

REPORT OF THE FINANCE COMMITTEE

MARCH 15, 2023

A meeting of the Finance Committee was held on Wednesday, March 15, 2023, at 7:02 p.m. in the Aldermanic Chamber.

Mayor Jim Donchess, Chairman, presided.

Members of the Committee present: Mayor Jim Donchess
Alderman Patricia Klee, Vice Chair
Alderman Alex Comeau, Clerk
Alderman Tyler Gouveia
Alderman-at-Large Ben Clemons
Alderwoman-at-Large Gloria Timmons
Alderman-at-Large Melbourne Moran, Jr.

Members not in Attendance:

Also in Attendance: Alderman-at-Large Lori Wilshire
Alderman John Sullivan
Alderman June M. Caron
Alderwoman-at-Large Shoshanna Kelly
Alderman Richard A. Dowd
Alderman-at-Large Michael B. O'Brien, Sr.
Alderman Ernest A. Jette
Cheryl Lindner, Treasury Management Officer
Tim Cummings, Interim Administrative Services Director
Amy Girard, Purchasing Manager
Matt Sullivan, Community Development Director
Steve Bolton, Corporation Counsel
Doria Brown Energy Manager

PUBLIC COMMENT - None

COMMUNICATIONS

From: Amy Girard, Purchasing Manager
Re: First Transit Contract Amendment in the amount not to exceed \$406,041.60 funded from 55690 Regular Transportation Services

MOTION BY ALDERMAN COMEAU TO APPROVE A SECOND AMENDMENT TO TRANSIT CONTRACTING AGREEMENT BETWEEN CITY OF NASHUA AND FIRST TRANSIT FOR TRANSPORTATION SERVICES IN THE AMOUNT NOT TO EXCEED \$406,041.60. FUNDING WILL BE THROUGH DEPARTMENT: 186 TRANSPORTATION; FUND: 55690 REGULAR TRANSPORTATION SERVICES
MOTION CARRIED

From: Mayor Jim Donchess
Re: Emergency PO Request – Change Order 1 for Salt

There being no objection, Mayor Donchess accepted the communication and placed it on file.

MOTION BY ALDERMAN COMEAU TO SUSPEND THE RULES AND ALLOW FOR A COMMUNICATION THAT WAS RECEIVED AFTER THE AGENDA WAS APPROVED
MOTION CARRIED

From: Matt Sullivan, Community Development Director
Re: Amendment to First Transit, Transit Operations Contract

There being no objection, Mayor Donchess accepted the communication and placed it on file.

UNFINISHED BUSINESS - None

TABLED IN COMMITTEE - None

NEW BUSINESS – RESOLUTIONS - None

NEW BUSINESS – ORDINANCES – None

RECORD OF EXPENDITURES

MOTION BY ALDERMAN COMEAU THAT THE FINANCE COMMITTEE HAS COMPLIED WITH THE CITY CHARTER AND ORDINANCES PERTAINING TO THE RECORD OF EXPENDITURES FOR THE PERIOD FROM FEBRUARY 24, 2023 to MARCH 9, 2023

MOTION CARRIED

GENERAL DISCUSSION - None

PUBLIC COMMENT - None

REMARKS BY THE ALDERMEN - None

ADJOURNMENT

MOTION BY ALDERMAN KLEE TO ADJOURN

MOTION CARRIED

The Finance Committee meeting was adjourned at 7:29 p.m.

Alderman Alex Comeau
Committee Clerk



City of Nashua

Community Development Division

City Hall, 229 Main Street, PO Box 2019
Nashua, New Hampshire 03061-2019
www.nashuanh.gov

Community Development	589-3095
Planning and Zoning	589-3090
Building Safety	589-3080
Code Enforcement	589-3100
Urban Programs	589-3085
Conservation Commission	589-3105
Transportation	880-0100
Sustainability	589-3092

Date: March 8th, 2023

To: Jim Donchess, Mayor
Finance Committee
Board of Aldermen

From: Matt Sullivan, Community Development Director

Re: Amendment to First Transit, Transit Operations Contract

The Division of Community Development and Nashua Transit System (NTS) respectfully request the following contract amendment to the existing five-year contract for transit operations services with First Transit, the City's operational contractor. In June of 2019, the City of Nashua entered into a 5-year contract for transit operations with the option to extend for up to three (3) years at one (1) year intervals past 2024. The contract was awarded through an RFP process in accordance with the City's purchasing policy and the FTA's procurement guidelines. The City has a long-standing relationship with First Transit extending beyond the current contract.

In January of 2023, Community Development and NTS announced temporary modifications to the system's route structure in response to significant labor shortages that had been prolonged based on constrained CDL and non-CDL driver market. Further service reductions were announced in early March of 2023 that will take effect on March 13th of 2023 in response to additional shortages. Through extensive NTS public outreach meetings, Transit Center engagement, aldermanic input, and driver interactions, we are acutely aware of the profound impact that these service reductions have had on transportation access for those who need it most.

While these modifications are considered temporary in nature, we expect that these reductions will extend until May or June of 2023 assuming that actions can be taken to address labor shortages. To that end, the Community Development/NTS team has been working collaboratively with First Transit to identify direct solutions to overcome these challenges. Since the original contract was executed, the transportation industry in the northeast has experienced a significant decrease in available CDL and non-CDL drivers, driving up industry wages in the region. Many surrounding transit and school bus agencies have struggled to successfully hire and retain staff to maintain their operations and have had to raise wages to address these issues. The COVID-19 situation only exacerbated this situation. First Transit has expressed that they are facing a situation where operational costs simply must rise in order to hire and maintain a fully staffed operation. In an effort to confirm these observations, a regional wage survey was conducted in late 2022. The findings of this survey revealed that potential driver wages based on current First Transit variable and fixed cost rates are not competitive with comparable positions in regional services. That wage survey is attached for your review.

To address this wage differential that has directly impacted the City's ability to hire drivers, please review the following request to amend the remaining 15 contract months between April 1st, 2023 and June 30th, 2024 based on a new variable hourly and fixed monthly rate. As shown within the attached contract document, the proposed not-to-exceed value over the remaining 15 contract months will be \$406,041.60. The proposed contract amendment will be in place until the conclusion of the current 5-year contract term with First Transit. First Transit leadership has committed to ensuring that if the proposed contract amendment is approved, an aggressive hiring and marketing campaign will be commenced with a goal to return to full service offering as soon as possible. The City will also implement a set of shared performance targets for the remaining contract period to ensure that the objectives of this amendment are being satisfied. The City does maintain its ability to extend First Transit on a year-by-year basis for a maximum of three (3) years beyond the June 30th, 2024 date and will evaluate that option in late 2023 based on contract performance criteria and market conditions.

This amendment changes the original contract language in contract Section 5.a. Compensation, Contracting Fee - Variable Costs and Fixed Costs, as follows. **Please note that for the purposes of interpreting this table, the assumed monthly variable rate hours are approximately 3,732 and the fixed rate is applied on a monthly basis. Variable rate hours are subject to future route structuring and staffing capacity.**

	Months	Hours	Value	Total
Current Contract Variable Revenue (April-June 2023)		11197	\$35.96/hour	\$ 402,644.12
Current Contract Fixed Revenue (April - June 2023)	3		\$47,023.00/month	\$ 141,069.00
Current Contract Variable Revenue (April-June 2024)		44788	\$37.06/hour	\$ 1,659,843.28
Current Fixed Revenue (April-June 2024)	12		\$48,371.00/month	\$ 580,452.00
TOTAL REMAINING EXPENSES CURRENT CONTRACT				\$2,784,008.40
New Variable Rate Expenses		55985	\$42.00 /hour	\$ 2,351,370.00
New Fixed Expenses	15		\$ 55,912.00/month	\$ 838,680.00
TOTAL REMAINING EXPENSES NEW CONTRACT				\$ 3,190,050.00
15 MONTH EXPENSE VARIANCE				\$ 406,041.60

This amendment does not immediately require a budgetary adjustment based on available transit general fund allocation. However, it is anticipated that a review of general fund contribution to the operation of the Nashua Transit System will need to be completed in the coming calendar year to ensure that adequate funding is being provided to offset increased labor/contractual costs associated with services.

We thank the Mayor, Finance Committee, and Board of Aldermen for your continued support and consideration of this critical amendment for Nashua's Transit System riders, many of whom represent the community's most vulnerable populations and are fully transit-dependent.

I am available to provide a brief overview presentation of the request to the Finance Committee and Board of Aldermen as well as answer any questions that Aldermen may have in advance of those sessions.

Thank you for your consideration of this request.

Sincerely,



Matt Sullivan
Community Development Director

Cc: Camille Correa, Nashua Transit System Administrator

10/24/22 Nashua Transit Wage Review

	Starting	1 year	2 year	Top	Proximity to Nashua Market
Nashua Transit	\$20.00	\$21.00	\$22.00	\$24.00	0
Derry FS	\$19.66	\$22.50	\$22.50	\$22.50	30
Plaistow FS	\$20.00	\$23.75	\$23.75	\$23.75	40
LRTA (Lowell)	\$20.60	\$27.45	\$27.45	\$27.45	20
Manchester Transit	\$22.00	\$23.16	\$23.16	\$23.16	23
Salem NH FS	\$22.30	\$24.30	\$24.30	\$24.30	36
COAST	\$22.55	\$22.55	\$22.55	\$25.00	68
Exeter FS	\$23.00	\$23.00	\$23.00	\$23.00	45
Nashua FS	\$23.00	\$26.00	\$26.00	\$26.00	0
Hudson NH FS	\$23.00	\$26.00	\$26.00	\$26.00	0
Litchfield NH FS	\$23.00	\$26.00	\$26.00	\$26.00	0
MVRTA (Haverhill)	\$24.85	\$27.60	\$27.60	\$27.60	38
Hudson MA FS	\$26.01	\$26.01	\$26.01	\$26.01	39
Merrimack STA	\$27.00	\$27.00	\$27.00	\$27.00	13
Windham FS	\$27.00	\$27.00	\$27.00	\$27.00	24
Fitchburg MA FS	\$27.17	\$27.17	\$27.17	\$27.17	41
Concord Coach	\$29.00	\$29.00	\$29.00	\$29.00	34
Wayland MA FS	\$29.80	\$29.80	\$29.80	\$29.80	42
Sudbury MA FS	\$30.35	\$30.35	\$30.35	\$30.35	46
Average	\$24.46	\$26.04	\$26.04	\$26.17	28