

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

**August 16, 2016**

**4:00 p.m.**

Chairman Levasseur called the meeting to order.

The Clerk called the roll.

Present: Aldermen Levasseur, Ludwig, Hirschmann, Sapienza (late)

Absent: Alderman Katsiantonis

Messrs.: J. Wichert, Alderman O'Neil, S. Wickens, M. Bogardus

3. [Communication from the Manchester Development Corporation Board of Directors submitting a request from 844 Elm Street, LLC for a loan modification.](#)

Joe Wichert, MDC, stated the MDC is requesting a modification to an existing loan for the property at 844 Elm Street. We have the terms listed in the July 19 letter. I would be happy to answer any questions you may have.

Alderman O'Neil asked where is 844 Elm Street?

Mr. Wichert answered the old McQuade's building.

*On motion of Alderman Hirschmann, duly seconded by Alderman Ludwig, it was voted to approve.*

4. [Update from Kim LeBlanc, Financial Analyst, on the City's Revolving Loan Fund.](#)

Sharon Wickens, Deputy Finance Director, stated there is no change in the report from last month. However, on loan #5 I expect them to close on a borrowing from a bank and a portion of those proceeds will be to pay off this particular loan and I think that is taking place tomorrow.

*On motion of Alderman Hirschmann, duly seconded by Alderman Ludwig, it was voted to accept the report.*

5. [Communication from Michele Bogardus, Financial Analyst II, submitting Finance Department reports as follows:](#)  
[• Accounts Receivable over 90 days](#)  
[• Aging Report](#)  
[• Outstanding Receivables](#)

Michele Bogardus, Financial Analyst II, stated the only comment I have on the summary on page 5.2 is that Parking's over 90 days amount did increase over the two months but since this report was run they have received over \$3,000 in payments to reduce that amount and they are working on getting it reduced even further. It is something they are working on.

*On motion of Alderman Ludwig, duly seconded by Alderman Hirschmann, it was voted to accept the report.*

6. [Communication from Michele Bogardus, Financial Analyst II, requesting authorization to write off the receivables identified.](#)

Ms. Bogardus stated we received the email that is on page 6.2 requesting that these be waived.

Chairman Levasseur stated I would only recommend that if we are going to waive them can he pay us first and then we can pay them?

Alderman Hirschmann stated I spoke to Scott Shubert before this meeting. He checked his system and said he made those four payments on July 17.

Ms. Bogardus responded we did just receive a payment on 8/15 for the fire alarm fees only.

Alderman Hirschmann stated right. Scott Shubert is the property manager and this customer for four years (2013-2016) had their bills mailed to a bankrupt entity. It was some PO Box of a bankrupt corporation. Once it was brought to his attention this year that these bills existed, he paid the principal amount and he thought it was fair that the finance charges would be written off because he was never even billed. I thought it was fair so I put it on the agenda.

Chairman Levasseur asked is the Finance Department okay with just collecting the amount of money that was owed and then writing off the finance charges or did the mail never come back? What is the situation?

William Sanders, Finance Director, stated I can tell you what we know.

Obviously I haven't communicated with the gentleman and I am not disputing anything he said but there are two points I will make. First, this has gone to collection and I assume that the collection agency had located him and maybe

initiated a conversation with him before he spoke with you alderman. I don't know that but I am just going to suppose since it has been in collection for some time. Under our contract with the collection agency, if they engage a customer to get payment for the City that we have been unsuccessful with, we do owe them. We owe them about 20% of the amount we receive so we do have to pay them. I think it is roughly a little over \$400 so I want you to be aware of that. Second, as a finance person the waiving of interest doesn't come natural. Our collection agency attempts to collect interest. We sometimes collect a portion of the interest. Obviously we are incurring expenses managing it and we are paying them and interest is a common feature in our economy and in business life. We charge interest in accordance with ordinances passed by the aldermen. We charge at the rate of 18% a year, which is the rate that the aldermen have approved. I can't speak to the bankrupt situation or any of that sort of thing but these bills were mailed in the normal course. We send out monthly bills if they are unpaid. I just wanted the aldermen to know those facts and the opinion of Finance. It is not a great deal of money in the whole scheme of things but precedents are a funny thing sometimes. People do pay us interest and we do collect it on past due amounts; not all the time but maybe 40% of the time. I am certain that we owe the collection agency because when the collection agency collects the money goes to them first and then they pay us and they deduct their 20%. In this particular situation the gentleman sent us the money which we have received as Mish said so we will pay them from our own funds.

Alderman Hirschmann stated I appreciate the Finance Director's input. When you look at the invoices and what happened here, the City itself billed the wrong entity. They billed PO Box 907 in Londonderry, NH. Finally, they billed the correct entity, 1662 Elm Street LLC in 2016. The guy gets four years' worth of bills. I know there isn't a person sitting here that if you got four years' worth of bills from some other bankrupt entity in your mailbox and you bought the property

you would know that you probably had to pay the back charges but the finance charges he is asking for relief from because he wasn't billed. These went to somebody else and like he said the third party probably eventually tracked down the right party and he did the right thing and paid four years' worth of bills but he didn't pay finance charges because he didn't think it was fair. He is asking us for relief. It is as simple as that.

Chairman Levasseur asked were there bills before this that were paid that were sent to that exact address? Does anyone have that history? Are there only four bills total?

Mr. Sanders answered it goes back four years so I don't know off the top of my head.

Chairman Levasseur stated I don't have the history of how the collection agency found them. I would like the 20% that we owe the collection agency to be paid by him so we don't incur it. I don't know if that would be the will of the board or if we want to go down that path. Do you guys think it was mailed to the wrong address inadvertently or does anybody know?

Ms. Wickens stated the address had changed and we were not aware of it. Normally when there is a change of address the mailings come back to us as unforwardable so we can do further research. We received nothing back.

Mr. Sanders stated if they are forwarded we don't know that they are forwarded.

Alderman Ludwig asked so this person did exist at that address at one time?

Ms. Wickens responded that is our understanding.

Alderman Hirschmann stated the bankrupt entity was the PO Box and the invoices went there.

Alderman Ludwig asked has he always been the owner of record? The owner of record hasn't changed.

Alderman Hirschmann responded well it did.

Alderman Ludwig stated I am talking about the person who owned the property. Did that change?

Alderman Hirschmann stated he went bankrupt.

Chairman Levasseur stated if he went bankrupt then the whole debt would have been wiped out I imagine. I don't know what the bankruptcy documents look like but he would have put it down as the City being a debtor. If it isn't on there, it wasn't wiped out. If he did put it on there it would have been wiped out and he wouldn't have had to pay any of it at all. Who knows if it was a Chapter 11 or 7?

Alderman Ludwig asked do we have a total amount of what would be owed for interest and what would be owed to the collection agency?

Mr. Sanders replied the charge to the collection agency will be \$400. The total fee before interest is \$2,000.

Chairman Levasseur asked did he pay the \$2,000?

Mr. Sanders answered yes. Interest was \$638 and the collection agency fee is \$400. The Finance Department and the Fire Department which is where this is revenue and if we have to write off \$1,000 that is where it would go, is \$1,046.

*Alderman Hirschmann moved to write off the interest.*

Chairman Levasseur stated the amount that is being asked to be written off is what?

Alderman Hirschmann replied \$638.

Chairman Levasseur stated and then he said they had to pay another \$400 out of the amount that they did collect. There is a motion on the floor. Do I have a second?

Alderman Sapienza asked what is the motion?

Chairman Levasseur answered the motion is to waive the \$638...

Alderman Hirschmann interjected based on the fact that he paid over \$2,000 in fees.

Alderman Sapienza asked plus the \$400?

Alderman Hirschmann responded no just what he was invoiced. He was invoiced for four years of boxes and interest and he paid the four years of \$500 each year.

Alderman Ludwig asked who is going to pay the \$400 to the collection agency?

Mr. Sanders stated the Finance Department would have to pay.

Alderman Ludwig stated I am not voting for that. I am not voting to absorb what the collection agency is going to bill us for.

Mr. Sanders stated my only point would be and I don't know this as an absolute fact but the reason he paid it was because he was contacted by the collection agency directly. Under our contract, they do a net of whatever we recover from their efforts and it is 20%.

*There was no second.*

***Alderman Sapienza moved to receive and file. There was no second.***

Chairman Levasseur stated I think the motion should be that he pay the \$400 and we waive \$238. I think that is a good deal for him. I don't like setting a precedent that we waive penalties.

Alderman Ludwig asked so we waive the \$400 and the \$400 comes off the \$638 and he pays \$238?

Chairman Levasseur answered no he pays the \$400 and we waive the \$238.

Alderman Ludwig stated the interest is \$638.

Mr. Sanders stated \$638 is the interest.

Chairman Levasseur responded correct so if you waive \$238 of the \$638 he still owes us \$400 am I correct?

Mr. Sanders replied well it was \$638 for the interest and \$408 for the collection agency fee. It is \$1,000 in interest.

Chairman Levasseur asked so basically he doesn't owe us \$638?

Mr. Sanders answered well he does.

Chairman Levasseur asked is he responsible for paying the collection fee or are we?

Mr. Sanders replied we are at the end of the day. This is an awkward situation. I might suggest that you allow us to ask the collection agency to contact him further and see if anything can be arranged.

Alderman Ludwig stated if that is what you want to do I will do it or I am going to second the motion to receive and file. If you would like an opportunity to do that I will support that.

Mr. Sanders responded right and if there is a settlement normally we take what the collection agency agrees to and it will come back to your attention again. I am not trying to be difficult.

*Alderman Ludwig moved to have the Finance Department ask the collection agency to contact the debtor to work out a settlement. Alderman Sapienza duly seconded the motion. Chairman Levasseur called for a vote. The motion carried with Alderman Hirschmann being duly recorded in opposition.*

7. [Communication from William Sanders, Finance Officer, regarding the City's Monthly Financial Report \(unaudited\) for the first month of fiscal year 2017.](#)

Mr. Sanders stated in the first month of the year as you would expect we don't have anything significant to report. Everything seems to be behaving consistent with the budget for one month. There are a couple of departments that set up encumbrances so it looks like they are spending in excess of their budgets but it is really just some accounting procedures they are engaging in so there are no issues there. We are holding pretty good to where we were last year on the percentage spent through July. The expenditures look good on a department basis. Our revenues are a little bit less than they were a year ago. Our interest and penalties in the Tax Collector's Office are about \$111,000 lower. On the one hand that is bad news but on the other side it means that more taxes have been paid and collected and there aren't past due penalties or interest being charged. The auto registrations and permits are higher this July than they were a year ago. It is amazing and we are going to talk about this in a couple of months but the surplus information and we are not entirely done with closing the books because there are still some things we are going through but in the months of May and June we had over \$2 million in each month of auto registrations. We have never had \$2 million in any month as long as I have been here and I am going to bet it has never happened before and it was in two consecutive months.

Chairman Levasseur asked how much was the revenue for July?

Mr. Sanders answered I will have to look.

Chairman Levasseur asked when you budgeted this year did we budget for...what did we use for a budget number?

Mr. Sanders replied we budgeted maybe a 3% increase.

Chairman Levasseur asked over last year's number?

Mr. Sanders responded yes. We tried to stay modest but we beat last year's budget by over \$2 million. I was showing \$900,000 or \$1 million in the last forecast but it is way beyond that so the surplus will be better than what we talked to the aldermen about. If you remember we were at about \$2.4 million and we are probably going to be in the \$3.5 million range City-wide. The revenues are looking fine compared to the budget. Next month will be two months and we can see what is going on but everything seems fine from both revenue and expenditures. I handed out the health insurance report. This is for the remaining month of June and last year. Really quickly if you look at the yellow numbers on the first page those are our medical claims for both retirees and actives and you can see we closed FY16 almost \$700,000 lower than we closed the preceding year. That is pretty extraordinary if you compare it to the prior year and we are even lower than we were two years ago. So whatever was happening with medical claims last year I hope it continues. The prescription drugs in orange are higher than they were last year and two years ago but that is almost normal trend that you are looking at there. That is not anything unusual. You can see the headcounts and the stop-loss information down at the bottom. That was pretty good. Stop-loss is when we have claims in excess of our insured aggregate for individual claims which is about \$250,000. For insurance payments above and beyond the \$250,000 we had \$294,000 collected for the full year of 2016 compared to \$227,000 the year before and about \$378,000 two years ago. Overall we did very well. The second page is the per capita information that we have talked about. You can see the experience by plan – HMO, POS, HAS and the high deductible plan. You can see on the per capita costs for FY16 we were at just about \$6,000

per person and \$6,200 the year before. That is very good. Even on the retiree side our per capita costs were lower. Basically that is saying the trend was negative if you want to think about it that way. It wasn't 6% or 4% or 3% or 2%. It was flat to moderately negative and that is about as good as it gets. It would be hard to believe we could repeat that. We should enjoy it while we have it. We have a surplus in this line and we will probably be putting \$600,000 or \$700,000 in the health insurance reserve for the year in addition to the surplus number I was talking about earlier. Overall we had a good FY16 and there are no surprises in the first month of FY17.

Chairman Levasseur stated the only one I was concerned about was Highway. It looks like they expended quite a bit in July. Is there any reason for that?

Mr. Sanders responded it is probably encumbrances that they have booked. They are not paying the money they are just encumbering it. It could be contracts or a variety of things like the Aramark contract and other contracts they have.

Alderman Hirschmann stated I am looking at the close out of FY16 on page 7.6 and under all the restricted items I see health insurance and it looks like we did really good because it says you spent \$11,105,000 and the budget says \$12,250,000 so we are under budget by \$1.1 million. That is a great trend going forward for everything that is happening. Worker's compensation is what it is. No department overspent their budget?

Mr. Sanders answered correct with the exception of the Police Department I believe.

Alderman Hirschmann stated it looks like they were at 92%.

Mr. Sanders replied all of this is just comparing July. The Police Department I know overspent their budget so we have to solve that. I believe they were about \$200,000 over budget but you give me authority to take care of that with other surplus accounts. Other than them I don't think anybody else was in a deficit, which is pretty good.

*On motion of Alderman Ludwig, duly seconded by Alderman Sapienza, it was voted to accept the report.*

8. [Chairman Levasseur advises that ordinances are to be considered for consistency with the rules of the Board and requests the Clerk to make a presentation.](#)

"Municipal and Transportation Improvement Fund"

Chairman Levasseur asked Bill on the issue of the trust fund that is being put together for transportation do you know how much is going in from each car registration? Is it \$5 or \$7? That is a mechanism that will be handled in your office correct?

Mr. Sanders answered yes that will be in effect on July 1.

Chairman Levasseur asked and that is based on vehicle not on a total amount correct?

Mr. Sanders responded right it is based on what you pay per car. I think it is about \$400,000 plus or minus for the full year. It may be a little higher than that because we have been getting more registrations. I think it is more like \$.50 a car or something like that. Does that sound right?

Chairman Levasseur replied I believe it is at least \$5 but anyway will there need to be a special vote to move that money into the general fund.

Mr. Sanders stated yes, the Highway Department will need to come in and ask that they do it.

Chairman Levasseur asked do you know if 8 or 10 votes are required?

Mr. Sanders answered I would think it would be a requirement of an eight vote but I will get that answer for you. I wasn't expecting that question tonight.

*On motion of Alderman Ludwig, duly seconded by Alderman Hirschmann it was voted to advise that the Ordinance is properly enrolled.*

*There being no further business, on motion of Alderman Ludwig, duly seconded by Alderman Sapienza, it was voted to adjourn.*

A True Record. Attest.

A handwritten signature in cursive script, appearing to read "Matthew Normand".

Clerk of Committee