

COMMITTEE ON FINANCE

March 18, 2008

Upon Recess of BMA

Mayor Guinta called the meeting to order.

The Clerk called the roll.

Present: Aldermen M. Roy, Gatsas, Sullivan, J. Roy, Osborne, Pinard,
O'Neil, Lopez, Shea, DeVries, Garrity, Smith, Ouellette, Domaingue

3. CIP Budget Authorization:
410408 Homeland Security:

On motion of Alderman O'Neil, duly seconded by Alderman Pinard, it was voted to approve this budget authorization.

4. Budget Authorizations:

CIP Budget Authorization 210008 Senior Wellness Program
CIP Budget Authorization 711607 Annual Right of Way Reconstruction
CIP Budget Authorization 712007 Storm Drain Infrastructure

On motion of Alderman O'Neil, duly seconded by Alderman Pinard, it was voted to approve these budget authorizations.

TABLED ITEM

4. Resolution:

“Authorizing the Finance Officer to effect a transfer of Forty Eight Thousand Dollars (\$48,000) from Contingency to the Manchester Police Department.”

This item remained on the table.

NEW BUSINESS:

Alderman Gatsas stated thank you, Your Honor. You passed out a letter to us, and looking through it I had some questions, seeing that we are in the Finance Committee. If I look at the second page and in the first line, it says revenues \$3.5 million from the Aldermen and it's blank for 2009. I didn't know we had the ability to raise \$3.5 million.

Mayor Guinta stated you'd be surprised.

Alderman Gatsas stated Your Honor, if we have that then we can fix this budget right now.

Mayor Guinta asked Mr. Sanders, do you know what the \$3.5 million from 2008 refers to?

Mr. Bill Sanders, Finance Officer, responded yes I do. That was the utilization of the funds from Special Revenue account.

Mayor Guinta stated it obviously has not been requested by any department for 2009.

Alderman Gatsas stated well it kind of looks like the Aldermen requested it, all 14 of us, and I don't know if all 14 of us voted for that \$3.5 million.

Mayor Guinta stated well on the budget summary sheet it had to be placed somewhere and that's where it was placed.

Alderman Gatsas stated well Your Honor, you could have placed it in the Mayor's Office.

Mayor Guinta stated well I certainly wouldn't put it there.

Alderman Gatsas asked why? Is there any way that somebody could go over these numbers and explain to us where the changes were and why they were? Are you going to speak to this document later?

Mayor Guinta responded actually I planned on just giving this document out to the Aldermen as an informational item in preparation of my budget address on March 31st.

Alderman Gatsas stated seeing that you gave it to us, is there any way that we can we ask some questions on it now? It sounds like Mr. Sanders prepared it.

Mayor Guinta stated if you have some specific questions we'd be happy to try to answer them.

Alderman Gatsas stated the specific question I have is the School District going from \$23.9 million to \$16.5 million.

Mr. Sanders stated yes, the change in revenue at the School District is about \$7.4 million. A little over \$5 million of that is related to the Bedford tuition arrangement. The capital tuition is completely gone and the student tuition dropped by about a million dollars so that's \$5 million of it. The rest is the School District had a fund balance last year of a little bit over a million dollars that they returned to the taxpayers. They are currently not forecasting a surplus for this year. And then other revenue items are just somewhat lower.

Alderman Gatsas asked can you give me clarification? You said that some of the Bedford money, some is tuition and some is what?

Mr. Sanders responded some is capital tuition, which was money they paid specifically for the design/build project, and the other portion is operating tuition which they pay on a per student basis.

Alderman Gatsas asked and how much were the two of them?

Mr. Sanders responded the capital tuition was about \$3.8 million.

Alderman Gatsas asked was the \$3.8 million received in one year or was that over a series of years?

Mr. Sanders responded that was a part of the total amount of capital tuition that was paid by Bedford; it was a little bit over \$10 million and that was paid back in the 2003 through 2006 period; portions of it had been used in prior years and the remaining amount of \$3.7 million was used in the current year.

Alderman Gatsas asked how does the \$23 million vary from the budgeted request that this Board passed on the revenue side? The \$23.9 million, is that the number we had as revenue on our budget side?

Mr. Sanders responded it's about the same as the revenue that the Board passed, yes.

Alderman Gatsas stated when you say about the same...

Mr. Sanders stated I don't know exactly, but it's approximately the same.

Alderman Gatsas stated it seems like it's more.

Mr. Sanders stated it is higher. I would have to get back to you on specifically what the difference is.

Alderman Gatsas stated by almost \$2 million.

Mr. Sanders replied that is probably the surplus that they generated, although they projected some surplus. It's higher; I don't know by how much.

Alderman Gatsas asked so can you tell me about the capital tuition agreement? Wasn't that money supposed to be set aside to take care of the debt service should Bedford decided to leave?

Mr. Sanders stated it was the town of Bedford's contribution toward the design/build debt service. It wasn't contingent on whether they stayed or left. It was paid under the prior tuition agreement that they had, and it was at the discretion of the School Board as to how it would be allocated to specific fiscal years.

Alderman Gatsas asked then how did it appear in our budgets in previous fiscal years?

Mr. Sanders responded it was about \$2 million a year for three years and then it's \$3.7 million in this year. That's my recollection there.

Alderman Gatsas stated the Salary Adjustment account doesn't appear in the 2009 request, unless the Mayor's going to do away with it.

Mayor Guinta stated not necessarily.

Alderman Gatsas stated okay, I was just checking. So, that one is in your column.

Mayor Guinta stated yes, to be determined.

Alderman Gatsas stated the other number that seems to have changed is the interest on maturing debt, but the maturing debt seems to have increased. It looks like it is inverted there.

Mr. Sanders stated no that is correct. We have been ramping up the payment of principal portions over the past couple of years and the interest amounts have correspondingly been declining.

Alderman Gatsas asked the department heads' request...is that the 103%, the 100% or the 98%? Because I understand the Mayor has asked for three different requests.

Mr. Sanders stated it is what they require to run their departments at full complement in an efficient manner, so in some cases it is 100%, in some cases it is 103%, and some cases it might be higher than that.

Mayor Guinta stated in most cases it's higher than the 103%. In most cases the FY2009 department request is actually higher than the 103%.

Alderman Gatsas stated I thought you asked for three requests.

Mayor Guinta stated I did and then there were many departments that provided a fourth column which what they are stating they need in their opinion to operate their department.

Alderman Gatsas asked Mr. Sanders, can you provide us with this same sheet that shows 98%, 100% and 103% with all departments being on the same level rather than sporadic? In other words, some of them are 100% some are 103%; I would like to see three different documents that show us 98%, 100% and 103%.

Mr. Sanders stated yes, I can provide that.

Alderman Gatsas stated thank you.

Alderman Garrity asked wouldn't that process start after March 31st though?

Alderman Gatsas stated this document was provided to us today. I think this Board is entitled to it.

Alderman Garrity asked it's information though, right?

Alderman Gatsas stated it's information but it's here, and if we are going to discuss it we should have 98%, 100% and 103%.

Mayor Guinta stated the purpose of providing this information was to try to give Aldermen a bit of a head start, keep you informed as to where I am in the budgeting process. Typically, in past years, that has not been done, so I am trying

to offer additional information so everyone gets a feel for where we are in terms of expenses and in terms of revenue projections. I am still crafting the budget that I am going to present on March 31st. I have no objections to showing everybody the 98%, 100% and 103%. You are going to see that anyway during the Finance Committee process. I wasn't necessarily looking to...

Alderman Gatsas interjected the sooner the better, Your Honor. We're all in this together as they say.

Mayor Guinta stated I appreciate that, Alderman.

Alderman M. Roy stated thank you, Your Honor, and I do thank you for giving out these numbers this evening. That will let us start the process as you have started many months ago. I will remind everyone that we have to follow the Charter and that is that the Mayor presents his budget at the end of March and then the Aldermen work on it from there. So I would like to not hamper the Mayor's abilities in the next ten days to go ahead and put his budget together without burdening staff with going ahead and preparing separate budgets and separate numbers. Their focus for the next ten or eleven days should be at the Mayor's office and that's where the Charter states they should be working. Once he turns his budget over to us then we can request anything that we'd like. I would like to extend that courtesy to the Mayor's Office.

Alderman Lopez stated also as we go along, department heads might as well start looking at it because I want to know if it is their revenue in the end when you present your budget, that's all.

Alderman DeVries stated much has been covered on this and just to follow up with what Alderman Lopez said, I know when I do a quick look at the revenue projections coming from the departments that the projection given to us this evening appears to be just shy of about \$3 million less than what was projected for last year. That is certainly an area we need to pay close attention to and we need to know what your opinions are going to be on the revenue projections since we know we fell short of them this year.

Mayor Guinta stated it is about \$6 million less than last year on the City side. I think you said \$3 million; I think you meant to say \$6 million.

Alderman DeVries replied quick run through on the math...I was just trying to go with a quick look. I think you are including the \$3.5 million under Aldermen.

Mayor Guinta stated yes I am because that was identified as revenue.

Alderman DeVries stated I am purely going off the department's revenue projection.

Mayor Guinta stated I see. I apologize.

Alderman Gatsas asked my question, Your Honor is this: Is he going to produce his 98%, 100% and 103%?

Mayor Guinta stated I have no objection to the Aldermen seeing it.

There being no further business, on motion of Alderman O'Neil, duly seconded by Alderman Pinard, it was voted to adjourn.

A True Record. Attest.

Clerk of Committee