that by nine and multiply it by twelve...

Mr. Clougherty stated it was from a report run 5/4 so use 10.

Alderman Wihby stated it is about \$120,000 less for this year than last year.

Mr. Tellier replied there is a small discrepancy. Our research fees went up a little bit. Our maps went up a little bit.

Alderman Wihby stated where he is coming from is why can't we count the \$520,000 for FY01.

Alderman Gatsas replied I don't want to use \$520,000, I want to use \$583,000. I am dividing \$486,114 by 10 and multiplying it by 12 and I come up with \$583,336 as a number.

Mr. Tellier stated the numbers that we put in were the best that we had to date. If you were to put that number in, we may very well meet that, however, some of these numbers are very flexible. Tax liens, for example, depending on what the economy does on some of these other research fees. Our Board is going to counter top terminals, which is going to provide a better service to the taxpayers, which we are hoping will be more cost-effective with our personnel which may very well reduce the amount of research fees and photocopies that are necessary.

Alderman Gatsas stated the three numbers that you talked about are \$14,000 so let's look at the big numbers. Those are numbers that you are discussing with me that are irrelevant. They are \$12,000 or \$13,000 and if you cut them in half it is \$6,000. If you cut them 1/3 it is \$4,000. Let's talk about the big fish here. The big fish is \$583,000. Do you want me to take \$10,000 off of that number because you are going to be more efficient with the better computers that you have? I am just saying it is a big discrepancy. The next number I need you to tell me is obviously from what you are telling me if we don't assess until April closure of property my bet is that there have to be flood gates opening because we sat at the School Department and they told us how many kids were coming to school and what did you say your assessment increase was from last year to this year?

Mr. Tellier answered \$25 million.

Alderman Gatsas stated if I just take that \$25 million, would you say that the average price of a home in Manchester is \$200,000.

Mr. Tellier answered no.

Alderman Gatsas asked give me a price.

Mr. Tellier answered \$140,000.

Alderman Gatsas stated that means we only had 178 houses completed as of April this year from last year.

Mr. Tellier replied that is right. In previous years we had as many as 250.

Alderman Gatsas asked answer my question. Is that it?

Mr. Tellier answered not all of those will be completed. Some of those as of April 1 will be at various levels of completion.

Alderman Gatsas asked will you give me 90% of them completed.

Mr. Tellier answered no. I will not even give you that.

Alderman Gatsas asked what are you going to give me.

Mr. Tellier answered it is hard to say until we go out there.

Alderman Gatsas asked give me a number. Obviously you have been doing this before and you have to have some idea. 80%? 60%?

Mr. Tellier answered quite frankly, Alderman, we came up with \$25 million last year also. We had a \$55 million increase and a little over \$30 million of that was attributable to the utilities being redone by the DRA so we were right no.

Alderman Gatsas asked if I ask Building how many building permits they issued last year...

Mr. Tellier interjected that has no bearing on the effective date on the April 1 deadline and furthermore the market value and the permit value may be two different things.

Alderman Gatsas stated I am not concerned with that because obviously the permit value would be less than the market value. I understand that. Remember I was in that game for 14 years so what he is going to tell me...I am not going to ask him about market value. I could care less about that. I am asking for number of permits. You gave me the average price because you are the one that goes out and appraises it. All I want is a number from permits.

Mr. Tellier replied if memory serves me correctly, on the residential side we had about 148 new house permits.

Alderman Gatsas responded well we are pretty close then. Of those, how many are completed because obviously the next place we have to step is you can't tell me we have had no increase in commercial or industrial?

Mr. Tellier replied I won't tell you that.

Alderman Gatsas asked so if you are at \$25 million, there has to be something more to the pie.

Mr. Tellier answered yes. You have to look at what is coming off of the tax roles also. For example, last year UNH came off the tax roles. There are between \$9 and \$11 million in properties that the Airport has acquired. There are also charitable institutions that are started every year. There is also tax abatements that are filed as far as appeals for different reasons. They are reduced to a bare minimum, granted.

Alderman Gatsas asked so what you are telling me is that the numbers we have reduced by are really an increase not of \$25 million, but closer to \$50 million.

Mr. Tellier answered yes. I don't think it is quite as high as that, Alderman but on the Airport properties and some others we have to waive that amount or adjust the increase in value and mitigate that against what is coming off of the tax role.

Alderman Gatsas replied I agree with what you are saying. I am just saying that obviously when people talk about no growth in Manchester, it has grown considerably because of what we have taken off and had to add back.

Mr. Tellier responded that is not an unfair statement.

Alderman Hirschmann stated, Alderman Gatsas, when we go through the revenue side with the department heads the formula you are using of annualizing it over 12 months may be unfair. We have to ask the department heads questions about lead and lag revenues. Their revenue flow may not be the same every month. In the case of the City Clerk's Office, dog licenses go out at the end of the year and poker machines...what I am trying to say is they are not the same every month so there may be a spike late or a spike early in those revenues so that formula may not work. We have to ask each department head when we go through this.

Alderman Lopez asked the \$464,509 do you stick by that number or would you raise it.

Mr. Tellier answered what I am looking at are the year-to-date revenues that I didn't have before. What I would like to do is have an opportunity to go back and research these and to evaluate the tax liens and some other things that we have here. I really don't have a number that I would tell you right now, Alderman.

Alderman Lopez asked would you let the Chairman know that so he can distribute that to the rest of the Alderman after you get the number.

Mr. Tellier answered absolutely. I will make it available to Alderman Cashin.

Chairman Cashin stated make sure that all of the Aldermen get it.

Alderman Pariseau asked when these non-profits come in and apply for whatever, non-exempt status or non-taxable status, do you get a listing of their payroll. I mean it is bothersome to have and I don't want to pick on Catholic Charities but I will. Those people that work at the Taj Mahal on Ash Street, now they are making the big bucks and yet the City isn't recuperating anything from that building.

Mr. Tellier answered that is not something we review.

Alderman Pariseau asked shouldn't that become part of public record. All of these non-profit agencies that pay the big bucks like mental health, Catholic Charities, the Moore Center, Visiting Nurses...

Mr. Tellier answered the best one that comes to mind is Optima Health. We got about 12 inches of paperwork and information on all of the things they do in the City, whether it is the "Kickin' Butts" Program or bussing in the elderly for exercise at the Elliot.

Alderman Pariseau replied you are right but we have 4,000 different people doing the same thing all tax-exempt. Neighborhood Housing, Manchester Housing, etc.

Mr. Tellier responded I won't look at you and tell you that I don't have a personal opinion about that also, but we are very constrained by the statutes we have and as they fulfill that mission and it is deemed to be of benefit to the community and they fulfill all of the other qualifications, they are eligible.

Alderman Pariseau asked do they submit a listing of payroll in order to apply for this.

Mr. Tellier answered they talk about their gross budgets and what they expend in all of their programs. It is not a line item...

Alderman Pariseau interjected and they don't tell you what they pay out in salaries. You don't make that decision to agree or disagree with their tax-exempt status?

Mr. Tellier answered no.

Alderman Pariseau asked don't you think they should.

Mr. Tellier answered it is not up to me, it is up to the Legislature.

Alderman Pariseau stated I know who it is up to, but don't you think they should as an individual.

Mr. Tellier replied as a Board of Assessors member working for this municipality, I am not going to give you that opinion. We follow the statutes.

Alderman Vaillancourt stated I will give you my opinion. It is a terrible game that is played, but it is played legally and we in the State House are the ones that make those rules or in the Federal Legislature and they do it because there is tremendous pressure from lobbyists. That is the answer there. It is not this gentleman's fault. It is a terrible thing and really something that we should look into. I wanted to talk about and Alderman Gatsas was getting to it. I wanted to talk about the revaluation because I have gotten several calls from constituents and as a Mother's Day exercise I took a lovely little old woman who is not my mother but kind of a mother figure yesterday on a ride through parts of Ward 6 in lieu of the conversation that we had with the School Board the other night about all of this growth in South Manchester. There are indeed hundreds of houses cropping up everywhere and we just don't seem to be getting anyplace. I think the answers you were presented are very good. I wonder if you could give some kind of written basis for this. The number is \$3.833 billion for this year.

Mr. Tellier replied that is what the Mayor put in his budget, yes.

Alderman Vaillancourt responded the Mayor keeps saying publicly that this is static and nobody can understand why it is with all of the growth and I think that we really deserve an explanation of that and our constituents deserve an explanation of that and I think you were getting to it in your conversation with Alderman Gatsas because we have more houses on the tax role, but things are coming off at the same time. I am wondering if you could codify that going back...I don't want you to spend a lot of work on this but if there is some logical explanation when somebody calls and says look at all of the houses at Trolley Crossing and in Ward 6, why isn't the tax base going up more than it is?

Mr. Tellier replied when you are talking about \$3.8 billion and you are looking at only 140 houses residential in nature, that is not big money. If you are looking at rezoning an area to bring in commercial entities, which have a lot more zeros, this is a much bigger question than just the residential growth. The residential growth is going to add X to the tax base, but what is it adding for cost on the school side? I don't have the answer. That is for the policy makers, but clearly I think the City needs to take a look at what is the highest and best use of different areas, what the population wants, what the City fathers want, where we can look at improving the utility in different areas whether it is Second Street or Main Street or Hanover Street or extending South Willow. That is a question for this Administration.

Alderman Vaillancourt stated I think you said \$140,000 for the average home. Kevin and I went through this and I think it was \$108,000. Am I wrong or is this a new house?

Mr. Tellier replied it is pretty hard to say average because you have different portions of the City in smaller pockets but I think it may very well exceed \$140,000 at this point.

Alderman Vaillancourt stated when I do a calculation and say this is going to cost the average homeowner X number of dollars, I multiply by \$108,000. Are you telling me I should use \$140,000 now?

Mr. Tellier replied it seems to be.

Alderman Gatsas stated I think the average he is talking about is new construction and I think the \$108,000 is average throughout the City.

Mr. Tellier stated I thought the question that Alderman Gatsas asked was relative to new homes.

Chairman Cashin stated so I understand it, now you are saying an average is \$108,000.

Mr. Tellier replied I never said that.

Mr. Clougherty stated I think it is somewhere around \$108,000 or \$110,000. Again, we are just using that number as an average for a calculation that Alderman Vaillancourt asked for.

Alderman Pariseau stated getting back to the assessed value, you said it was the Mayor's number of \$3.833 billion.

Mr. Tellier replied after discussion with the Board of Assessors. He asked if there was a better than average chance that...

Alderman Pariseau interjected what was your original figure.

Mr. Tellier stated \$3.823 billion. He added \$10 million to it. That was \$25 million over last year.

Alderman Gatsas asked what was your number again.

Mr. Tellier answered \$3.823 billion.

Alderman Gatsas asked and his number is what.

Mr. Tellier answered \$3.833 billion that he used for budget purposes.

Alderman Pariseau asked what was it in FY00.

Mr. Tellier answered the net assessed value that was used to assess the rate was \$3,797,731,850.

Alderman Gatsas asked are these other two numbers that you have given us net or are they gross.

Mr. Tellier answered net. For the last fiscal year and last October when we set the rate with the Department of Revenue Administration, the number was \$3,797,731,850.

Alderman Shea stated with all due respect, shouldn't we raise our hand at a meeting out of courtesy to the one talking. I have no objection, but people keep injecting and I don't think it is fair because obviously others might like to inject but don't, but anyway that is my comment. Would you please break down the percentage of commercial and industrial and residential that we have for FY01?

Mr. Tellier replied presently it is about 60% residential...well it is almost half-and-half and that is all going to change in FY01. It would be very unprofessional of me to speculate at this point but we are currently undergoing a revaluation. They are going through and accumulating all of the data as far as the structural characteristics and everything that is out in the field and this fall they will be sending income and expense statements to all of the income producing properties and they will be using the income approach to derive a value for all of those properties. They will be using the market approach for all residential properties.

Alderman Shea asked would you say that the assessed valuation is then divided into 50% or a little bit more residential.

Mr. Tellier answered it is not 60%/40% right now. 60% I believe is the commercial and 40% is the residential. There are a little under 5,000 commercial parcels in the City and there are a little over 26,000 residential parcels in the City.

Alderman Shea asked are you satisfied with your overlay. The figure that you gave us is pretty low.

Mr. Tellier answered the Board of Assessors spent an awful lot of time looking at the appeals we had, the overlay monies that we had from past years and the appeals that we have on the dockets now and what we anticipate to have in this next year and the Board of Assessors has asked for zero overlay monies for this next fiscal year.

Alderman Clancy asked, Steve, all of the property that the Airport Authority has taken, how much money is that.

Mr. Tellier answered I don't have an exact figure. I think it is between \$9 and \$11 million.

Alderman Clancy asked so that is going to be taken into consideration.

Mr. Tellier answered a great part of it has already been taken.

Alderman Levasseur stated I am kind of worried about this revaluation in Ward 8. I can't imagine that properties have gone up in value in the last two or three years because of the amazing increase in air traffic over those properties. Houses are not selling for a much higher value over there and they have ripped out something like 100 homes. Are we going to be able to make-up any of that money from the increase in the...I see a decrease in that ward and that has a lot of homes over there unless you can tell me otherwise.

Mr. Tellier replied quite frankly, Alderman, we are not seeing that kind of decrease. We are seeing an increase for every property that goes and you can ask your local or your friendly real estate person for every property that goes on the market they have around 20+ people waiting to buy it.

Alderman Levasseur asked are you going to see a 20% increase in the total valuation.

Mr. Tellier answered I don't have a percentage. I can tell you flatly though that all properties are increasing in value unless there are mitigating circumstances, whether it is some outside influence in a particular neighborhood that has decreased their value. Generally, what we are seeing is an increase in property values as a result of this market and this economy.

Alderman Levasseur asked about multi-families or income-producing properties, is this the first time you will be using the income-based formula or did you always use that.

Mr. Tellier answered always.

Alderman Wihby asked rents, using the income approach rents from 10 years ago...was it 10 years ago?

Mr. Tellier answered from the last year. They will be analyzing their gross income and then adjusting for vacancy and income loss and adding in miscellaneous income and then you have your net operating income and then they capitalize that into a value.

Alderman Wihby asked why the last year.

Mr. Tellier answered they will go back to the last fiscal year. Fiscal year for the City is July 1 and fiscal year for any particular business could be from January 1 until December.

Alderman Gatsas stated so what you are saying is basically in 1990 when the recession was here and we had the abatements that went through, based on the vacancy factor which was probably...I guess if you want to be conservative 20% to 30% back then, the assessment that we are looking at currently this year is going to be an incredible large windfall because obviously the rental income is far more substantial than it was in 1990.

Mr. Tellier responded I wouldn't use the term windfall, Alderman. What I would use is that we are going to redistribute the tax base and what is going to happen is depending on what this Board decides on for a budget, it will translate itself to the average taxpayer.

Alderman Gatsas stated you have to give me a better number than.

Mr. Tellier replied you will have a much different number next year.

Alderman Gatsas responded no you have to give me a better number now. If you are trying to tell this Board that we should be adjusting tax rates based on the readjustment of taxes, then you better give me a better number now.

Mr. Tellier stated that won't happen until 2001.

Alderman Wihby stated I thought you told me the income was only one year.

Mr. Tellier replied no they will go back a year. Next year for 2001 they will go backwards. They are going to ask for income and expense statements from all income producing properties.

Alderman Wihby stated where I am coming from is I guess at the last revaluation they had a number and the rents were low and there was a big vacancy rate and now over these last few years that number is...

Mr. Tellier interjected just to put things in perspective the last revaluation was effective date April 1, 1991. No one expected in October of that same year for the FDIC to come in and take over five NH banks and the bottom to fall out of the market. Now, they were using values that were set in 1990. So, Alderman Gatsas' observation as far as the percentages he was quoting were reflective in that time. I should hope that five NH banks and the FDIC won't be coming in this time, but I don't have a crystal ball.

Alderman Gatsas asked can you tell me or maybe you can't tell me and Mr. Porter can help me. In 1990, what was the total assessment in the City.

Mr. Tellier answered we were at 21% of value because the last revaluation was in 1971. The actual number for 1990 was \$842,162,400. That is the net. That is at 21% of value. The tax rate was \$112 per thousand.

Alderman Gatsas stated if we did some quick arithmetic and took that number, that is about \$3 billion in 10 years. That is about \$300 million a year.

Mr. Tellier replied I don't think it is reasonable to expect that when you are looking at economies and the way the market goes, it goes in cycles. I can tell you that we have been observing the paper and I am looking now at mortgages that are being foreclosed on that are 1996 and 1997 mortgages. Some of these appraisals are crazy. Interest rates are being hedged a little bit. There is some apprehension out there. This is the longest spurt in growth that I am aware of.

Alderman Gatsas asked when did this...obviously looking at the numbers from the last three years...

Mr. Tellier interjected which numbers.

Alderman Gatsas stated from FY99 and FY00. Taking those two years out of there you have ramped up \$3 billion in eight years. I mean \$3 billion. We are not growing at the same rate we were in the early 90's.

Mr. Tellier replied no.

Alderman Gatsas stated let's assume a building that is comprised of 50 units that would be a condo development, do you consider that one building permit or would you consider that 50.

Mr. Tellier replied 50. It is 50 parcels unless it is an apartment building then it is 1 parcel but on condos, those are all fee simple properties.

Alderman Gatsas asked do you know how many condos were built in the last year.

Mr. Tellier answered 10.

Alderman Gatsas asked 10 condo units.

Mr. Tellier answered that is it.

Alderman Gatsas asked when was the one on North River Road assessed. The year before or this year?

Mr. Tellier answered that is coming on this year.

Alderman Gatsas stated that is more than 10 units.

Mr. Tellier replied I was talking about the previous year.

Alderman Gatsas stated I am talking about what is coming on the books this year.

Mr. Tellier replied I don't have the number in front of me on how many units are in that particular one.

Mr. Porter stated that particular development has 32 units.

Alderman Gatsas asked any other conversions in the City that have converted from the standards 24 unit building that we would recognize to a condo unit that would individually tax.

Mr. Porter stated you mentioned something before about \$3 billion since 1991. Can I ask you what that number represents?

Alderman Gatsas replied he gave me a net number of \$842,162,400.

Mr. Porter stated that was at 21%. If you equalize it, that is \$4 billion. We are just about where we were back in 1991. The equalized ratio...that was only 21% of the market value.

Alderman Gatsas asked you are not telling me that we are at 100% right now.

Mr. Porter answered no.

Alderman Gatsas asked would you say we are at 60% right now of market value.

Mr. Porter answered the last one we had was 90%. What I am saying is that the market value of property based on the assessment is approximately the same as it was, slightly less or approximately \$3.8 billion if you equalize the \$842 million from 1990 that would indicate a market value of approximately \$4 billion.

Alderman Gatsas stated but that was at 100%.

Mr. Porter replied that is the point. It was not 100% until 1991. In 1990 when Steve had mentioned the \$842 million, it then went to \$3.8 billion the following year.

Alderman Gatsas asked what was it in 1991.

Mr. Porter answered in 1991 the net was \$3.915 billion. We went from 21% to actually 99%.

Alderman Gatsas asked what was it in 1995.

Mr. Porter answered \$3.6 billion. It has had a steady increase. The last time it went down was 1994 to 1995.

Chairman Cashin stated Finance has a sheet that is going to help so I am going to ask him to hand it out. He was going to hand it out when he made his presentation, but I think it should be handed out now.

Alderman Gatsas asked am I supposed to trust Kevin's numbers of the Assessor's numbers.

Mr. Clougherty answered they should be the same.

Alderman Gatsas stated the number that I am looking at here for assessed valuation; you have \$3,739,882,250 billion for 1999.

Mr. Porter replied that is 1998.

Alderman Gatsas asked so what is 1999's number.

Mr. Porter answered \$3,739,882,250. I think it just lags a year. They may be dealing with fiscal year and we are dealing with tax year.

Mr. Clougherty stated he is dealing with tax years based on April and we are dealing with fiscal year.

Mr. Porter stated tax year April 1, 1999 is fiscal year 2000 so the Finance Department will be off for a year. We deal with tax year, not necessarily fiscal year except for the budget. These numbers represent the tax year.

Alderman Gatsas replied I know where you are going but why are we looking at these if they are not right.

Mr. Porter stated ours are right.

Alderman Gatsas replied I am not questioning yours, I am questioning the ones he gave us.

Mr. Porter stated he is just off a year.

Mr. Clougherty stated we are not off a year for budget purposes. He is right for what he is talking about and this chart is right for the budget.

Chairman Cashin asked in order for us to communicate is it okay if we move each one down a year.

Mr. Clougherty answered that is fine with me.

Mr. Porter stated what I was trying to get at is the last year it decreased was from 1994 to 1995. From then we have seen a steady increase in the tax base because there were fewer reductions and more gross evaluations collected.

Alderman Gatsas stated so we do in essence is spend money on the come. If you are telling me that Kevin's numbers are right for our fiscal year, which is different than the tax year, then I have to look for another \$60 million that has to be coming on the come. It has to be.

Mr. Porter replied not for this tax rate setting, this next one in October.

Alderman Gatsas stated I guess I must be missing something here.

Mr. Porter replied the projection that we are giving you is for fiscal 2001, although it is tax year 2000 that we are dealing with right now.

Alderman Gatsas asked and that is \$3.833 billion. Is that correct?

Mr. Porter answered correct.

Mr. Tellier stated just for information purposes, our office deals with four years. We are dealing with the tax year which is April 1 to March 31; we are dealing with the fiscal year in the City which is July 1 until June 30; we are dealing with the October setting of the tax rate; and we are dealing with the appellate period where appeals for this tax year can't even...won't even be filed until March 1, 2001. We are dealing with a lot of years.

Alderman Gatsas replied I hear what you are saying. I am just trying to get some semblance of where \$60 million appears and disappears. I know somewhere in this number that the 1999 figure you gave me was \$3.797 billion.

Mr. Tellier responded that is correct.

Alderman Gatsas stated the number that Kevin is giving me is \$3.739 billion.

Mr. Tellier replied for our purposes that was the 1998. April 1, 1998.

Alderman Gatsas responded I know but obviously in 1999 you completed it with \$60 million more.

Mr. Tellier stated that \$60 million...we were a little over \$25 million which was our projection. The additional \$35 million was a one time utility increase that was done across the State of NH by the Department of Revenue Administration on all utility property.

Alderman Gatsas asked but it is still going to be there.

Mr. Tellier answered it is still going to be there but it is already in this other number because it was increased from the previous year. I don't think I have my sheet in front of me from last year but I think the big difference is if I could produce the document that the Board of Assessors submitted to the Administration last year for a budget setting it was a little more than \$35 million less than what this number represents. Our Board in no way knew that the Department of Revenue was reevaluating all of the utilities in lieu of the State school funding issue and as we all know the playing field changed across the board. Last year, for example, we added a fourth rate.

Alderman Hirschmann stated Alderman Gatsas what I think you are looking back on in history is we used to have tax anticipation notes so we used to ebb and flow and borrow money, but then we went and bonded \$60 million one year to cover that so we had it in reserve and that was Finance who covered what you are talking about so we don't have to borrow money every year anymore. Right?

Alderman Wihby stated I just think it is because we are comparing a different year. This is 1999 and the new number of \$3.979 is 2000.

Mr. Clougherty stated if we added another column, that is the number that would be in there.

Mr. Porter stated I would like to remind the Board that \$10 million of assessed value is approximately seven and a half to eight cents on the rate. Conversely, \$1 million in the budget is approximately twenty-six to twenty-seven cents on the rate. Even if you are dealing with recommended revenues, if \$3.8 billion was added as a projection for the revenues for the Assessors, it would only change it one cent. If you use that other number I don't think there would be any difficulty. That is just an opinion.

Mr. Clougherty stated we didn't hand out the sheet to confuse anyone. The reason I handed it out at the time we did was to make the point between the \$800,000 and the \$3 billion. Paul is right. If we added another column that had...and what is on there...each year we get a report from the DRA that is for the prior year and that is what we use in developing our historical information. The DRA report that we have hasn't been completed yet for last year so that is why we don't have a year called 2000, but if we added a column for 2000 we expect that the number would be exactly what Mr. Porter had said earlier.

Alderman Levasseur asked where is the Claremont money.

Mr. Clougherty answered it is not Claremont money. It is valuation that we are talking about. This is the total value of all of the property in the City.

Alderman Levasseur asked shouldn't that number have come down or doesn't it have any effect on it.

Mr. Clougherty answered it has no effect on it. It is a separate operation. One is a numerator and one is a divider.

Alderman Vaillancourt stated this is exactly what I was asking you to do earlier by way of giving us a perspective of how things have happened over the last 10 years and I think what we see here is that when the Mayor says that the tax rate is static, that is just not true. The tax rate between 1998 and 1999 was up about \$250 million. Is that correct? The tax rate between 1997 and 1998 and up about...

Mr. Tellier interjected are you talking about the rate or the net value.

Alderman Vaillancourt replied the valuation.

Mr. Tellier stated it is a little over \$60 million.

Alderman Vaillancourt stated what actually happened is in the first half of the 1990's we lost it and in the second half of the 1990's we gained it back.

Mr. Tellier replied that spike is coming back and the Mayor's Assistant, Wayne Robinson, had a slide that presented that spike.

Alderman Vaillancourt stated the question I have would be...I think we know why we gained it back in the last five years. It would be the development in Ward 6 and 8 and 12 and wherever else you have had all of these new houses. I think the other question would be why we lost so much in the first half of the 1990's and that was...

Mr. Tellier interjected that was because of loan practices – banking loan practices. As a direct result, Congress chartered the Appraisal Foundation and its sole purpose was to create guidelines that were going to be used nationally in the formation of appraisal. Our professional association follows that criteria also.

Alderman Vaillancourt stated so the final question is now it looks like we have this big move up in the last couple of years but now it is leveling off again because apparently we don't have the growth that we had three, four or five years ago. Is that correct even though we hear evidence that they want to build 100 houses here and there.

Mr. Tellier replied that is partially correct, Alderman. At some point you have saturation. There is not a lot of vacant land left in Manchester.

Alderman Shea asked during the revaluation, how do you anticipate it will come out in terms of the next year. Do you anticipate that there will be some tax relief for residential owners or do you anticipate that it will...I know you said there would be a redistribution but what do you foresee in the crystal ball that you have.

Mr. Tellier answered traditionally, the industry saying was that 1/3 went down, 1/3 went up and 1/3 stayed the same. However, in this economy and due to the drastic shift from the previous years in 1991 when the commercial entities came down significantly, at this point we don't see that shift or that burden being shifted from commercial to the residential end. However, clearly all of the new properties that have been valued are at the higher end right now and because it will be 10 years since the previous revaluation, there will be a measurable increase in a lot of the existing properties that are out there.

Alderman Shea asked with all of the talk about the Millyard and all of the talk about all of the industries going into the Millyard, how do you anticipate that affecting the tax rate.

Mr. Porter answered there is no question in my mind that it will have a positive impact.

Alderman Shea asked a substantial positive impact or just a positive impact.

Mr. Porter answered I think it will be substantial.

Alderman Gatsas stated in 1996 can you tell me how many...well Mr. LaFreniere I hope you are listening because my question is probably directed to you. How many building permits do you think were issued in 1996?

Mr. Tellier asked are you talking about total or new construction.

Alderman Gatsas answered new construction.

Mr. Tellier stated if my memory serves me correctly, I think it was close to 250 homes. However, the value of those homes was not \$140,000 at that time. We were just recovering from the previous downfall.

Alderman Gatsas replied let's use the 250. You give me a number because I have to put these things in so they make some kind of sense. You want to say it is \$100,000 for the average price or less?

Mr. Tellier responded \$100,000. You could use that.

Alderman Gatsas stated that is \$25 million.

Mr. Tellier responded again, Alderman you have to remember that at that time, in 1996, we still had an awful lot of appeals that were left over from 1993, 1994 and 1995. The vacancy levels and the affect on the previous economy on commercial structures had a bearing on what we did with the valuation of the net value of the tax base.

Alderman Gatsas stated let me take you to where I want you to go because you may go to a black hole that you don't want to get into. The 250 homes is \$25 million. That should appear somewhere in 1998 as a completion. Do you agree with that or disagree with that according to this one-year delay that we have here?

Mr. Tellier replied I would agree generally to that.

Alderman Gatsas asked for 1997, what do you figure for new residential construction.

Mr. Tellier answered the new homes started tapering off. When we value properties, we have to compare apples to apples.

Alderman Gatsas stated let's talk about 1997. How many building permits do you think roughly for new construction?

Mr. Tellier answered I think it was about 220 at the time. Around 200 or 220. Right around there.

Alderman Gatsas stated let's use the same \$100,000 and say \$22 million. It is probably a little bit of a higher number but we will leave it at that. Now explain to me how on equalized evaluation using that number of 250 and I will give them both to you and say it is 47 and all of the sudden they all hit between the year of 1997 to 1998 and we are going back, Mr. Porter, to equalize so that we are all on the same page here. If I add 45 to the 1997 number it is not going to bring me anywhere close to \$3.419 billion. That is about \$236,000. It is exactly where Alderman Vaillancourt was going with \$236 million and then we go from \$236 million to \$337 million and I am saying that that number that we are talking about is going to be far in excess of \$60 million this year just using the parameters that you are giving me.

Mr. Porter asked where are we getting the \$236 million.

Alderman Gatsas answered the difference between 1997 on equalized evaluation in 1998 is \$236,477,111.

Mr. Tellier asked which years are you using, Alderman.

Alderman Gatsas answered I am using from 1997 to 1998. That number, the difference between those two years...it is 470 homes that flipped into that 1998 ratio. I am using them all.

Mr. Tellier replied you are still not taking into account or appeals or properties that are...

Alderman Gatsas interjected I don't need to look at appeals because if I subtract those out underneath...if I gave you 100% of the overlay, let's just talk about pure numbers am I incorrect at equalized evaluation. It went from \$1.83 to \$3.419 is that correct? Either that or Kevin's numbers are wrong. If I go from 1998 of \$3.419 billion to \$3.757 billion, it is \$337 million. Somewhere you have taken me to that blackhole that I was hoping you were going to.

Mr. Tellier asked you are using the equalized numbers off of the...

Alderman Gatsas interjected what else am I going to use.

Mr. Tellier stated I have been using the actuals. I have been using the actual net assessed value. I am sorry, Alderman, you didn't specify you were using equalized values when you were quoting these numbers or I didn't hear that.

Alderman Gatsas asked then tell me what is the difference between equalized assessed valuation and net.

Mr. Porter answered the equalized value that you come up with between the three years is \$341 million differential.

Alderman Gatsas asked the difference between when. 1998 and 1999?

Mr. Porter answered 1997 and 1998. Did you want 1998 and 1999? We are dealing with ratios and we have to apply the ratio. In 1997 it was \$1.09 or 109% and in 1998 it was 101%.

Mr. Tellier stated I think some explanation about the equalized issue should be forthcoming here, Alderman. The equalization process in short version is the DRA provides...they take the assessment and divide by the sale price and it renders into a percentage. That changes from year to year. For example, this past 1999 the ratio was 90%. The previous year it was 1.01%. The previous year before that it was 1.09%, 1.13%, 1.16% for two years and it gets higher.

Mr. Porter stated let me attempt to clarify something. If you had the same value in 1998 as you did in 1997, we got \$3,664,258,005, let's assume which didn't happen that there was no increase or decrease in the tax base. If through the function of the market the values went up, that ratio would drop reflecting an increase in the market value of the properties without affecting the overall assessed value. If you had \$4 billion in assessed value and the ratio was 110%, that \$4 billion would be reflective of a value of \$3.6 billion. The following year, if there were no increases or decreases from the \$4 billion tax base but because of a function of the market the values increased you would show a market value of \$4 billion without any additional assessment. That is why using these numbers without a thorough understanding of how the equalized ratio does affect overall market value can be confusing.

Alderman Gatsas stated let me put it in terms that maybe the rest of us might understand. What you are saying to me is that on an individual basis, on a yearly basis, that homes are being reevaluated based on sale price.

Mr. Porter replied no.

Alderman Gatsas asked then how are those functionally going to change.

Mr. Porter answered the DRA is statistical analysis of sales and then they determine what the ratio is. When the ratio drops that reflects increases in value. When the ratio goes up, it reflects decreases in value.

Mr. Tellier stated, Alderman, the black hole that you are referring to is a significant item in the Portsmouth Class Action suit that is being brought forward in the courts.

Alderman Gatsas stated let's go back. Why don't you give me what you used as a net evaluation for 1997, 1998 and 1999?

Mr. Porter stated \$3.664 billion was 1997; \$3.739 billion was 1998; and \$3.797 billion was for 1999. You may be showing those as 1998, 1999 and 2000.

Alderman Vaillancourt stated the equalized assessed valuation is relevant only when it comes to the statewide property tax and that is why our statewide rate is not 660 but something higher than that. Is that correct?

Mr. Tellier replied that is correct, Alderman. It is also relevant in as much as the State school funding issue is bringing forward the significant disparity in ratios between different communities. Now traditionally, NH communities used to reevaluate every 10 years. Recently, some communities are going into a cycle or revaluation if they have the resources in house to do that. Now as a direct result of this, the Claremont State School Funding and the Portsmouth Class Action Suit that is being brought forward on behalf of all the donor towns...a direct result of that may very well be a cycle of revaluation. Massachusetts is every three years. Connecticut and Rhode Island is every four years.

Alderman Vaillancourt asked for our purposes here though we should look at the assessed valuation rather than the equalized assessed valuation.

Mr. Tellier answered absolutely.

Alderman Gatsas stated so you wouldn't be comfortable adding anything more to that number of \$3.8 billion.

Mr. Tellier replied as I outlayed, we spoke at length...all of the Board members with the commercial and residential permits and the growth that we do have. It has been our conviction to come in with a somewhat conservative number and if we have good news in October, wonderful.

Alderman Gatsas asked well if you weren't going to be so conservative and you weren't going to be very liberal, but you would stand in the middle of the fence as most good employees in this City do what number would you come up with.

Mr. Tellier answered again quite frankly if you added another \$10 million as Mr. Porter brought forward not very long ago, \$10 million in assessment, you are going to equal about 8 cents on the rate so if you added \$10 million to your number you are talking about 8 cents on the rate.

Alderman Gatsas replied that is a start. We aren't even on TV and they would love to hear that. So \$10 million along with the \$25 million you are already talking about so we are at \$35 million and that is not something that you would jump out of a window for.

Mr. Tellier responded we always like to bring good news. I just want to put it in perspective.

Alderman Levasseur asked will the Millyard be evaluated based on income also.

Mr. Tellier answered specific properties that have permits that have been taken out and have offered their properties...in other words their vacancies have come down...yes. Several properties are being reevaluated but when you say the Millyard as a whole that is not correct. The two properties that are next to the Gateway Building for example, right now as of April 1 they are still vacant. They are putting in a lot of money but there is something, as Alderman Gatsas I am sure is very aware, is that absorption factor. You have to invest that money before you are going to see dime one and as of April 1 they are still vacant and they are still working on them. Now there are several buildings that are pretty full.

Mr. Porter stated at the risk of over simplifying, I think the answer is yes. They will be valued on income.

Alderman Levasseur asked and have you been smart enough to say we won't go down there until another year from now and do the outskirts before we get down there and see what the...I mean once these things are getting on line it seems like a few of these buildings will be filled within the next six months.

Mr. Porter answered there are properties now under review. I was in the Waumbac Building today and spent considerable time going through the entire building. There are properties down there this year that will be reviewed and the assessment adjusted if appropriate based on the level of occupancy that quite frankly in a lot of those buildings doesn't exist anymore.

Alderman Levasseur asked if we do go up and I assume we will go up quite a bit after this assessment is done, how will that affect us with the State with the amount of money we get back from them. Will it be lower or higher or stay the same? Right now we receive \$36 million. Is that based on an assessed valuation or is that based on something else?

Mr. Porter answered that is based on what the State determines is adequate education for the City of Manchester. The \$37 million that came back to Manchester was the difference between the \$25 million raised by the tax base and \$37 million required to fund or complement to give us \$62 million. If, for example...it depends on what they determine will be the adequate level of funding and I think that Alderman Vaillancourt can address it probably better than I can. Let's say they maintain the level of funding at \$62 million for argument sake. If we locally raise \$30 million, that means the State amount would drop to \$32 million. So one is a function of the other to total whatever they determine is adequate funding for education in Manchester.

Alderman Levasseur stated my last question is how will...do you need to come to this Board to change from a 10-year revaluation to a 3-year revaluation.

Mr. Tellier replied in the Mayor's budget message he mentioned in his message about a cycle of revaluation. Quite frankly, with only seven people in a City of 32,000 parcels, we don't have the manpower. We have the computer program and we have the knowledge and experience, however, we don't have the personnel to do a cycle revaluation but we have been requested to put together a plan of what those resource needs would be and quite frankly we are not quite sure what will come out of it but that Portsmouth Class Action Suit may very well determine for the whole entire State, never mind just the City of Manchester.

Alderman Levasseur asked so you are saying if the State overturns the Portsmouth revaluation then they are going to make us do that.

Mr. Tellier answered well the black hole that Alderman Gatsas was referring to is the equalization process. That is the single largest subject that the Portsmouth Coalition is bringing forward in the courts.

Alderman Levasseur stated I would imagine that we really do need to get on a three year revaluation to make it more equitable for everyone and not have these huge disparities of 10 years because we seem to be hitting them at the wrong time.

Mr. Tellier responded the equity issue and the proper distribution is exactly the issue.

Alderman Gatsas asked how many properties in the course of a year are sold or resold. Is that something that I could ask you or the Tax Office?

Mr. Tellier answered that would be us. There are 32,000 pieces. We had approximately 3,000 transfers. A great deal of those are just business transfers or going to LLC's or that type of thing but across the Board where there is in-kind transfer or a monetary transfer or traditional sales if you will, I think we had 2,497 that our Board worked with as far as the equalization survey with the DRA. It was almost 2,500 sales.

Alderman Gatsas asked so it is about 8% a year that turns over roughly. So, if we were looking at revaluation every 10 years and we were doing taxation or assessment based on sales price, that really means that instead of getting a big hit on a revaluation, those properties that would be closer to 100% evaluation when we come around and we are going to be adding more tax dollars now and help me through this and tell me if that is something that you can do or it is something that this Board has to do. In other words if Ted Gatsas sells his house to Paul Porter for \$150,000 and he only paid \$100,000 for it and Paul was going to pay taxes based on 100% evaluation.

Mr. Tellier responded again that is a direct reflective like what we brought forward between 1990 and 1991. In 1990 we were at 21%. It hadn't been done for 20 years.

Alderman Gatsas replied you are not helping me. Let's assume tomorrow can this Board put an ordinance into place that says that upon a sale of a property that the sales price would be 100% evaluation because that is basically what the revaluation people are going to do.

Mr. Tellier responded that is spot assessing.

Alderman Gatsas stated I don't think that is spot assessing because I know they do it in other parts of the country.

Mr. Tellier replied in California they do and it has gone to the Supreme Court once, Proposition 13 where if a property transferred and it wasn't related it is paying taxes on exactly what it sold for, however, if a father passed it on to his son, it was assessed approximately, I think it was a 1960's value. Now you might have two houses that are exactly side by side and very similar in size and structure and they are paying two totally different tax rates.

Alderman Gatsas stated but we can only adjust that by revaluation. I am saying if it is an arm length transaction today and I sell that property to you for \$150,000 and I had bought it for \$100,000, the full assessment on that at 100% so that at least 8% of the property on a yearly basis would be evaluated at 100%.

Mr. Tellier replied by the State statutes of Ad Valorem taxation we can't do that. We have to equitably assess all properties using common benchmarks and providing for reconciling values. Everyone has to be treated the same. If you sold your property for a \$50,000 profit to Mr. Porter, I can't just increase your property if you made no changes to it.

Alderman Gatsas asked based on sales price.

Mr. Tellier replied based on sales price. You can't do that. You have to equitably treat...now Mr. Porter would be paying taxes on a higher value and his neighbor next door that didn't sell would be paying taxes at a lower amount.

Mr. Porter stated I don't think the City could pass an ordinance. That would have to be addressed at the State Legislature. What you are referring to in other states has been put through vital legislation. Proposition 13 in California is an example of what you are talking about. They do reassess or did reassess based on the sale of a property. You could have two identical properties where one for example over a period of 10 years turns over a lot and another one is owned in a family and you could have one that is assessed at \$50,000, same property next door, same age, same amenities, same lot size could be assessed for 10 times that amount. That is not done on an equitable basis as the laws in NH. It would have to be done by State statute because right now the State statutes don't allow it and the City can't do anything that is against State statutes. The one thing that I would recommend the Alderman can do is recommend revaluation. I am not suggesting that you do that but that is within prerogative of the Board of Aldermen to have the Assessor's revalue the town and I think that now because we do have the revaluation planned for fiscal year 2002, tax year 2001, that this might be a time to have the Board of Assessor's lay out some sort of potential plan in the event that updates would be desired by the Board on a more frequent basis. Three years would not be an unreasonable amount of time.

Alderman Gatsas asked what are we paying for the revaluation now.

Mr. Tellier answered \$1,750,000.

Alderman Gatsas asked if you did it every three years, it would certainly not cost that much.

Mr. Tellier answered you are looking at a cycle of reviewing all of the properties. For example, a data collector or a field review person, their sole purpose is to go out in all of the neighborhoods in a cycle throughout the City and review for changes in the property and review changes in the neighborhood market values and market prices and all of that. Another person's sole function would be to qualify every sale in the City and statistically analyze that and break it down into a table or into different tables for land and buildings.

Mr. Porter stated the computer that we currently have, the Vision System, does have the capability of doing what they call in-house reevaluations or updates.

Alderman Pariseau asked in reference to the utilities, there was some discussion awhile back in the newspapers about the ability of communities to assess utilities for their telephone pole locations and wires.

Mr. Tellier answered right now there is a court case in the City of Rochester and that has not been decided yet. There are a significant amount of communities that are preparing to enact that sort of process, however, there is no other community that has enacted that except for Rochester and we are all waiting for the court decision.

Alderman Pariseau asked I thought it came down in Rochester already.

Mr. Tellier answered it was appealed.

Alderman Gatsas asked so what you are saying to me is the number you are giving me is \$3.833 billion but you think we can live with \$3.867 billion. Will we be in the ballpark or on the fence?

Mr. Tellier answered that is a \$44 million increase over what we already said and that is not what I said.

Alderman Gatsas stated you said \$25 million plus \$10 million and that is \$35 million. Did I add it wrong?

Mr. Tellier answered that is from last year's number.

Alderman Gatsas asked you are saying we could take \$10 million more.

Mr. Tellier answered I don't think it would be unreasonable for this Board to anticipate that sort of economical benefit at this point.

Chairman Cashin stated, Mr. Tellier, it is my understanding that you are going to come back with a number right.

Mr. Tellier replied the only number I am coming back with is the revenue number.

Chairman Cashin asked and you are going to give that to the whole Board.

Mr. Tellier answered yes.

Chairman Cashin stated my understanding is that we were calling these people in tonight to talk about revenues so let's talk about revenues and if we have any time left we will talk about budgets later but I don't think we are going to have enough time.

3) Tax

Chairman Cashin called Ms. Porter up to discuss Tax revenues.

Ms. Porter stated I don't have too much to say. As far as I am concerned it is submitted and I honestly don't know where we could add.

Chairman Cashin asked you are coming in with how much.

Ms. Porter answered \$12.7 million total. That is not including property taxes, obviously.

Alderman Vaillancourt stated you hit on that auto registration line and I am just trying to do that 10, 12 thing there and it looks like we might be able to add about \$1 million there. No?

Ms. Porter asked to the \$11.3 million.

Alderman Vaillancourt stated for your auto registrations, you have collected in 10 months \$9.9 million, right.

Ms. Porter replied actually this revenue is through May 4 I believe because I have through April 30 and it is slightly less than this.

Alderman Vaillancourt stated so you have two more months to go and instead of collecting about \$10.8 million this year you are going to be collecting approximately \$12 million this year.

Ms. Porter replied I don't think so. Our busiest months are September and October and then April picks up somewhat but May and June you are going to see slightly less.

Alderman Vaillancourt asked why would that be. Don't we have the same number of people born every month proportionately?

Ms. Porter answered no. What affects these registrations for September, October and April are businesses and fleets. Rider Truck is a substantial amount of money in the fall.

Alderman Vaillancourt asked so you would say that you are not overly comfortable that you are going to get more than you budgeted for your auto registrations this year.

Ms. Porter answered I would say that it is a possibility that we would hit \$11 million, but not \$12 million.

Alderman Vaillancourt asked would it be a possibility that you will hit \$12 million next year.

Ms. Porter answered it is a possibility, but I don't have a crystal ball and I would not predict \$12 million.

Alderman Vaillancourt asked how about \$11.7 million. It looks like that is very conservative as Mr. Tellier was conservative with the previous. I think we can add \$500,000 and go from \$11.3 million to \$11.7 million.

Ms. Porter answered I have always done a conservative estimate because I am anticipating at some point that we are going to see the bottom fall out on auto registrations.

Alderman Vaillancourt stated but it is a function of the booming economy, people buying better cars and more expensive cars.

Ms. Porter replied what we saw in the late 80's and early 90's was a lot of those cars being repossessed and people went to older cars at the lowest mill rate and they kept those cars for a significant amount of time at which time when they started replacing them we saw the auto registration go way up.

Alderman Vaillancourt stated that was at a time when the unemployment rate was significantly higher than the virtual lack of unemployment at all today. Isn't that correct?

Ms. Porter answered yes.

Alderman Vaillancourt stated we have virtually no unemployment so you don't see many cars being repossessed I wouldn't think or do you.

Ms. Porter answered no. I am just saying that we can't say it is going to keep going up either. At some point we may start having the unemployment issue and I personally don't want to over estimate revenues and then have a problem next spring.

Alderman Pariseau asked where did the revenue line go for property taxes.

Ms. Porter answered that is never in our budget. It is more a general fund, finance issue.

Alderman Pariseau asked why does it show in FY00 so far \$55,120,000.

Ms. Porter answered it is plugged in at the end as far as what property tax was collected through our office, but it is not one of our revenues. It is a considered a general fund revenue.

Alderman Pariseau asked is it turned over to the Finance Office.

Ms. Porter answered it is not one that we get credit for, estimate or whatever. It goes through our office. We collect it; we just don't estimate it.

Alderman Gatsas asked do you have this sheet that we just got.

Ms. Porter answered yes.

Alderman Gatsas asked can you just tell me what the two discrepancies at the top are where it says property tax. It was in 1999 and it was 2000 and it doesn't appear anywhere else. Do you know what that is?

Ms. Porter answered Kevin can probably explain that.

Mr. Clougherty stated 1999 is the full year collection and 2000 is half the year's warrant.

Alderman Gatsas asked collection of what.

Mr. Clougherty answered property taxes.

Alderman Gatsas asked so we get that in June.

Ms. Porter answered right. The next bill will be mailed out at the end of May and it will be due July 3, but we will see a lot of that money coming in in June.

Alderman Vaillancourt asked about the interest line, the \$4,005. I assume that has gone down from \$400,000 to \$350,000 because people are paying their property taxes on time more than they were because of this booming economy. Is that correct?

Ms. Porter answered yes.

Alderman Vaillancourt asked so you are actually saying that...you agree with the fact that there is a booming economy there, yet you don't on the auto registration line.

Ms. Porter answered I say that it exists today. I don't know what it is going to be like next June and this budget is through next June.

Alderman Vaillancourt asked so the \$350,000 could be very conservative again as to the interest on taxes.

Ms. Porter answered it could be that we won't reach it.

Alderman Vaillancourt asked we might not get the \$350,000.

Ms. Porter answered right. If the economy remains the same we may not get \$350,000.

Alderman Vaillancourt stated but you got \$396,000 last year and you are on target to get \$375,000 this year.

Ms. Porter replied we are at \$183,000 right now and that is as of May 4.

Alderman Vaillancourt asked wouldn't you be on target to get twice that much. That is only half a year.

Ms. Porter answered we only have 2 months left for interest on taxes. We only have two months left in this area to collect that amount of money.

Alderman Vaillancourt asked that is not done on a half a year basis like the other one you are saying.

Ms. Porter answered no.

Alderman Vaillancourt stated so you are very much way behind there then.

Ms. Porter replied yes we are.

Alderman Vaillancourt asked is that correct, Kevin. Does that \$183,000 reflect 10 months and not 6 months?

Mr. Clougherty stated that is right.

Alderman Hirschmann stated the way I project it, your revenue line should be over I would guess around \$800,000 by the time the year is done.

Ms. Porter asked from last year.

Alderman Hirschmann answered yes.

Ms. Porter replied and most of that would be on auto registration I would say.

Alderman Hirschmann stated the other question I would ask is the example that Alderman Gatsas went through with the Assessors of houses going on each year, could you tell us 1997, 1998, 1999 and 2000 the amount of auto registrations on a bar graph with the count.

Ms. Porter replied I can. I actually have that downstairs if you want me to get it for you.

Alderman Hirschmann stated we could extrapolate that into revenue.

Alderman Gatsas stated just looking at your numbers here, I am a little concerned that the recommended revenue that you are using for 12/7 under the Mayor's number is going to be a tough number for you to get to unless you have the ability to offset somewhere in the vicinity of \$1 million in auto registration. I don't see you getting the \$800,000 you are projecting in the interest on tax liens because you are somewhere in the vicinity of \$420,000 away from that number. You are \$200,000+ away from your interest on taxes and if I just take those out and run them, the two numbers that the Mayor is using of \$350,000 and \$650,000 I don't think you can get to next year if the economy is as good as it is even though with a great economy in 1999 you still had those kind of numbers.

Ms. Porter stated the interest on a tax lien is more reflective of past liens that have been sitting out there for awhile so that is indicative of people who were having hard times and one of the reasons is it lower at this point is we were not able to do our tax lien for this year until this past Friday. We actually did it a month later so we are a month behind. Once we place that lien people tend to pay it right after we place it and that is where our interest on the liens and costs on tax liens goes up once we place that new lien. Then we are also in a situation where we should have been taxed deeding in the month of April as well and because of THE we haven't been able to do that one yet either. So, we are looking at about another 100 parcels or 150 that are to be tax deeded which more than likely we will not tax deed. They will be paid. Unfortunately, that is going to be within the next six weeks that we will see that money coming in.

Alderman Gatsas asked so your revenue side is going to be all right then.

Ms. Porter answered I think it is going to be close. I think the auto registration will obviously make up for what we did not get in the interest on taxes, but I think the interest on tax liens will probably pick up quite a bit.

Alderman Gatsas stated so just using the numbers that you are using in the auto registration and annualizing those, give me a month that you think is the highest auto registration month and the one that is the lowest or is it easier for you to give me an answer by quarters. This is probably your lowest quarter?

Ms. Porter replied April is usually pretty good but May and June are not as heavy so I would say that this is probably our lowest quarter. Rider Truck because it is so much money affects September and October because we start doing it in September right through to the end of October.

Alderman Gatsas asked you have the number as of what date, April 30.

Ms. Porter answered yes.

Alderman Gatsas asked do you have the number for the month of April or not.

Ms. Porter answered yes.

Alderman Gatsas asked what was it.

Ms. Porter answered through April 30 I have. \$9,800,000. Actually I have each month for this year.

Alderman Gatsas asked if you give me to that real quick we can go.

Alderman Vaillancourt asked what is she reading.

Alderman Gatsas answered the auto registration by month.

Ms. Porter answered July was \$870,000; August was \$785,000; September was \$823,000; October was \$1.4 million; November was \$996,000; December was \$865,000; January was \$889,000; February was \$896,000; March was \$1.1 million; April was \$1.175 million.

Alderman Gatsas asked what did you have until the end of April.

Ms. Porter answered \$9.8 million.

Alderman Gatsas stated if I use your lowest month, which was August...

Ms. Porter replied \$785,000.

Alderman Gatsas stated \$785,000 twice then I come up to \$11,370,000. That is for this year. So, would you say that another \$500,000 based on the \$500,000 that you were over in revenues from FY99 to FY00 do you think that is a doable number?

Ms. Porter replied if the economy were to stay the same, it is a doable number.

Alderman Vaillancourt asked do you have last May and June to complete the cycle.

Ms. Porter answered I don't have it with me.

Alderman Vaillancourt stated but it would be reasonable to assume that it was probably in that \$850,000 raise or we won't assume and maybe you can get it for us.

Ms. Porter replied I can definitely get it for you.

Alderman Clancy asked when a person builds a new house, the impact fee, where do those monies go.

Ms. Porter answered I have no idea. It is not me. I think impact fees go to Building.

Alderman Clancy asked what account does it go in. Wayne, do you know?

Chairman Cashin stated when Finance makes their presentation they will talk about that.

Alderman Levasseur stated there are a couple of points I want to make here. Have you been able to determine over the last...have you been here for 10 years or so?

Ms. Porter answered 15.

Alderman Levasseur asked over the last 10 years could you approximate on a pretty consistent basis how many people or how much money will not be collected when it comes due. Is that number pretty much steady?

Ms. Porter answered percentage wise it is pretty steady.

Alderman Levasseur asked so if 10% of revenues are not collected until whenever, would that be a fair...

Ms. Porter interjected the problem that we have is a lot of this is collected at the end of our year.

Alderman Levasseur stated but that number of tax liens remains pretty constant over the years that you have been around and certain people don't pay until like a year later or six months later or whatever.

Ms. Porter replied in actuality this year the good news or bad news depending on how you are looking at revenues is that we placed 800+ liens on Friday, which is the first time we have been under 1,000 in 10 years.

Alderman Levasseur asked if we were to and I know a lot of people will shake their heads at this, but if we were to increase the 12% to 15% would that make people pay quicker or would it still be a stable number and then still give us more revenue.

Ms. Porter answered one thing it is a State statute that sets the rate.

Alderman Vaillancourt stated in fact I tried to have it reduced but the State Legislature voted against it.

Alderman Levasseur replied I would rather see it go higher than go down. So, it is State statute so it really doesn't matter because 12% is actually pretty low. I know out in the real world, well during the auction period there were a lot of people who were borrowing money at 18% and were not paying the 12% because obviously they were making a cool 6% on their money but having a tax lien for as long as they can possibly have it. That is what the average money was being paid out there.

Ms. Porter responded when that was set at 12% and 18%, yes.

Alderman Levasseur stated I guess we can't do anything with that number anyway so my question is really mute at this point.

Ms. Porter replied it can't be done locally. It could be done at the State level.

Alderman Gatsas asked would you say that the average increase of auto registration over the last four years has been 2.5% or better per year.

Ms. Porter answered I would speak to the last five years since I have been the Tax Collector and I would say yes or better.

Alderman Gatsas asked or better to what percentage.

Ms. Porter answered I am not sure. I would say somewhere in between 2% and 5%.

Alderman Gatsas asked so if I used 2.5% over this year when we projected somewhere around \$11.37 million that you would conclude the year and that is with using the number of the lowest month that you had available so if I said to you that number looks something like \$284,000 at 2.5% that is not a number that you...that is on the low side so you would probably say there is a good chance that we would come in higher than that.

Ms. Porter answered as long as the economy stays good. That is my one thing that holds me back whenever I am doing revenue projections. It is just what the economy is going to do. It will affect auto registration right away.

Alderman Gatsas asked if we continue on the same rate we were five years ago, which wasn't in the robust of times but now which might be 5%. Five years ago it might have been 2.5% so I am just trying to give you the lowest number of the perspective and say...would you use well let's use another number. How about if we use 1.75%? That is probably a very doable number no matter what the economy is unless we all go back to 1989 and we would have a problem.

Ms. Porter answered the only thing I would qualify it with is the economy.

Alderman Gatsas asked so if we use that number we don't have a problem and if the economy continues and I am sure it is that number amounts to on a 1.75% about \$199,000.

Alderman Vaillancourt stated I want to focus on that auto registration again. I think that instead of your very conservative amount you could easily realize \$12 million next year and let's just say you realize \$11.8 million. That is an extra \$500,000. On the tax rate I just want to be sure that the \$500,000 would be about 14 cents on the tax rate because we would be basing it on the \$26 to \$28 per million, not on the 8 cents per \$10 million. If we added \$500,000 to that, we would be saving approximately 14 cents on the tax rate.

Ms. Porter stated for those of you who have not met Connie Marion, she is the Deputy Tax Collector and I know there are a few Alderman who have not had a chance to do that.

4) Building

Mr. LaFreniere stated in the FY01 budget we have made a level funded revenue projection at \$1.2 million. Last year we had come in with a number slightly less given the experience that we had with the previous year where we saw the revenues dip slightly. As of today, we are at \$1,146,301. I expect that this projection, given that we have roughly a month and a half may approach a total of \$1.3 million for FY00. There is a little bit of a bright side there. Now, in FY99 if you recall it was based on the experience of some of the previous years and we had a revenue projection that was brought up to \$1.4 million and the revenue we realized was \$1.088 million so we were concerned that we would come in to this previous fiscal year with a projection that might exceed what we would realize. Based on what we have seen so far, I think that is still a reasonable projection to

level fund at \$1.2 million. Now anticipating that there may be some softening of the economy based on some of the projections that we have received or some of the indicators rather than what we have received from Finance as well as some of the building valuation reports that we have seen coming in, the current or the upcoming fiscal year for us will probably realize us an overall construction value that is significantly higher frankly than this year, but several of these high value projects including the civic center, UNH project, as well as several major Airport and School and Parks projects will not generate any revenue for the department, but will generate significant demands on the services we provide. So, that is essentially where we are at. We were asked by the Mayor's Office to consider whether there were additional opportunities to generate revenue and at that point we weren't to the date we are now with our revenue projections so we were concerned about whether the \$1.2 million would be a little high. We are feeling more comfortable with that and that is what I am bringing forward to you today.

Alderman Vaillancourt stated the softening of the economy. I have heard that again now tonight. I watch CNBC most of the day and I don't see any softening. This economy is booming forward. The growth rate was .9% today, which is higher than anybody expected so aren't we crying Henny Penny a little bit here?

Mr. LaFreniere replied I probably characterized it incorrectly. It is not so much a softening. We haven't seen a softening of the economy from the standpoint of construction activity, however, the building permit valuation or the valuation that is placed on the projects coming into us is somewhat less than we had seen for example in 1996 and 1997. It dipped in 1998 and 1999. We are seeing it coming in at about the same level and I think that has been somewhat of a function of the fact that the interest rates have started to rise. It is not an exact science by any means to make these types of projections. I think it probably was an inappropriate term to use, the softening of the economy, but in terms of softening of the or at least some reduced levels of building valuations is probably more accurate.

Alderman Vaillancourt stated now you said that your \$1,127,248 was for, did you say 10.5 months.

Mr. LaFreniere replied we are at 10.5 months. As of today we were...

Alderman Vaillancourt interjected we have been going by 10 months and extrapolating and if you extrapolate that you are going to come up closer to \$1.4 million rather than \$1.3 million it seems to me.

Mr. LaFreniere replied we are at \$1,146,301 as of today. Let me try to put this into perspective. This has really been an interesting fiscal year for us in terms of the revenues. Typically, as might be expected our peak months would be in the prime construction season. We try to accommodate that when we make these forward projections. However, July and August of our last fiscal year were \$85,000 and \$94,000 respectively. It dipped in September to about \$80,000.

Alderman Gatsas asked could you read us those numbers on a monthly basis.

Mr. LaFreniere answered sure. What these numbers are are the actual revenue received for building permits as well as plumbing, electrical, compliance for residential rental programs and so on. All together, in July of this current fiscal year we had \$85,131; August was \$94,730; September was \$79,949; October was \$73,700; and then this is what is somewhat of an anomaly because in November because of the mild winter was \$123,402; December was \$134,073; January was \$126,573; February was \$98,078; March was \$130,336; April was \$166,040; and in May to date we are halfway through the month and we have seen \$34,188. That is what seems to be causing this concern on my part in terms of whether we should put as much emphasis on the end of this month and the rest of next month beyond the...I think I projected somewhere a little over \$150,000 for the remainder of the year.

Alderman Gatsas asked do you have numbers for last May and June.

Mr. LaFreniere answered I do not have those two months. I can get that information for you. Max is going to run next door.

Alderman Gatsas stated don't bother.

Mr. LaFreniere replied would you like me to get that information to you.

Alderman Gatsas asked how long have you been in the Building Department.

Mr. LaFreniere answered for 16 years.

Alderman Gatsas asked what would you say the average increase that you have seen over the last five years has been.

Mr. LaFreniere asked the average increase in revenues. I can give you what we have realized for revenues since 1996 for example. It has fluctuated significantly depending on the economy. We had realized revenues during the 1980's well in excess of what we say in the early 80's. In 1996 we received a total of

\$1,302,618. It was fairly flat into 1997 with \$1,314,197. In FY99 we were at \$1,088,550.

Alderman Gatsas stated and you projected with a decrease of 30% from 1998 to 1999 a 20% increase. What prompted you to a 20% increase or 14%?

Mr. LaFreniere replied it isn't, as I have indicated, an exact science but we do often have some indication of what is coming for major dollar value projects. We try to stay in contact with the Planning Department and certainly monitor projects that have received site plan approval and although we don't have any inside track in terms of information to know when they will come in for a building permit, we know essentially what their window of time is in their approval process. We were concerned about the \$1.2 million to be honest with you, but fortunately we have been able to realize that or I believe that we will be the close of this fiscal year.

Alderman Gatsas asked why would you have projected a decrease. I am saying from 1999 you had revenues of \$1.3 million and obviously that is probably a bad scenario to use because I don't know what you projected for revenues in 1999. I only have actuals collected. Do you know what you projected for revenues in 1999?

Mr. LaFreniere answered \$1.4 million. That was the projected and what we received was \$1,088,000. Actually I should qualify that because that really wasn't a projection by our department. We had projected a lower number and in going through the budget process it was felt appropriate by the Mayor's Office and the Board that the number be increased. That wasn't the number we can in with.

Alderman Gatsas asked what did you come in with.

Mr. LaFreniere answered that year we came in with \$998,000 or something like that. Basically what we did was based it on the valuation that we received the previous year and tried to project forward.

Alderman Gatsas asked what did you come in with for projections this year.

Mr. LaFreniere answered for FY01 that is the \$1.2 million.

Alderman Gatsas asked is that what you came in with or did you come in with a different number.

Mr. LaFreniere answered that is the number we came in with. The Mayor's Office asked us if there was anymore room in that scenario and we recommended against increasing that number.

Alderman Gatsas asked so you came in with the exact same number as you did for FY00 based on...how could you come in with the same exact number as you did for FY00. What did you base that on?

Mr. LaFreniere replied I am not following you.

Alderman Gatsas stated the FY00 number that you came in with for revenues was \$1.2 million.

Mr. LaFreniere stated the FY00 number that we projected as part of our budget process was \$1,035,100. During the budget process we were asked if there were any additional opportunities for revenue. We took a look at this picture. By the time we were asked that question we had another 90 days approximately of receipts to base our projection on and we increased that projection to \$1.2 million for FY00. As the numbers are coming in, that is where we are currently at with the \$1,146,000 and the opportunity in the last five or six weeks of the fiscal year to enhance that number. Am I answering your question?

Alderman Gatsas stated I am just taking the \$1,127,748 again over a 10 month period and that is probably an unfair number. It comes out to \$1,353,297 annualized. So that is with an assumption that you are going to pick up somewhere in the vicinity of \$230,000 in revenue in the next two months and you haven't given me anything on statistical data that will show us June and July of last year or May and June of last year.

Mr. LaFreniere replied I apologize and I can get that for you.

Alderman Gatsas asked do you have the numbers for 1999 for November, December and January.

Mr. LaFreniere asked for FY99.

Alderman Gatsas answered yes.

Mr. LaFreniere stated I do not have that information with me.

Alderman Gatsas asked do you see that number on a yearly basis trend closer to the November number or closer to the March number.

Mr. LaFreniere answered typically during the winter months we see a reduction in the revenue received because it is just a function of the prime construction being typically not during those timeframes. Now that starts to ramp up, usually in March of April prior to the construction season really getting started because people want to receive permits so they are ready to go when the frost is gone.

Alderman Gatsas stated the permit that we would want to come in to you for on a building permit, is that pretty close to what we assume it is going to cost us to build this building.

Mr. LaFreniere replied it is certainly supposed to be. Now what happens with that is the building permit valuation is intended for our purposes to be an equalizer to insure that the building permit fees are portioned equitably. So, what we do in addition to utilizing the numbers that are represented to us by the applicant in terms of what the applicant tells us it is going to cost to build that building, we use construction valuation data for like construction from a variety of resources. Now, we currently are members of BOCA, which is the Building Code Administrators. We utilize their codes. We utilize a number of their permits and processes. They provide us with some building valuation data that we can use to make sure that we are equitably applying those fees. We also have used means construction data to provide us with that type of information. Now how we use that is we determine what the cost per square foot of construction should be.

Alderman Gatsas stated let me ask you a quicker question. The question is that if the permit, let's assume I come in for a permit and say to you that the building that I am looking to build is \$100,000 renovation or new, does that correlate to the Assessor's side of being pretty close to being the same price. In other words, because he has to go out and do an assessment of that building or are these builders starting to get smart and coming in with numbers that are far less on the building permit side than they are on the assessment side?

Mr. LaFreniere replied what you are talking about is something that is really on a different side of the house, if you will, and I understand that that comes across as being evasive on the answer but we really don't get in the business of trying to apportion values or market values to property.

Alderman Gatsas responded my point is if somebody comes in and says the building is going to be built at \$100,000 and the Assessor's come back and assess it at \$50,000 then you haven't got what you assumed was full value on the building permit. If that is the case, then builders are starting to get smart to that value. Maybe there should be some correlation to the Assessor looking at the plan and saying I don't think the number is \$100,000. I think it is going to be closer to \$500,000.

Mr. LaFreniere stated I thought you were asking me how does that translate to the assessed value of the property. What I am saying is we perform that function in-house currently by applying the building valuations from these national sources.

Alderman Shea stated this may be a question for Kevin. You say that you are going to have \$1 million in revenues. We as a Board change it to \$1,400,000. You don't realize that so there is a difference of \$400,000. Now how does that work out? In other words what happens? How do we make-up that \$400,000? Where does that money come from?

Mr. LaFreniere replied we have had conversations on that very matter with the Finance Director in the past and he certainly is in a better position to explain the nuances than I but as I understand it there are quite often in periods where you see building permit values depressed other revenues start to come up.

Alderman Shea asked what do you mean by other revenues. Kevin, maybe you can answer it. The Building Department says we are going to get \$1 million in revenues. The Board of Mayor and Aldermen, in order to hold the tax rate down say we assume you are going to get \$1.4 million. They get \$1 million. There is a difference of \$400,000. We have held the tax rate down, but where does the \$400,000 come from that we have to make-up?

Mr. Clougherty answered the possible deficit in your fiscal period, if all of the others don't make-up for that or a reduction in fund balance.

Alderman Shea asked do we benefit in terms of projecting a higher revenue. Do we realize some kind of benefit that way because we lower the tax rate but we have to pay back?

Mr. Clougherty answered you don't raise enough cash. If you say to the Building Department...for argument's sake say that their budget is \$1 million and they are taking in \$1 million. So you say to them you are going to be able to spend \$1 million. There is no tax impact. You go and set the tax rate and you don't raise any taxes for him, but then he only takes in \$800,000. That \$200,000 he is spending and that is why in the middle of the fiscal year you would see us come in to the Mayor and say put in a policy to stop spending because you don't have the cash coming in.

Alderman Shea stated but we do gain a lot on the tax rate initially by having more revenues coming in than we do lose in terms of paying back if we were to make that up. Is that correct? Make it up by having an excess amount of money in terms of not having a deficit. We find the \$400,000 somehow. We find it someplace else. In other words Frank Thomas has a good year...in other words we get money from Highway to make-up that \$400,000 or \$200,000.

Chairman Cashin stated to answer your question it is a very dangerous thing to do and we shouldn't do it.

Alderman Shea replied but we have done that in the past.

Chairman Cashin asked does the Mayor want to say anything.

Mayor Baines stated from our perspective and we spent a lot of time talking about that and we have asked people to be very conservative in terms of their estimates because we want to make sure that the budget that we deliver is sound based upon prudent projections and we don't think the Board of Mayor and Aldermen or the Mayor should be in the business of inflating revenues to deliver in essence a false tax rate and I believe the Finance Officer is with me on that and that is the advice he has been giving me since I assumed office. Let's not inflate revenues. Let's be realistic.

Alderman Shea stated you were mentioning before that you came in with a lot less than what the Mayor projected, right.

Mr. LaFreniere replied in that fiscal year, yes.

Alderman Shea asked so what happened. How did we make that up? Do you know how we made that difference up? Kevin, did you make it up when he came in with a lot less than what was projected? In other words he mentioned before and I don't have the figure here but he projected \$995,000 and we said that he was going to have \$1.3 million or so.

Mr. LaFreniere answered \$1.4 million.

Alderman Shea stated that is almost \$400,000. How did we make that up?

Mr. Clougherty answered we would have made it up from all of the other departments and their revenues that enjoy different cycles. That is, in fact, what the Tax Collector was saying is that some years if she goes out and her projection is that she is going to have a good year this year and thinks auto registration is going to be up here and if we have a recession and auto registrations drop, she

might see an increase offset by interest and penalties and things like that. You do your best in terms of a projection, but you have to look at the whole picture.

Alderman Shea asked was there a deficit that year.

Mr. Clougherty answered no.

Chairman Cashin stated what they did was they borrowed from other departments to pay the bill.

Alderman Vaillancourt stated nobody is trying to inflate the revenue projections. What we are trying to do is realize that things change in three months. You gave the Mayor \$1.2 million three months ago. Now as you have acknowledged to us, things have changed. You are now not only going to come out better than the \$1.2 million for this year, you are saying you are going to come out to \$1.3 million. Now, with the benefit of three months more of time with the shifting and whispering sands of the budget machinations, would you say that you now feel secure to put \$1.3 million not as an inflated figure, but as a realistic figure for next year?

Mr. LaFreniere replied as I indicated, my concern with that is that we are seeing increases in the interest rate. Increases in the interest rate typically translate into direct reductions in the amount of construction activity. Now, that may or may not be the case depending on the robustness of the rest of the economy. We have enough experience behind us to know that that is a typical outcome and as a result we were concerned about giving a number that might not be achieved.

Chairman Cashin asked is your answer no, you are not comfortable. Is that what you are saying?

Mr. LaFreniere answered I am not recommending a higher number.

Alderman Vaillancourt stated let me rephrase my question then in a follow-up. Given the three months of new data that you have since you gave this to the Mayor, you don't feel secure in going up \$100,000 since you seem to have gained \$200,000 in this year's revenue in the last 90 days?

Mr. LaFreniere replied we were projecting that number. The Mayor also asked us at the time whether we would be making our projection for FY00 and we said yes we believe that we will and might even exceed it. I guess the parameters under which we made that decision back a few months ago really haven't changed for us because we were anticipating that we would see an increased revenue stream during these last couple of months. The thing that concerns me with regard to that

is that as I noted we have only taken in so far this month \$34,000. Now we are halfway through the month. In answer to a previous question that I heard asked, we typically don't see these revenues fluctuate by the end of the month or the beginning of the month like the car registrations. Usually they will come in in a fairly steady stream throughout the month depending on the season.

Alderman Vaillancourt asked so when you gave the Mayor this number 90 days ago you didn't anticipate \$130,000 for March and \$166,000 for April did you.

Mr. LaFreniere answered we were anticipating numbers that were well over \$100,000 for those months and if we don't receive a substantial increase in activity through the end of this month, we are not going to be in that bracket where we were anticipating May to be and the jury is still out on June.

Alderman Vaillancourt asked well you are going to get us May and June from last year.

Alderman Gatsas stated Max has them now I bet.

Mr. LaFreniere replied I do have that now. As I had indicated, we typically see a ramp up in the spring so we were fairly level in January of 1999 through...

Alderman Gatsas interjected just May and June is fine.

Mr. LaFreniere stated in May of 1999 we had \$87,470. In June it was \$92,385.

Alderman Vaillancourt replied so in fact for those spring months you were not anticipating over \$100,000 based on last year you were anticipating something around \$100,000.

Mr. LaFreniere responded no. May and June were the months that I didn't...

Alderman Vaillancourt asked what about March and April last year.

Mr. LaFreniere answered March was \$118,000 and April was \$87,500.

Alderman Vaillancourt asked and you told us you were anticipating way over \$100,000 this April and in fact you got \$166,000 which is 66% over. So you don't want to tell us now that you would feel somewhat comfortable with \$1.3 million rather than \$1.2 million?

Chairman Cashin asked what part of no don't you understand, Alderman.

Alderman Vaillancourt answered I understand that I am asking a series of questions that other people have asked and I think I have the right to explore in detail.

Chairman Cashin stated he told you two times that he wasn't comfortable in doing it.

Alderman Vaillancourt replied and I am trying to find out on what data he bases that assessment on.

Chairman Cashin responded he is the professional. You are asking him a question and he is telling you no he doesn't feel comfortable. You are trying to intimidate him into changing his mind and I don't think that is fair.

Alderman Vaillancourt replied I don't think there is any intimidation. There is an attempt to analyze numbers.

Alderman Hirschmann stated, Leon, I think you are one of the more conservative department heads. That is your make-up and when it comes to revenues I think that we want a little bit more reality than the conservatism that it takes to satisfy a boss, which would be the Mayor and the Board or whoever. I think what you see if you look around the City, if you just go by the Planning Board site applications and things that get mailed out to the Aldermen and newspaper reports, at the Planning Board level you have the Chase Block that is undergoing its renovation. Brady-Sullivan has made a major investment on Elm Street. Those are building fees that you have realized this year. You look around and you see that Cement Quebec is coming in. The Gateway buildings are being renovated. There are Rite-Aids being built on every corner. The commercial market right now is really hot and I don't see where this fear that it is your spine there...I don't know where that is coming from. I am in the commercial world as a contractor and there is absolutely no slowing down. Residentially maybe we are out of parcels. Maybe that is a realistic thing and maybe in the overall picture that side is going down but on the commercial, the renovations commercially I think would be a big spike. The number that I wrote on paper for revenues would be \$1,350,000 based on \$125,000 a month for 12 months. I realize you wouldn't make that every month, but like Alderman Vaillancourt said some months you would make \$166,000 and other months you would make \$80,000. I think when this fiscal year is done you would definitely make \$1,350,000 and I congratulate you for making that. Things are going good and the increase in interest rates I don't think plays out on a local level as quickly as you think it does.

Alderman Pariseau stated Leon, I am looking at the yard sale permit item, 4591. How is that enforced or isn't it?

Mr. LaFreniere replied yard sales typically take place outside of the working hours of the Building Department and the Police Department enforces the permits and will respond to complaints as well as stop and do inquiries for permits. We maintain communication with the Police Department and copy them on all yard sale permits so the dispatcher has the notification of all of those. The short answer is it is enforced by the Police Department, however, as we become aware of it and the Police Department informs us that there is a violation, we will take action.

Alderman Pariseau asked what type of action would that be. Could the Police Department cite that person?

Mr. LaFreniere answered that has happened in the past. I think their typical response is to request and require that the sale be terminated.

Alderman Pariseau asked do you have individuals in your office that reviews The Union Leader on Thursdays when they have a listing of yard sale activity? Do you review that and check your license issuance to see if they, in fact, have licenses?

Mr. LaFreniere answered that is something that we have done in the past. We are not doing it currently just because of manpower limitations. It is something that we could take up but it would require additional staff.

Alderman Pariseau asked what is the current fee for a yard sale permit. Is it \$5?

Mr. LaFreniere answered it is \$4.

Alderman Pariseau asked \$4 per day or \$4 per license.

Mr. Sink answered the \$4 entitles you to up to two consecutive days. In other words, for the entire weekend you could have a yard sale for that \$4. You are entitled to do up to two a year at any one address.

Alderman Pariseau asked how many yard sale permits do we issue annually. How much revenue is projected in this?

Mr. LaFreniere answered \$6,000.

Alderman Pariseau asked that is all. We could jack that up to \$10. Would you have a problem if we went to \$10 per license? People make hundreds of dollars.

Mr. LaFreniere answered I can tell you that year-to-date we have received under \$3,000 in revenues or \$2,799 to be exact for FY00.

Alderman Pariseau asked you really wouldn't have a problem if we suggested that it go up to \$10 per license would you.

Mr. LaFreniere answered I will tell you and not that enough time hasn't elapsed, but we did up that fee probably 10 years ago to \$5 and there was such a huge cry that it came back to the Board of Mayor and Aldermen voted to knock the fee back to \$4. It was an interesting experience.

Alderman Pariseau stated we have a robust economy now.

Alderman Gatsas asked can you help me on the front page here. The line item numbers 4554, 4555 and 4556. I assume those are all, because you have them in the year-to-date revenues, broken down in different lines than the revised budget of \$635,000, which is in building applications. What I assume is that those three numbers should go together to accommodate the \$635,000 number.

Mr. LaFreniere answered it is actually I think more than those three numbers.

Alderman Gatsas asked the \$635,000 is more. Probably you are talking about new buildings then or not?

Mr. LaFreniere answered correct.

Alderman Gatsas asked new buildings is in that \$635,000 or not.

Mr. LaFreniere answered yes. All building permits. These are construction permits as opposed to trade permits on the electrical and plumbing side and that sort of thing. All building permits are in the \$635,000.

Alderman Gatsas stated give me the numbers because you obviously have year-to-date revenues collectively so why don't you tell me what makes up that \$635,000 number so I can get some correlation because I think you are about \$41,000 short on your projections for revenues and let me just tell you what I used and where I came up with that number. I used \$57,000 for revenues in May and \$57,000 in revenues for June, which if you look anywhere on anything that you have given me is incredibly low. Would you agree?

Mr. LaFreniere replied what we have...

Alderman Gatsas interjected would you agree with that. If I add those two in, I come out with \$1.242 million for revenues and that is using two months that you probably haven't seen since the early 90's.

Mr. LaFreniere replied yes. That is accurate.

Alderman Gatsas stated now let's go back to my original question on which numbers fit into this \$635,000 number please.

Mr. LaFreniere replied it would be 4554, 4555, 4556, 4557, and 4559.

Alderman Gatsas asked so that means I have to add the \$635,000 and the \$164,000 together to get a number for those totals. Is that correct?

Mr. LaFreniere answered I can give you that number. I have \$754,408.

Alderman Gatsas stated well your calculator does not work too well if you have \$635,000 and \$164,900 so we better use mine. It is \$799,900 if I add those two numbers together. Yes or no? What did you have for a number?

Mr. LaFreniere replied I have \$754,408 year-to-date.

Alderman Gatsas stated I am talking about revised budget, which is \$799,900. I didn't go the other way.

Mr. LaFreniere responded \$754,408 is what we have received under the building line items according to the run off that we did today. I will confess that I do not track the numbers broken down like they are broken down here for the purpose of the THE run off.

Alderman Gatsas asked what was your number again.

Mr. LaFreniere answered \$754,408.

Alderman Gatsas stated I believe that because these numbers as of two weeks ago are \$747,285. So, would you on that side of it to get to the \$799,900 you are only talking about doing in the next six weeks somewhere in the vicinity of \$53,000.

Mr. LaFreniere replied that is just part of the total revenue picture.

Alderman Gatsas responded well all of the rest of them, if I look at it, you have either surpassed or been right on the number. As a matter of fact if you go to compliance application you are \$25,000 over so I am not even using that number.

Mr. LaFreniere stated I think our compliance number was \$210,000 and we are at \$160,000.

Alderman Gatsas stated I am looking at the line item compliance, 4626, the revised budget that you had for FY00 was \$125,000 and your revenues to date are \$157,085.

Mr. LaFreniere replied I will have to try to get a handle on that one for you because I don't know.

Alderman Gatsas asked what do you have for a number.

Mr. LaFreniere asked the number that I come up to for \$1.2 million.

Alderman Gatsas asked what do you have for a number for compliance applications. You said that number was what?

Mr. LaFreniere answered \$160,830.

Alderman Gatsas asked and what are you saying it should be.

Mr. LaFreniere answered the number that we used for projection purposes for FY00 was \$210,000.

Alderman Gatsas asked where are you getting that number.

Mr. LaFreniere stated that was the number that we brought forward as part of our FY2000 budget. It was \$125,000 when the total for agency request was \$1,035,100. When we went up to \$1,200,000 that number was adjusted.

Alderman Gatsas stated then something else had to be adjusted down. I am agreeing with the \$1,200,000 of our revised budget number. I agree with your \$160,000 because that is probably the \$3,000 that you picked up in the last week because it looks like you are running about \$3,000 a week.

Mr. LaFreniere replied I can go right down these categories as we track them and tell you where we are at in each category if that is helpful at all. I am not sure it is correlating directly to...

Alderman Gatsas interjected you are telling me that your number for two weeks into May is \$1,146,300. I don't disagree with that number. I am saying to you that if I took \$114,000, which is 14% of where you are at and added that in, it is bringing me to \$1,241,748 so I am saying it looks like you are understating revenues by somewhere around \$41,000.

Mr. LaFreniere stated my response to that is we understated revenues in certain categories and overstated them in others and it has balanced out to equal the revenue projection that we had originally anticipated. Now, we have made an attempt to redistribute those numbers for FY01 based on the experience that we had in FY00.

Alderman Gatsas stated your numbers are identical. Identical distribution for FY00 and FY01. They are to the penny. There is no change. Zero. So, the number that I asked you for was what was the number you came with to the Mayor and you told me it was \$1.2 million so unless you jockeyed the numbers around, then that number can't be true.

Mr. LaFreniere replied the way we distributed the numbers to come up with the \$1.2 million based on the experience we realized in FY00 were not the same numbers or distribution as FY00.

Alderman Gatsas stated they are identical. There is no change. Zero change. Do you have the sheet that Alderman O'Neil just gave you?

Mr. LaFreniere answered yes.

Alderman Gatsas asked look at the number two column and the number four column and run your little finger across it and you will see that the numbers are identical. They do not change. Trust me. I have been playing with these papers for two weeks and if I tell you it hasn't changed, it hasn't changed. So, you didn't make any allocations differently then what you did for FY00.

Mr. LaFreniere answered when we prepared the budget we did.

Alderman Gatsas asked can you tell me when you prepared your budget what those numbers are.

Mr. LaFreniere answered certainly. Under building permits, 4554, 4555, 4556, 4557 and 4559 it was \$675,000.

Alderman Gatsas stated so you increased it by \$40,000.

Mr. LaFreniere replied correct. Under electrical, 4545 and 4565, we went to \$135,000. Under plumbing, 4572, we went to \$50,000.

Alderman Gatsas stated so that was an effective change of \$15,000.

Mr. LaFreniere replied correct. Heating permits, which is 4580, \$90,000 for an effective change of \$5,000.

Alderman Gatsas asked 4212. Did you effectively change that? It is copying and receipts.

Mr. LaFreniere answered that is all lumped into miscellaneous, which we had budgeted \$6,000 for.

Alderman Gatsas asked what numbers did you have in there.

Mr. LaFreniere answered that stayed the same at \$3,500.

Alderman Gatsas asked how about additional heating. If I take 4581, 4583, 4584, and 4585 should those actually move up into that heating application number?

Mr. LaFreniere answered correct.

Alderman Gatsas stated so there is actually a net loss there because if I add those in...

Mr. LaFreniere interjected there shouldn't be a net loss because our FY00 number is \$85,000 and our FY01 number should be \$90,000.

Alderman Gatsas asked so that is \$21,000. So there is going to be a \$21,000 difference so you have really gone from \$90,000...those four numbers are \$22,000 so if I subtract that \$22,000 from your \$90,000 figure you have really in effect dropped your number to \$68,000. So your change is a negative \$17,000.

Mr. LaFreniere answered I am not following you.

Alderman Gatsas stated the 4581, 4582, 4583, 4584, and 4585 that you are showing was in FY00 in revenue. Those total \$22,000. If I add that number to the \$41,000, those two numbers are going to come up to \$63,000. Are you saying that you are going to go from \$63,000 to \$90,000 because I don't want to put words in your mouth?

Mr. LaFreniere replied if year-to-date we had received in heating permits inclusive of the accounts that you just mentioned, \$67,477.

Alderman Gatsas asked so you are saying you are going to \$90,000 and that is a plus \$5,000 and that includes the bottom one so I don't take anything away. Sign permits?

Mr. LaFreniere answered we were \$14,000 last year. \$17,000 is our projection for this year.

Alderman Gatsas stated so that is plus \$3,000. How about yard sale permits?

Mr. LaFreniere replied \$6,000.

Alderman Gatsas asked is that what you are projecting.

Mr. LaFreniere answered correct.

Alderman Gatsas stated so that is plus \$1,000. How about compliance applications?

Mr. LaFreniere replied \$220,500.

Alderman Gatsas asked so sale of code of ordinances, anything there or is that part of your miscellaneous. That is probably part of your miscellaneous.

Mr. LaFreniere answered correct.

Alderman Gatsas stated so if take the numbers here that you gave me and said \$6,000 plus \$675,000 plus \$135,000 plus \$50,000 plus \$90,000 plus \$17,000 plus \$220,500 that comes out to your \$1,193,500.

Mr. LaFreniere replied we are missing the elevators which is \$500. That is 4588. Then the yard sale permits which is 4591 for \$6,000.

Alderman Gatsas stated something doesn't work.

Alderman Vaillancourt stated I think I found the problem. You are saying that you have budgeted for lines 4554, 4555, 4556, 4557, and 4559 \$675,000 yet the Mayor's budget has \$635,000 plus another \$164,900 separately for line 4559. That is where the difference is. Does that sound right?

Mr. LaFreniere replied yes.

Alderman Vaillancourt stated I guess the question would be why has this been split up this way.

Mr. LaFreniere stated it reflects the distribution in the THE system.

Alderman Gatsas asked so the \$41,000 if we use that for the projection, if you are looking to carry the same number that you carried from FY00, that is basically what you are doing is just reappropriating numbers to different columns.

Mr. LaFreniere answered correct.

Alderman Gatsas asked if I took the numbers that you gave me for the first 10 months of the year and take May and June and add \$114,000 to that number that will bring me to \$1,241,748 so if we are using...if you didn't change a number and you used the same number that carried from FY00 to FY01 then why wouldn't we use that number. I am using a zero increase.

Mr. LaFreniere answered your number doesn't reflect a significant increase does it.

Alderman Gatsas replied it is a \$41,000 increase.

Mr. LaFreniere stated what I would say to that is in the arena of trying to make projections from 18 months to a year depending on what point in the budget process we are at on a \$1.2 million revenue fixture to within \$41,000 that to me...

Alderman Gatsas interjected I would say that is a great job so if I said to you we are going to use a zero increase, then I could use \$41,000 more of additional revenue.

Mr. LaFreniere stated all things being equal, if we see the same types of projects coming in...

Alderman Gatsas interjected I am not using 20%, 30%, 40%. I am using \$41,000 and saying it is a zero increase from last year from this year. So that is not something that would make you...

Mr. LaFreniere interjected no. I don't think we are talking about something that is in the range of throwing the system askew.

Alderman Gatsas stated so \$41,000 is not a tough number to use.

Alderman Levasseur asked when was the last time our fees went up.

Mr. LaFreniere answered in 1991. We are looking to bring a new fee schedule into the Board as part of the Building Code. We are waiting until the budget process is concluded, but I will tell you that we are looking at addressing some inequities in the fee schedule and redistribution of our fees but we are not anticipating a significant increase in the fees. The reason for that is frankly we are already priced near the top of the heap with regards to other communities in the State. We try to do a comparison and we will offer up comparative data for the Aldermen to consider at the time that we bring the fee schedule in, but right now we are one of the higher communities in the State with regards to our fees.

Alderman Levasseur asked would it be fair to say that we are also one of the lowest amount of properties or land that is available compared to other communities so the demand is probably higher. If you are going to compare us to Deerfield, Deerfield has a heck of a lot more land.

Mr. LaFreniere answered if you are asking me for my opinion as Director of the Building Department as to whether building fees act as a real disincentive for economic development activities in the City, I don't think so. However, I will tell you that from a perception standpoint in terms of our marketing efforts to try to get economic development activities to take place in the City, one of the things that has to be considered is if Manchester is out there charging fees that are in excess or greatly in excess of what other communities are charging. That will certainly be a decision for the policy makers. We want to present all of the data.

Alderman Levasseur stated I see where you are going and I understand that but I don't think the perception of Manchester is like it was a couple of years ago. I think with some of the work that some of the Aldermen have done in the past with the Riverwalk and other things that have come into the City I think we are probably perceived now as a place to come to and not a place to shy away from. I think there have been a lot of changes. You have done a good job with trying to get permits out quicker. You have done a better job of organizing yourself and if you see a way to increase...I mean it has been 10 years and these are the reasons we are not increasing our revenues because we are refusing or too shy or too afraid to scare off business people. You are going to come here or you are not. You are not going to not come here because your permit is \$100 more when you are talking about \$1 million projects. I can see what is going to happen over here with Margaritas. They are not going to not come down here and put \$500,000 into their building just because their permit fee is another couple of hundred bucks. The

other thing is I am just trying to say don't be afraid to come back here with some numbers for us. We are ready to try to collect some fees for the City.

Alderman Clancy asked, Leon, the impact fees. Does that money go to your department or the Planning Board.

Mr. LaFreniere answered we collect the fees. They go into a separate account that is controlled by the Finance Department. The fees are set by the Planning Board.

Alderman Clancy asked it is \$1,600 for a single-family home or something like that. Why don't we raise it and make it a flat \$2,000? If most of this goes to the schools and we are looking for some money for the schools, that is a way of raising some money right there. They are only going to pass it on to the homeowner.

Mr. LaFreniere answered that is very true. How those fees are apportioned is frankly a question better asked of Bob MacKenzie because it is the Planning Board by ordinance that sets those fees and I know that there is criteria set forth in the ordinance as to how the fees are established.

Alderman Wihby stated if everybody ahs that three page sheet that Kevin passed out and you go to the second page where it says City of Manchester and it has the breakdown of City/School revenues and you look at that City number it says 1995, 1996, 1997, 1998 and 1999, this goes to what Alderman Vaillancourt said and Alderman Hirschmann and Alderman Gatsas and myself when we were talking about revenues and someone made a comment that we don't want to over estimate but if you look at those five years, the total budget was \$123 million. If you look at what we actually collected, it was \$124 million. So we didn't do a bad job. We didn't inflate revenues. We talked to department heads and we felt that they were conservative and we increased numbers and we actually for those five years we came out better than what we had increased by \$1 million. I don't think when we sit here and talk to department heads and say I think you can come up with an extra \$10,000 or \$30,000 or if you look at year-to-date numbers or ask why it is not going to be any higher it is not that we are sitting here trying to inflate revenues to make the budget lower, but we might as well take advantage of that in a year that we are making the tax rate and not wait until the following year to use those revenues so it is a matter of getting closer to the number and as you see in those five years we were only \$1 million off on \$124 million and I think we have done a good job in looking at those revenues and not over estimating them and not trying to inflate the budget and I think that is what we are doing today. I think there are extra revenues that could be added to this budget because of the fact that it was conservative and as we all know in the budget process when the Mayor has his numbers it is three months earlier and the numbers change. I think that is what

and Leon I know it is frustrating sitting there and I get frustrated just having the questions asked of you but it is not a reflection on any department head and what they are doing but it is trying to get everybody to understand where everybody is and why something can't be used. You look at a number of this year and it is going to be higher and all of the sudden you say well why can't we just use the same number. I guess that is what we are trying to look at. We are not trying to inflate anything or trying to make you say something that you don't want to say but at least you should explain to us sitting here why it is not going to be the same number or if everything is going good why isn't it even higher. I just wanted to show the comparison. There is revenue that we can use in this budget process and it is not going to be to deflate the tax increase, but it is going to be to make it more fair for everybody who is going to pay the tax rate.

Mr. Robinson asked, Kevin, along Alderman Wihby's line in those years where we collected more than what was budgeted, is there any way to extrapolate past due monies.

Mr. Clougherty asked when you say past due, what are you talking about.

Mr. Robinson answered in 1996, 1997 and 1998 we collected more than 100%. Of those dollars, were there any past due monies?

Ms. Shaffer replied there probably were.

Alderman Wihby stated it would all balance out.

Mr. Robinson replied I understand but it may not be all new money is what I am getting at. It could be past due money. It could be prior year revenue that they are recognizing in a current year.

Alderman Wihby stated I guess you anticipate that that prior revenue would be same every year.

Chairman Cashin stated I think the question was for Finance. Let's let them answer it.

Ms. Shaffer replied if it had not been accrued in a prior year, it would have been recognized at that point.

Mr. Clougherty stated if you don't set-up a receivable in the system and it comes in then it is credited as revenue in that year but if it is set-up as a receivable it goes to a prior year. There are some of those things that happen each year. Over time, they do wash out. They are not big numbers. We will go back and look at that and try to get you an average or a number and see what that is.

Alderman Wihby replied the first page tells you that.

Alderman Levasseur stated I wonder as a freshman Alderman coming into this, on June 1 all of the numbers become actual and there are no fudge numbers after June 1 so the day of June 1...oh it is June 30 and we have to have the budget done by June 13 so we can't use actual numbers for the budgets that came in and say okay we are going to lock you in at exactly the number you had and then you would know what your revenues are going to be. We don't usually see a down trend right? We can make a reasonable estimate on June 1 of what their budget numbers were and we could adjust upwards? Is that normally what we do? So our numbers should come in pretty clear then.

Alderman Wihby asked, Mayor, when did you get these numbers.

Mayor Baines answered March 3.

Alderman Wihby stated by the time we pass it, it is June.

Chairman Cashin stated there are definitely going to be changes.

Mayor Baines replied absolutely and we understand that.

Alderman Gatsas stated the rezoning process versus a variance process...obviously we get a fee for a variance correct.

Mr. LaFreniere replied yes.

Alderman Gatsas asked if somebody wants to go for rezoning, we receive no fee. In other words, if it goes to Bills on Second Reading, there is no fee.

Mr. LaFreniere answered not currently.

Alderman Gatsas stated I think that, again, is for you to come back to this Board and say if I were to make decisions because it was my money these are the other revenue sources that I would prescribe and how would you change that revenue from \$1.2 million and get it to \$1.4 million. I think that is something that we would probably like to hear from you in the next two weeks.

Mr. LaFreniere replied on the example that you used, that would probably come from Planning as opposed to Building, but I certainly will continue to look at that and see if there are any opportunities for enhancement.

Alderman Shea stated I did make that recommendation to Planning several months ago if you recall and I think Bob MacKenzie said that he was going to bring that in in terms of the expense involved with staff members in drawing up different types of rezoning for the new whatever the rezoning might be. It is in the works, Alderman Gatsas, but it is a slow process. The other point that I wanted to bring up is the other side of the shoe now. If you come in this year with say \$100,000 or \$200,000 more than what you projected, that goes to Kevin in Finance. Does he keep that in escrow so that this year if you project \$1.6 million and you only come in with \$1.4 million he can use that \$200,000?

Mr. LaFreniere replied it would be great if he did because we would have a pent up reserve there if that was the case.

Alderman Shea asked does that go to the general fund, Kevin.

Mr. Clougherty answered any surplus goes to the general fund as fund balance.

Mayor Baines stated tonight the Board of School Committee elected Ronald Chapman as the new Business Administrator to the School District. He was a Business Administrator in Hooksett for the past seven years and prior to that spent three years in Hollis. He will be assuming his new position on July 1 and also Michael Rooney, the Assistant Principal at Beech Street School, was elected as the Principal of the Middle School at Parkside. Again, effective July 1.

Alderman Gatsas stated at the Joint School Board Committee I had asked for year-to-date hire dates with salary information and I still received those.

Mr. Robinson replied I spoke to Kevin, well actually Kevin left me a message on Friday and said he should have those tomorrow.

Chairman Cashin stated on Wednesday we would like to continue talking about revenues with Finance, Human Resources and Traffic. I don't see any reason to meet with Youth Services or the City Clerk because 90% of them are salaries.

Alderman Gatsas asked to talk to the City Clerk about revenues.

Chairman Cashin answered okay we will do that.

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

A True Record. Attest.

Clerk of Committee