COMMITTEE ON ACCOUNTS, ENROLLMENT AND REVENUE ADMINISTRATION

January 16, 2024 at 5:00 PM

Chairman Terrio called the meeting to order.

The Clerk called the roll.

Present: Aldermen Terrio, E. Sapienza, Vincent, O'Neil, T. Sapienza

Messrs.: K. LeBlanc, P. Chiesa, S. Wickens, J. Belanger

Chairman Terrio advised that the first purpose of the meeting is organizational in nature, and requested the Clerk to provide a brief overview regarding typical issues addressed by the Committee.

Matthew Normand, City Clerk, stated this committee shall examine ordinances for consistency with the rules of the Board and required laws and shall report to the Board as to whether said ordinances are properly enrolled. You actually have one of those on your agenda this evening. This committee shall receive periodic reports from the Board of Assessors as to the real estate tax base of the city, the number of abatements filed and their disposition. The committee shall also have jurisdiction over policy regarding city expenditures, revenue performance and forecasts, financial statements, audit reports, city bonding and such other matters that are referred by the BMA. This committee shall review all such referrals where required and after due and careful consideration shall report back to the BMA.

2. Update on the City's Revolving Loan Fund.

Kim LeBlanc, Financial Analyst II, stated for those of you who are new, I will give you a brief overview of the Revolving Loan Fund. If you turn to page 4, the first group of loans, 1-5, are what we call city revolving loans. Those are loans that have been on our books for 16+ years as you can see. They were administered by the Manchester Economic Development Office some time ago and when they had no staff the Finance Office took over the responsibility of collecting on these loans. It has been quite painful but with the help of the Solicitor's Office and a lot of court ordered payment plans, they are coming in but they are just very slow and very small. The second set of loans, and there are only two there and actually the ones below that are all administered by the Manchester Development Corporation, which has an outside Board of Directors. There is an alderman on that board as well. Those loans are fine and we have never had any issues collecting on those. The second half are recovery loans that were given out after Covid to businesses that were struggling to make ends meet. There are a couple of problems with those but MDC is working on Loan 11 and the Solicitor's Office is working on Loan 12. That is just a brief overview of the loans that appear on this sheet. Do you have any questions?

Alderman Vincent asked on the first one, #3, Cedar & Oak, is that actually current now or is that still outstanding.

Ms. LeBlanc responded he is not current yet. He just dropped another check off last week for $800. I believe he owes another $400 to become current. One of the people from the Solicitor's Office worked very hard to get him back on track. He is getting there but it will probably take until mid-February.

Alderman Vincent asked what makes them current. Based on the figures I see here, when I see maturity…all of these are way past their maturity date. I am just curious. I know you are working with the Solicitor's Office and I get that. What makes somebody current on one of these revolving loans?

Ms. LeBlanc answered that particular loan has a $100/month payment. To make him current, I just wanted him paid through February 2024.

Alderman Vincent asked so it is based on the payment arrangements made.

Ms. LeBlanc replied yes.

Alderman Vincent asked do we know what those arrangements are.

Ms. LeBlanc answered yes. Each one of them has their own payment schedule.

Alderman Vincent asked so it is an agreement made with the Solicitor.

Ms. LeBlanc responded yes and a lot through the court system as well. These are all 0% interest loans at this point. We are just trying to collect the principal balance that was lent out.

Alderman Vincent asked at what point do we say we are not going to see this money and we have to eat that as a city.

Ms. LeBlanc answered that would have to be determined by the Solicitor's Office and they definitely take a lot of action in order to get as much as they can. I would assume that would be more of a decision based on a court decision.

Peter Chiesa, Deputy Solicitor, stated we have judgements against all of those in the first tier; each and every one of them. We go to court and do what is called a periodic payments hearing and the judge looks at the assets and liabilities that the defendant has and makes a determination as to how much they can afford. Very rarely do they find they can't afford anything. What would most likely wipe these out and some have been wiped out is the defendant will file for bankruptcy.

Alderman Vincent stated that is where I was going with that. How does that affect us as a city?

Deputy Solicitor Chiesa responded we would take our place in line because we do have a judgment and where that place in line is depends on whatever debts they owe.

Chairman Terrio stated correct me if I am wrong but the last time I was on this committee with Chairman O'Neil, we ultimately made the recommendation and then the full Board voted to write-off the debt from the garbage vendor. He moved to Maine allegedly. Alderman Vincent just to answer your question we basically are going to vote at some point in the future to not pursue these anymore.

Alderman Vincent asked but that would be after it goes through the process correct.

Chairman Terrio answered yes.

Alderman E. Sapienza stated essentially are you speaking to Items 2 and 3.

Ms. LeBlanc responded yes. Loans 6-12 are the MDC loans. The ones that affect the city more are Loans 1-5.

Alderman E. Sapienza stated on Item 3, it is a pretty extensive list and some of those names are kind of surprising but kind of as a catch all is it safe and accurate to say that you and your office are on it.

Ms. LeBlanc replied yes.

Alderman E. Sapienza asked so whoever owes us money is getting approached in one form or another.

Ms. LeBlanc responded 1000%.

Chairman Terrio stated I was looking at the report and it looks like 90 days or greater it is $14 million and a lot of those are the airlines. Is that just they are slow…I mean I can’t imagine an airline is not going to pay us. There are some large receivables that are overdue. Is that just how they operate?

Ms. LeBlanc replied yes. On the next item on the agenda that you are referring to, the AR section, yes.

City Clerk Normand asked do you want to take a vote on Item 2 before you move on to Item 3.

Alderman O'Neil stated I can remember the days when this list was multiple pages so well done.

*On motion of **Alderman O'Neil**, duly seconded by **Alderman T. Sapienza**, it was voted to accept the report.*

3. Communication from Kim LeBlanc, Financial Analyst II, submitting Finance Department reports as follows:
- Accounts Receivable over 90 days
- Aging Report
- Outstanding Receivables

Ms. LeBlanc stated to answer your question, the Airport does have over 90 receivables of $925,000. The majority of that are federal grants which do take a long time to come in. The airlines are the same way. They intend to have a lag in payment.

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

4. Communication from Sharon Wickens, Finance Officer, regarding the City's Monthly Financial Report (unaudited) for the first six months of fiscal year 2024.

Sharon Wickens, Finance Officer, stated for the first six months of FY24, the average unobligated balance percentage should be 50%. All departments are within 10% of this benchmark with the exception of Public Works, Welfare and Information Systems. The Department of Public Works and Information Systems have contracts that they enter into early in the year so it kind of skews what they paid for but there are no concerns there. They just have expended the money because they entered into contracts. Welfare is running over what her normal budget was but Mayor Craig had allotted $481,000 in a project to help her because she knew the general assistance was going to be really high. The last time I talked to the Welfare Director, she seems to feel that she will go through at least $300,000 of that but that won't affect the budget because Mayor Craig had taken care of that piece. In the middle of your page, you will also see the retirement payments for FY24 versus FY23. FY24 is high. We had a lot of retirements after the first of the fiscal year. I think it was because of the COLA and I expect that same thing to happen next year. I am not really concerned about retirement because we do have a healthy retirement account. I think we are going to see it start to slack off a little bit until July/August. There will still be retirements but people want the 4% COLA so they are going to wait until July 1 for the most part. The contingency account started with a balance of $312,000. There is $287,000 left. There were minor things charged to it. Hallsville School had something that DPW was looking into so they needed the money to deal with that and then the Board had approved the increase in the Mayor's salary. It wasn't funded in the budget. It was approved after the budget was set so to be prudent the money was transferred over so that he would be made whole. I did want to talk a little bit about health insurance. I will talk about that a little more later on tonight. We are running a little over $1 million over budget. The worst months are December, January and February. I expect that this will increase. It could go to $1.5 or $2 million before the year is done. It is a little concerning and something we are looking at. The BMA funded an additional $2 million in last year's budget and we have gone right through it. We have some pretty sick members; really sick members. The Mayor has been involved in some of the calls that we have had with our health insurance consultant. I don't think any idea is a crazy idea. I think we should put it all on the table and then decide what we want to check off. There are some ideas that we have been looking at to try to curb this for next year. However, it wouldn't be an immediate impact. It would be something that would take time to see the benefits sort of like when we moved to the HSA account from the PPO. We noticed it as the new employees came on. We are seeing a little bit of savings but the costs are just…it is a handful of people that are really driving the cost and they are very sick. That is my biggest concern going into next year, just really working on the health insurance and covering that in this year's surplus. I do have a little bit of surplus that I will be showing tonight. I would like to take that surplus and try to curb it against these expenses and then whatever can't be covered okay. We have a healthy reserve account at $3.3 million. We just really kind of want to curb that. Revenues are doing well. Interest income is hitting it out of the park because rates are so great. We are about $868,000 higher than a year ago. The cable franchise fees are down but that is just timing. Sometimes they come in a week or two later and it skews the whole thing. Permits are lower but when I look at building permits they are meeting the budget and that is a good indicator that they are on track. Auto registration is a bit down. We will watch it again next month. It is not great. It is $167,000 but it is trending down and we left the budget pretty much flat from last year so it is something to look at. I think that is it. I don't know if anyone has any questions.

Chairman Terrio stated I do. First, is there anything you are worried about that we should be worried about going forward?

Ms. Wickens responded health insurance.

Chairman Terrio stated my second question is I have heard from a few aldermen and some other people that the city's finances are going to be a little rough this year. I don't know if that is just a rumor. Are we doing okay?

Ms. Wickens answered one of the things I would note is that Alderman Levasseur has stated on a few occasions that he feels surplus is down. When we are reporting the surplus, is it down? Not really because I have allotted $600,000 to take care of some of the health insurance shortfall. If the departments were to need it, we could always readjust and say the reserve is going to have to pay more of the health insurance shortfall. I am going to report tonight a $139,000 surplus. It is really $739,000 because $600,000 is going to health insurance and if we needed that elsewhere we would take it. That is very confusing sometimes. I have been looking at it and trying to think of a way to report it so it is easier to understand. I did take his concern under advisement because I want to make sure everyone understands it. We aren't truly at $139,000. It is really $739,000 but we prudently want to take care of health insurance so I moved the $600,000 over if that makes sense.

Chairman Terrio stated it sounds like we are in pretty good shape.

Ms. Wickens stated the revenues appear to be coming in. I think that we will at least meet budget if not have a little bit more. Meals and rooms in next year's budget will be even higher. We got $10.8 or $10.9 million this year. Now we have to pay for the civic center and that is $5.14 million but it is still way more than what we had been receiving which is kind of nice. We are finally seeing some of that.

Alderman O'Neil stated during my previous time on the Board, we used to get a report from Finance in the Accounts Committee on the health insurance.

Ms. Wickens replied I do know which one you are talking about.

Alderman O'Neil stated it was a one-page sheet and I thought it was helpful. What I read in HR was good but it didn't really dig down enough in the financials. Mr. Chairman, I would like to suggest that the Director provide that for us every month.

Ms. Wickens responded I can do that.

Alderman O'Neil asked do you need a motion.

Chairman Terrio answered we don't need a motion for that.

Ms. Wickens stated Finance actually pulled all of the accounting for health care out of HR. Let's face it, HR is benefits and things like that and the accounting piece of it really should be in Finance. We watch that line like a hawk.

Alderman O'Neil stated well the aldermen on Accounts were able to take a look at it every month and ask questions. I think it was helpful.

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

5. Chairman Terrio advised that ordinances are to be considered for consistency with the rules of the Board and requests the Clerk to make a presentation.

"An Ordinance amending the Zoning Ordinance, Chapter 155 of the City of Manchester Code of Ordinances, to provide reasonable accommodations to disabled persons by defining "disability" and adopting RSA 674:33, V."

Deputy Solicitor Chiesa stated this zoning ordinance amendment is laid out well in Director Belanger's letter that is part of your materials. Basically what we are doing is codifying in our ordinance what is already provided for by federal and state law. The federal law already controls what the land use boards do and state law already controls it. We just want to place it in the ordinance so that literally applicants, administrative officers and land use boards are all on the same page when it comes to making decisions.

Chairman Terrio asked just to clarify, this does not apply to disabilities related to drug or alcohol use correct.

Deputy Solicitor Chiesa responded this is incorporating the definition in the ADA into our ordinance.

*On motion of **Alderman T. Sapienza**, duly seconded by **Alderman Vincent**, it was voted that the Ordinance ought to pass and be Enrolled.*

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

A True Record. Attest.

Matthew Normand

Clerk of Committee