

## BUDGET REVIEW COMMITTEE

JUNE 10, 2020

A meeting of the Budget Review Committee was held Wednesday, June 10, 2020, at 8:07 p.m. via teleconference.

### Chairman Dowd

As Chairman of the Budget Review Committee, I find that due to the State of Emergency declared by the Governor as a result of the COVID-19 pandemic and in accordance with the Governor's Emergency Order #12 pursuant to Executive Order 2020-04, this public body is authorized to meet electronically.

Please note that there is no physical location to observe and listen contemporaneously to this meeting, which was authorized pursuant to the Governor's Emergency Order. However, in accordance with the Emergency Order, I am confirming that we are:

***a) Providing public access to the meeting by telephone, with additional access possibilities by video or other electronic means:***

**To access Webex, please refer to the agenda or the City's website for the meeting link;**

*To join by phone dial: 1-408-418-9388 - Meeting number/access code: 712 759 664*

*If for some reason you cannot connect to Webex, please contact us at (603) 821-2049 and they will help you with connectivity. The public may also view the meeting via Channel 16.*

***b) Providing public notice of the necessary information for accessing the meeting:***

We previously gave notice to the public of the necessary information for accessing the meeting, through public postings. Instructions have also been provided on the City of Nashua's website at [www.nashuanh.gov](http://www.nashuanh.gov) and publicly noticed at City Hall and Public Health Department.

***c) Providing a mechanism for the public to alert the public body during the meeting if there are problems with access:***

If anybody has a problem accessing the meeting via phone or Channel 16, please call 603-821-2049 and they will help you connect.

***d) Adjourning the meeting if the public is unable to access the meeting:***

In the event the public is unable to access the meeting via the methods mentioned above, the meeting will be adjourned and rescheduled. Please note that **all votes** that are taken during this meeting shall be done by **roll call vote**.

Let's start the meeting by taking a roll call attendance. **When each member states their presence, please also state whether there is anyone in the room with you during this meeting, which is required under the Right-To-Know Law.**

Alderman O'Brien called the roll and asked them to state the reason he or she could not attend, confirmed that they could hear the proceedings, and stated who was present with him or her.

The roll call was taken with 7 members of the Budget Review Committee present:

Alderman Richard A. Dowd, Chairman  
Alderman-at-Large Ben Clemons, Vice Chair  
Alderman Jan Schmidt  
Alderman Ernest Jette  
Alderman-at-Large Lori Wilshire  
Alderman-at-Large Michael B. O'Brien, Sr.  
Alderwoman-at-Large Shoshanna Kelly

Also in Attendance:

Mayor James Donchess  
John Griffin, CFO  
Alderman Patricia Klee  
Alderman-at-Large David C. Tencza  
Alderman Ernest Jette  
Alderman Skip Cleaver  
Alderman-at-Large Brandon Michael Laws  
Alderman Tom Lopez  
Alderman Linda Harriott-Gathright  
Dorie Clarke, City Attorney

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Alderwoman Kelly

Here, I am alone, I can hear everyone, I am social distancing.

Alderman O'Brien

Is here, I am alone, I can hear and am practicing social distancing.

Alderman Wilshire

I am here, I am alone and I am social distancing and I can hear everyone.

Alderman Jette

I'm here, I am alone, I can hear you and I am obeying the Governor's Order to stay home.

Alderman Schmidt

I am present, I can hear the proceedings, I am alone and I am following the Governor's Directive for distancing.

Alderman Clemons

Thank you, I am here, I am alone and I am obeying the Governor's Order and I can hear everyone, thank you.

Chairman Dowd

Yes, I can hear the proceedings, I am alone and I am practicing social distancing in accordance with the Governor's Order. Also in attendance we have the Mayor, Attorney Clarke, I believe we have ...

Alderman Lopez

Alderman Lopez is tweeting with Alderman Dowd.

Alderman Laws

Alderman Laws is here as well.

Alderman Tencza

Alderman Tencza.

Alderman O'Brien

Mr. Chairman, yeah, I have it. I have Alderman Tencza, Alderman Klee, Alderman Harriott-Gathright, Alderman Cleaver, Alderman Laws and Alderman Lopez. Any other Alderman I did not mention. Forever hold your tongue.

Chairman Dowd

As I said, we have the Mayor, we have John Griffin, and I see Deputy Chief Walker, Chief Rhodes, so we will proceed. So Alderman O'Brien Communications?

COMMUNICATIONS - None

UNFINISHED BUSINESS – None

NEW BUSINESS – RESOLUTIONS

**R-20-040**

Endorsers: Mayor Jim Donchess  
Alderman Linda Harriott-Gathright  
Alderman-at-Large David C. Tencza  
Alderman-at-Large Michael B. O'Brien, Sr.  
Alderman Richard A. Dowd  
Alderman Jan Schmidt

**AUTHORIZING THE MAYOR AND CITY TREASURER TO BORROW FROM THE NEW HAMPSHIRE DEPARTMENT OF ENVIRONMENTAL SERVICES STATE REVOLVING LOAN FUND AN ADDITIONAL AMOUNT NOT TO EXCEED TWO MILLION FIVE HUNDRED THOUSAND DOLLARS (\$2,500,000) FOR PUMP STATION UPGRADES**

**MOTION BY ALDERMAN O'BRIEN TO RECOMMEND FINAL PASSAGE BY ROLL CALL**

ON THE QUESTION

Chairman Dowd

Okay we just heard a Public Hearing on that and a full explanation of it. Is there anybody on the City side that would like to add anything to that? Seeing none, the motion on the floor is to recommend final passage. Any discussion? None? Alderman Jette.

Alderman Jette

Thank you. I just want to say that this is a lot of money, \$2.5 million dollars but it seems like a very necessary thing, it's not something that we really have much choice about. The fact that it is being borrowed from the State at 2% interest, it seems like an opportunity for us to upgrade our Wastewater Pumping Systems that the City is very dependent upon and the fact that it is coming from the State at a low interest rate, makes it a very palatable situation.

Chairman Dowd.

Thank you. Alderman O'Brien.

Alderman O'Brien

Thank you and I would like to echo – Alderman Jette brought up a very good point and the Mayor could possibly back this up. Many may or may not remember last summer, but the pumping station up on the Broad Street area, one of the pumps did fail. So we were relying heavily on that pump and those pumps were installed at the same time. If that pump went, I think we would have really truly a problem in trying to get rid of some of the waste. So this is dearly needed, it sounds like some areas where they are relying on one pump, they're going to get two. That's something because when you have two pumps, that splits the difference between the two so this is money well spent. It is one of those hidden problems nobody really wants to discuss, when you come down to the waste issue. But I agree with Mr. Boucher that this is definitely needed. Thank you.

Chairman Dowd

Anyone else? Alderman Lopez, yes you have to turn your camera on when you wave.

Alderman Lopez

I'm waving. Sorry. So I just wanted to remind the Board that we during the COVID-10 pandemic we are looking at everything that we can do to reduce the tax burden on taxpayers and that we are super conscious of our expenses because we are worried about the economic fall out that is coming around the corner. But I just want to remind everybody about what Alderman Deane used to say, you can run a city as long as you have garbage, wastewater treatment and some police officer to take care of it all. So this is not an area where we want to cut back.

Chairman Dowd

Thank you. Anyone else? Seeing none, Alderman O'Brien would you please call the roll?

A viva voce roll call was taken which resulted as follows:

Yea: Alderman Clemons, Alderman Schmidt, Alderman Jette, Alderman Wilshire  
Alderman O'Brien, Alderwoman Kelly, Alderman Dowd 7

Nay: 0

**MOTION CARRIED**

**R-20-041**

Endorsers: Alderman-at-Large David C. Tencza  
Alderman-at-Large Ben Clemons  
Alderman Skip Cleaver  
Alderman Linda Harriott-Gathright

**APPROVING THE COST ITEMS OF A COLLECTIVE BARGAINING AGREEMENT BETWEEN THE MAYOR AND THE BOARD OF FIRE COMMISSIONERS OF THE CITY OF NASHUA, NEW HAMPSHIRE AND LOCAL #789, INTERNATIONAL ASSOCIATION OF FIRE FIGHTERS FROM JULY 1, 2019 THROUGH JUNE 30, 2023 AND AUTHORIZING A RELATED TRANSFER AND SUPPLEMENTAL APPROPRIATION**

**MOTION BY ALDERMAN CLEMONS TO RECOMMEND FINAL PASSAGE BY ROLL CALL**ON THE QUESTIONAlderman Wilshire

Thank you, Mr. Chairman, I am really struggling with this contract and I spoke to Don McAllister and I believe to Don Davidson about the contract. They are worthy, they do deserve this contract. The problem is that right now the City can't afford this contract. It is not because I don't want to vote for it or support it because I do, but I think fiscally I just can't see my way to supporting it even though I believe in it and I think it is a good contract. I don't think we can afford it as a City right now.

Chairman Dowd

Thank you, Alderman Wilshire. Anyone else that would like to speak to the motion.

Mayor Donchess

Mr. Chair, could I offer thoughts. Well I appreciate everything that the Chief and Mr. McAllister said regarding the contract. Of course it is a difficult issue, I know that you are struggling with. I wanted to let you know that today, this morning, we got another financial shock. It will make a very difficult period of several years far more difficult. What we learned this morning via some kind of Press Release, which was circulated, I believe to you, from John Griffin is that the State is raising the City's obligation to pay for pensions by \$3 million dollars. And that's an estimate and I can explain how that is arrived at. But this is more than a 10% increase in pension cost, this will be imposed beginning Fiscal '22 in other words, the year after the Budget you are considering right now.

I have already talked about the difficulties we are going to have because of these unknown consequences of the deepest recession, you know, the highest unemployment that the country has had in 100 years. The healthcare costs which are trending up at 9% a year and I digress to say we have to get the plan design changes into every, in addition to the unaffiliated employees, which are the only ones with the plan design changes now. We really need that in all employee groups if we want to so called bend the curve on these healthcare costs. Otherwise, we might be faced with \$2 and \$3 million dollar increases forever.

Now what we learned then is that on top of the healthcare increase and in addition to the recession, in addition to the value that's being lost as a result of utilities being reduced in value on their assessments, we now get a \$3 million dollar additional bill. And the way that comes about and we can get into the details. Some of you are familiar with the last time it happened because you were here the last time. But it comes in the form of a reduction in the assumed rate of return by the State Pension Board. Last time this happened was in 2016, we were hit at that point with a \$2.3 million dollar increase, over and above the increases caused by wage increases etc. We planned for years as to how to handle it and yes, we absorbed it but yes it resulted in higher taxes.

This time, again because the wage base is a little higher and because of reasons that Mr. Griffin can explain, it is going to be higher than \$2.3 million; we think somewhere in the vicinity of \$3 million dollars. I just can't say strongly enough that caution is really necessary right now in terms of any major expenditure. I will just review quickly again, the healthcare issue, we have potential labor contracts, we have the normal increases, we have 11,000 kids many of whom are behind because they've been out of school for six months or will be come September. And now a \$3 million dollar increase. The people who were here four years, 5 or 6 years ago on the Board of Aldermen and those in the Legislature who tried, unsuccessfully, because you can't get anywhere in the Legislature with this, to address the underlying issue here, understand this and have dealt with it. All of you have not though, but this is a \$3 million dollar increase which will get us absolutely nothing, no increase in services, nothing except for higher taxes. It was one of those fall out of your chair kind of notices. I did have time to call a couple of the members of the Board of Aldermen about this. I can't say strongly enough that this is a time when caution is really necessary if we don't want to see major, major tax increases or significant service cuts (audio cuts out).

Chairman Dowd

Anyone else that would like to speak? Alderman Schmidt?

Alderman Schmidt

Thank you, Mr. Chairman. We know that we are in a hard place right now. What happens if we decline to pass this tonight? What happens with the Firemen?

Chairman Dowd

If the Budget Committee does not approve the Legislation, it goes to the full Board with a negative recommendation.

Alderman Schmidt

Follow up? Do we expect that the Fire Department will come back with a new contract?

Chairman Dowd

No, it will go the Full Board on the 23<sup>rd</sup> and if it passes there it will depend on what the Mayor does with it. If it fails, it goes back to the Fire Commissioners for continued negotiations.

Alderman Schmidt

Ok, thank you.

Chairman Dowd

I believe that's the way it is I didn't see Attorney Clarke disagreeing.

Mayor Donchess

I would just add to that Mr. Chair, that as you have asked us, we have formed a negotiating committee that consists of Ms. Clarke, Ms. Kleiner, and others in City Hall who are trying to work with all of the Departments to institute some level of uniformity between these contracts, and make changes that are necessary like the Plan Design Change. Now the last steps of the Fire Contract did not, were not communicated to that group before they were agreed to. But in reality, we really need to have a single group of people who is working on negotiations across all contracts so that there aren't these sudden surprises or way out of context contracts that come to the Board of Aldermen.

Alderman Cleaver

Yes thank you, Mr. Chairman. I feel that this is absolutely necessary for the Firemen, they deserve it, they negotiated in good faith. The circumstances as described are dire, no doubt about it. We've got to find a way to pay these guys, men and women and give them what they deserve. They are way behind the curve. They should have this without a doubt. I strongly recommend passing it and finding a way to pay for it.

Chairman Dowd

Anyone else that would like to speak? Alderman Gathright and then Jette.

Alderman Harriott-Gathright

I agree with Alderman Cleaver and I'm not sure personally how to make that happen. I've heard conversations about the State and we have five State Representatives on this Board. And I have to believe that at least one of those five know what we need to do at the State Level that might be able to help the situation as well. So my conversation is to my colleague at the State Level as what we might be able to do to help with the situation. We are meeting tomorrow, so we are going to talk tomorrow. It doesn't have to be (audio cuts out). I just wanted to throw that out to you.

Chairman Dowd

OK thank you, Alderman Jette then Alderman Klee.

Alderman Jette

Thank you, Mr. Chairman. I looked at the agreement that's being proposed and it calls for 3.5% as a cost of living increase for the next four years. 3.5% each year, an increase. When I look at the cost of living, the cost of living increase, the actual cost of living for this area, the increase has been averaging less than 2%, I think I figured it out to be 1.87%. The previous contract had increases in 2016, of 2.1; 2017 2.1; 2018 1.9%; 2019, 2.3%. for an average of 2.1%. So around the 2%. I had a conversation today with John McAllister, the President of the Fire Fighter's Union and I also read the letter from Michael O'Brien, Jr. who is the Vice President. What they are saying is that they are not just looking for a cost of living increase, what they are looking for is they want to be compensated additionally. They feel that there is a disparity between what they are being paid and what the Police Department is being paid. They are not looking, they say, to close that gap completely, but they want to move towards closing that gap.

So the question is, are the Fire Fighters being paid appropriately or not. I really have no idea but I looked at the City of Manchester and what they are paying their Fire Fighters and they are paying their Fire Fighters less than what we are paying ours. And when Manchester, the increases for 2018 are 1.5%; 2019, 2.0%, 2020, 2%. I looked at the City of Portsmouth and again, Portsmouth pays their Fire Fighters less than, you know, overall less than what we pay ours. They are cost of living increases are tied to the rate of inflation. They don't set out a percentage ahead of time, it is based upon the 10-year average of the cost of living increase for this area. For the past 10 years that has been 1.87%. The Portsmouth contract says that their cost of living increase will be no less than 2%, no more than 5% but it will be tied into the CPIU for the Boston, Cambridge, Newton, New Hampshire area which – the 10-year average. So you are looking to spend less than 2% so you are looking at a 2% increase. So the 3.5% that our Fire Fighters are looking for is not just a cost of living increase, they are saying that what they are being paid to begin with is less than what it should be, it is unfair. In my short look at trying to look at comparative Fire Departments like Manchester and Portsmouth, I see that they pay their Fire Fighters less than we pay ours. They also pay their Fire Fighters less than what they pay their Policemen. So I hear what the Fire Fighters are saying and I appreciate the danger that they face every day.

In my career I have dealt with lawsuits involving people who have been harmed by toxic substances like asbestos for example to which our Fire Fighters are exposed every day. And I know that their job is dangerous, they have a much higher risk of cancer than the normal population because of the toxic substances that they are exposed to. But as a representative of the taxpayers I have to look at are we paying our Fire Fighters appropriately and I can't look at the dangers that they are facing and the Safe Station work that they've done. I have to look at how do they compare with other similar Fire Departments? Manchester has a Safe Station Program just like we do and yet they are paying their people less. So on that little short analysis, I have come to the conclusion that we are paying our Fire Fighters appropriately and they are certainly entitled to a cost of living increase, but where the cost of living, the inflation rate is less than 2% for them to be asking for 3.5% seems a stretch to me especially in light of the constraints that we are facing with our Budget. So my apologies to the Fire Fighters, but I cannot support their request to approve this contract.

#### Chairman Dowd

Ok, thank you. Alderman Klee?

#### Alderman Klee

Thank you, Chairman Dowd. I am at a loss of words here and I apologize. The truth is that when we are looking at our Budget and our Budget shortfalls and everything like that, it is easy to say we shouldn't and we can't and so on. I don't want to compare the Fire to the Police, they are two separate entities and we need to treat them differently. I think the Fire Fighters are worth the additional and I don't think there is anybody here who has said anything different. I don't know where we would come up with the money. I know we can't increase the taxes. I think we need to seriously look at what can we do? We cannot negotiate, this is not for us to negotiate, it is for us to give and up or down vote. I would hope that we would try to think about it a little bit harder and work towards it. I think they deserve it. I think over the past years and I thank Alderman Jette for pointing out that the Fire Fighters in Manchester don't get anything extra. I don't agree that they shouldn't get anything extra, I think that they should, but that's a Manchester issue. I was quite proud when Chief Rhodes made the comment that we would become, I think he referred to it as a Class I or some sort like that. And this because we have loyal Fire Fighters, we have hard working Fire Fighters. And I just want to keep all that in mind when we say this way above the cost of living and I can't disagree with that. It is what it is and that's a fair fact. But I'd like to consider it a little bit more and perhaps try to find out if there would a possibility of where we could pull some funds. Thank you and that's all I have to say.

#### Alderman Clemons

Thank you. So I am in support of the contract. A point was made earlier comparing the Fire Department of Manchester and Portsmouth to Nashua. And it was said that Manchester and Portsmouth Fire Departments get paid less than the Fire Fighters here in Nashua. That might be true, but when I look at things, you know, about pay and equality and things like that, for me I look at it like, well what is fair? What is a fair wage? And just because you compare one municipality in New Hampshire to another does not mean you are comparing something fairly. I will use the example of if you have an employee that works at a Walmart for example, and then you have somebody that works at Target doing a similar job, you might say one of them pays one of them .50 more an hour. But the real question is, is either one of those companies paying the worker the correct rate of pay? And so when I look at the comparison to Nashua to other cities, I mean that is a fair thing to look at I suppose. But the real question is, are any of those cities paying the Fire Fighters what they should be paid?

I can say for one, that Nashua has the best Fire Department in all of New England. We are very lucky to have the force that we have. And they do deserve to have a contract that does move forward and does close the gap between what they make and what the Police Officers make. I truly do believe that. Because again, it is a life saving (audio cuts out) and while they are different and I agree with what Alderman Klee said, we should treat them differently too, we still have to look at the fact that they are out there and they are doing jobs that are difficult that you need special training to do.

And these men and women put their lives on the line for us day in and day out. So for me, I think it is very – it is very easy to just say well we can't afford this. It is much harder to come to the table and figure out a way that we can afford it. I think about what former Mayor Davidson and Fire Commission Davidson said that if we were to do this it is an extra, for the \$500,000.00 it's an extra \$.05 cents per the \$1,000.00 in taxes. And I think about that and I think about who is saying it too. Because if you have been around Nashua as long as I have, Mayor Davidson was a conservative guy. And the fact that he is here advocating for this contract and is saying that this contract is fair, is something that we need to take into consideration as well. Because that's a voice that quite frankly I didn't expect to come out and be for something like this.

So while I appreciate the fact that we are going to have hard times ahead. While I appreciate the fact that we got an unexpected cost, I will end it with what Chief Rhodes had said earlier. It is never a good time for the Fire Department. And as long as I have been in City Government, since 2008, that's been the case. Time and time again, I have seen contracts come before this Board and be rejected or be vetoed by the Mayor, different Mayor. But still it is like it is never a good time for them. And I think that the time has come that we bridge the disparity here, take the leap of faith and do the right thing, which to me is to approve this contract. So thank you.

#### Chairman Dowd

Alderman Klee, did you want to be heard again?

#### Alderman Klee

Yes, if you don't mind. Thank you so much, Chairman Dowd. One of the things that I had wanted to say when I was having my little brain spasm there and couldn't find my words was to acknowledge what the Mayor had spoken about, about \$3 million dollars being hit in 2022, 2023. Time and time again, the State continues to shift costs down to us and this isn't necessarily a shifting of costs it is an actuary change, but this is all because of a shift in cost because of them reneging on what they had said they would do so many years ago. While this is still within the same subject, relative to what Alderwoman Harriott-Gathright had pointed out, this is something that is going to have be changed in the State. In the past few years I know we have worked to try to make those changes. We have tried to get the State to pick up what they had promised, the 35% not necessarily that, maybe 5%, 10%, 15%, it gets vetoed by the Governor time and time again. This is truly without me doing a political thing here, but this is truly where your vote counts.

We have to stop shifting this cost down to the municipalities and we have to send a message to the State that it's time for them to do what they originally had promised that they would do. I think it was back in 2010, around 2010, 2012 when they starting pulling the funds away, the slowly starting going, I think down from 12%, the 35% down to the 12% where they are now 0% that they are kicking in. I know we have been trying to get it instead of having to fund it for 100% this retirement, we've been trying to get it down to like 85%, we are still working hard on it, I continue to work hard on it as does Alderwoman Harriott-Gathright, Alderman Schmidt, Alderman O'Brien and Alderman Cleaver. We continue to do this, we will continue to fight, we can't make any promises but that is something that will come at us in 2022. We are now looking at the 2021 Budget. And I think we need to look at this year and prepare for the following year, but we can't punish those of this year because of what the State is doing. We have to try to find something, so at that I will stop talking, thank you.

#### Chairman Dowd

Anyone else that would like to speak? Seeing no one I will talk. We've been going back and forth on this contract for quite some time. I fully appreciate and support our local Fire Department and always have and always will. Do they deserve the money they are asking for? Yes. The problem is as Chair of Budget, and I am looking at the numbers and I am looking at the things that are before us, I just have a problem with the current structure of the contract. As you know, in this year 2020, we are going to have to do a supplemental appropriate, which is going to take – so if we pass this contract, it is going to take 10 votes of the Board of Aldermen to pass it because we would be doing a supplemental appropriation for 2020.

Also in 2021 funds we have been trying to do what we could to lower the tax implications to the 10,000 people in Nashua that are unemployed right now. Now yes, they will probably get their jobs back over the course of 2021, we are hoping, the sooner the better. But that still leaves them very short on paying their bills and particularly when it comes to paying their bills to the City. Having had discussions with Treasurer Fredette and his concern when we got next July, who can pay their tax bill, especially if there's a significant increase. And of course, anybody who pays through their bank, their escrow funds are going to go up to pay the taxes. I would like to see the contract restructured, which means that we wouldn't be able to pass it the way it is currently.

We put money back in the budget and I have worked with Alderman Clemons to put money back in the Budget for 2021, so there'd be a decent amount of money in the contract for them for 2021. I was all set for 2022 and 2023 and now we've got to go and fight the battle up in Concord again, as they try to pass more funding issues down to us. I think we are all getting a little tired of that. I can tell you that when I ran for Senate and I went out to all these little towns west of here, they were getting hurt by this same thing with pensions and they were at the end of their rope. I would imagine right now, they are looking to change things up there as far as pensions are concerned. There are two things I think they need to do in pensions. One is these new numbers they are talking about are ridiculous and second, the fact that the State is not paying anything toward the pension fund after starting at 35% and working their way down to 0 is again, ridiculous. It is a State Pension Fund. And I think that we need to make changes in Concord of the people that are driving this down into the cities, especially Nashua and Manchester, Keene and Portsmouth, you know? Enough is enough. It is time to dig our heels in and change what is going on.

No matter which way I vote tonight I am still torn and I am still opening to listening and keeping an open mind. But I really wish that the contract could be restructured to make it easier on Nashua taxpayers than it is right now. I hate having to re-appropriate monies from 2020 to try and up that amount. And there is just so many things happening right now that – Safe Stations being pulled out. This new thing that we just found out today about pensions, there's a lot of moving targets. And I don't feel comfortable right now, even though I fully support the Firemen and fully support that they deserve the money and earn the money, I don't know how many times there have been calls that the Firemen have gone to and saved lives because they are the first ones there. There are accidents and the Jaws of Life, it is the Firemen that run into the burning car and save the people. And we couldn't do without one of our ladder trucks, because that's where all of the equipment is or the guys that are on them.

If we pass the contract and we don't add money to the budget, we can't pay for it. They would have to lay people off in the Fire Department. I don't think that we can handle that, that would not be good for the City. So that's my two cents on the contract. I fully support the Union and I will do whatever I can do to get them as well compensated at the City can afford. But right now I am conflicted over the amount of money we have, versus the amount of money we are trying to spend. Is there anyone else that would like to speak?  
Alderman Clemons?

Alderman Clemons

Thank you. Do we still have the City Treasurer or Mr. Griffin on?

Chairman Dowd

Mr. Griffin is on.

Alderman Clemons

I have a question. How much money do we have in unexpended fund balance?

John Griffin, City CFO

Excuse me, Mr. Chairman, the unassigned fund balance Alderman Clemons?

Alderman Clemons

Yes.

Mr. Griffin

As you know, we grow that every year and this past year as of June 2019 we exceeded just over \$30 million.

Alderman Clemons

And I know that we have an Ordinance that says we have to keep a minimum of 10% of that relative to the Budget, am I saying that correctly?

Mr. Griffin

Yes you are correct. There's a City Ordinance, the \$30,000,000.00 exceeds that number.

Alderman Clemons

Do you know by approximately what dollar figure?

Mr. Griffin

Subject to check it is probably in the \$3 million dollar range.

Alderman Clemons

OK so hypothetically speaking we could, because we are short, from what I understand we are short \$500,000.00 this year or no, that's next year. Then we are making a supplemental appropriation with this, hypothetically we could take some of that unexpended fund balance and pay these Fire Fighters a decent wage is that not correct or is that correct?

Mr. Griffin

Mr. Chairman, well the unassigned fund balance is the savings account for the City. It is scrutinized very strongly by the rating agencies which fortunately we have been able to get two AAA ratings. They typically frown upon funding on-going expenses with one-time savings or one-time revenue with one-time savings. And as I indicated in my fiscal rule, the 150 is not a material number, it's more that we haven't done it and secondly it is the on-going requirements of the contract in years to come that are very uncertain. That's kind of the issue I see. I am just thinking out loud here and Mayor Donchess and I and a few others, craft his budget guidance and I am just struggling with the disparity that may occur with the Mayor requesting another 2% or 1.5% from everyone and then we have the unfortunate situation that Alderman Dowd indicated, we can't afford to pay the contract we approve. I am just struggling with that, how to make that work.

Alderman Clemons

Thank you for that. You know, I respect your opinion very much. You do a fantastic job here in the City. And I am not downplaying the out years or anything like that. I am just wondering if, to me there has to be a way that we can shift money around to make this work using that unexpended fund balance. Whether it is we spend the unexpended fund balance on something else and then move that money over here, and you know, I don't know, I am sure that would be extremely transparent to anybody, even a bond rating agency as well.

But nonetheless, we have we are in a situation right now where yes that money is our savings account and yes that money is there to make sure that we have a rainy-day fund. If 2020 isn't a rainy day, I don't what the definition of rainy day is. We need to be able to, my opinion is I think we can go and look at that as a place where we could potentially get the expenditure. Thank you.

Chairman Dowd

I just want to add that I've worked extensively with Treasurer Fredette on the bonding. When we have expenditures against a bond, we normally pay cash and he buys the bonds at the most advantageous time. And I would not want to mess around with our bond rating, because that would cost us a lot more than we are talking about here, a lot more. He has done a great job at keeping us with AAA ratings and down in the 2% range for bonding. A lot of cities and towns can't even match that. So I'd be real hesitant in spending that money. And then the other thing is when you start taking this one time money and applying it to help on this year, 2021, what happens is you transfer all of this expense out to the future years and how many people want to look at telling the citizens of Nashua because another \$3 million dollar health insurance in 2022 and a \$3 million dollar hit because the State wants more money and all of a sudden your tax rate is at 5% or 6%. How many people want to live with that?

I talked to the Mayor today about – we have to look at more than one year's budgeting. Because if we don't look at the next two to three years or more and try to plan out some of these expenditures, we are never going to be in a good position, but that's a side point.

Alderman Clemons

Mr. Chairman, can I follow up?

Chairman Dowd

Ok, Alderman Clemons?

Alderman Clemons

So to your point, the other option of course and I have mentioned this before at previous budget meetings, is to instead of paying cash for something, is to bond it, because we have AAA rating and because the interest rates are so low. That is another option that is in our wheelhouse that we could look at. And yes, it would cost interest to us but the interest rate is so low, that I think that it would be a good time if we were going to do that, would be now. So we have in my opinion a couple of different ways that we can get this contract together and have the funds to do it.

Chairman Dowd

Are you talking about bonding for salaries, because that's not allowed?

Alderman Clemons

No, what I am talking about is bonding for example, taking cash that we were going to expend to buy, as an example, you know for some of the CERF vehicles in Public Works, doing a 5 year bond on those collectively and then taking the cash that we were going to spend for those vehicles and appropriating to the Fire Department for the salary. So the salary would be paid for with cash and the vehicles would be paid for with a loan.

Chairman Dowd

Even if we contemplated that we would not get that done before the 23<sup>rd</sup> of June. So I am looking at asking for a restructuring of the contract to get through 2021 and then help them out in 2022, 2023 and try to make them as whole as possible without causing so much disdain for the rest of the taxpayers in the City.

Alderman Clemons

Well I respectfully disagree.

Chairman Dowd

That's why we are all here, we can agree to disagree. Anyone else that would like to speak on R-20-041? Just one additional thing, whichever way I vote tonight doesn't necessarily mean it would be the way I would vote at the Full Board Meeting either way. I am open to seeing if there are viable solutions and working with Mr. Griffin and Treasurer Fredette. It doesn't look good. And we have to be cognizant of the out years as well as the next year. Alderman Schmidt.

Alderman Schmidt

Thank you, Mr. Chairman. You are saying "it doesn't look good". You mean as it is now and if it were restructured you would find it acceptable?

Chairman Dowd

Yes.

Alderman Schmidt

Thank you.

Chairman Dowd

Anyone else? Seeing no one? Yes?

Alderwoman Kelly

I'm sorry Alderman Dowd? Sorry I have a couple of questions, just procedural questions.

Chairman Dowd

Oh alright, Alderman Kelly.

Alderwoman Kelly

Well first of all I want to say that I do appreciate the Fire Department very much and all that they have done. They stepped up when we needed them with Safe Stations and they are out there every day, they do a fantastic job. So my questions are related to what would happen if we decided not to go forward with this and it went to the Board with a negative, would they have to go all the way back through negotiations again?

Chairman Dowd

If it goes to the Full Board with a negative recommendation, the Full Board can still pass it.

Alderwoman Kelly

Sure, if it doesn't pass the Full Board?

Chairman Dowd

No matter what we do though, it is going to take 10 votes because the way it is structured right now, we have to use supplemental appropriation for 2020 and that will take 10 votes.

Alderwoman Kelly

So my second question is...

Mayor Donchess

Mr. Chair, I can answer that I think that question.

Chairman Dowd

Go ahead, Mayor.

Mayor Donchess

Well before the (audio cuts out) there was sort of regular process negotiations going on. And we had gotten to the point where, as you've heard, there was mediation and the next step after that is Fact Find. This was all provided for under State Law. And this is the course, you know there are negotiations, you reach impasse, you go to mediation you go to Fact Find. What a Fact Finding Report does is it gives you – a Fact Finder comes in and makes an independent evaluation of the situation and reports, it becomes a public report regarding where the Fact Finder thinks the contract should settle and how pay matches up. And then the City and the Union can react to the Fact Finder's opinion and go from there. Negotiations could resume, the Fact Finder's report could be accepted by both sides, you know, you just don't know what is going to happen.

So what happened was the Fire Commission just simply agreed without going through the City Negotiating Team through the contract. But if the Board of Aldermen were not to pass this, I believe we would end up going back into the normal process and probably go to Fact Find. I mean negotiations can always happen, but given where the parties are, we would probably go to Fact Finding the next natural legal step in the negotiating process and determine and then we'd learn ultimately what the Fact Finder recommend.

Alderwoman Kelly

OK thank you, that's a thorough answer and I appreciate that. My second question was I know there were some changes made to the Budget, somewhere around \$245,000.00, I am trying to remember exactly last week. I was under the impression that was to help cover this. Is that one year, would it not cover it fully? I mean I think my concern is they very much deserve this raise, but if there isn't room in the Budget what happens to the Fire Department's Budget?

Mayor Donchess

I think I could answer that too, Mr. Chair.

Chairman Dowd

Ok go ahead, Mayor.

Mayor Donchess

My understanding is that, we were asked the question, “we” the City Financial Team, Mr. Griffin is on the call so if I say anything that is inaccurate, please don't hesitate to correct me. But we were asked to come up with how much it would cost to fund for example 2.5% raise for Fiscal 20 and for Fiscal 21. There are two answers to that question. If you consider the step increases to be included in the increase in compensation, which is the way the teacher's raises are always reported, but not always the uniformed services. If you did it that way, you only need to add \$51,000.00 to the Fiscal '21 Budget to be able to afford 2.5% including step increases. But the second answer was that if the question was 2.5% cost of living sort to speak plus the step increases, then the cost of compensation goes up more than the 2.5% because you've got the step increase plus the 2.5%. And the answer was to fund 2.5% plus the step increases, \$245,000.00 would be need to be added to Fiscal '21 Budget. And that is what the Budget Committee recommended. Now is that accurate, let's just refer over to Mr. Griffin? Have I accurately recalled the numbers?

Mr. Griffin

Mr. Chairman, if I may? John Griffin, CFO, that is accurate. How we determined that was we took the \$438,000.00 that was planned contingency for negotiation for Fiscal (inaudible) we added the steps, \$62,000.00, we added another \$389,000.00 for the percentage that the Mayor indicated and came to a total value of \$889,000.00. And with the Mayor's cut of \$500,621.00 that would leave the Fire Department with \$644,00.00. So we needed to add the \$245,000.00 to get to the \$899,000.00. So the Mayor's articulation at how we arrived at that number was accurate.

Chairman Dowd

So there is money in the '21 Budget. There always was money in the '20 Budget at the indicated levels that Mr. Griffin was just talking about.

Mr. Griffin

I think I can add a little bit more clarity if I may. The \$1.144 million on Line Number 51900, that's the amount that is needed by the Fire Department to fund the current contract. To get that to no more than a 2.25% increase, the Fire Department, the Mayor – it was simple calculation, we needed to cut or reduce the budget by \$500,621.00. When the Budget Committee put the \$245,000.00 back you are approaching the fundability of roughly a 2.5% increase with the \$889 – so it's that \$255 that remains that is to cover the contract as is. And my final recommendation is when the decision is made, we should move that line out of contingency for negotiations so it is not included in the Fire Department Budget. Thank you.

Chairman Dowd

Yes, we will do that at the Full Board Meeting.

Alderwoman Kelly

Can I ask a follow up please? So would it be accurate to say that that what was done this year where we took money from CERF to cover would not be a sustainable solution in the future.

Mayor Donchess

Totally accurate because the problem with taking money, ok so right now based upon the recommendation of the Budget Committee, there is zero, zero money in the Budget for the purchase of equipment. So unless something else happens with surplus or something like that, there will be no equipment. And in addition to that, when you take money like a one-time, like equipment money and use it to pay for operations. And if you plan to buy equipment the next year, you've got to replace the equipment money and also then you don't have the equipment money to fund the Budget so really you get hit with a double tax increase, because you

need to cover the money with tax money that you used from CERF the previous year. So let's say the number is \$500,000.00. You take \$500,000.00 from CERF you use it to fund an operating budget. If you plan to buy equipment the next time, you don't have money from CERF. So now you've got to put in an additional \$500,000.00 of property tax fund, just to get out to the Budget that you passed the previous year. Then on top of that you have to add additional tax money for the increase that you anticipate that you will see in Fiscal '22. So yes it solves a little bit of a problem now but it invites, and I am just giving you my perspective but it invites bigger problems later and results in a delay, but then a higher tax impact in like the next year. I think that's understandable, but if I didn't articulate it clearly, I apologize.

#### Chairman Dowd

I don't know if the \$500,000.00 was to buy all of the equipment that CERF was buying this year, but CERF isn't broken, it has money in the account. We add money every year.

#### Mayor Donchess

Yeah but this year we are adding nothing. Now what we have done, there's a little bit of money in the account, but what we have done in prior years is we have sort of backfilled CERF with surplus money. And we might be able to do that, but again, but we are not sure, you know, we probably can do it again. And \$500,000.00 is way under budget to begin with. So it's not like that was a perfect budget, that alone is not ideal. So we really should have \$2 or \$3 million dollars of equipment purchase. So we have done for several years now, we come up with a decent surplus and we allocate surplus money into CERF and we probably can do that again. But you know things are more uncertain than they were last year and we don't know for sure what we are going to have for surplus, we could lose State Revenue. The Governor put out something today saying that or somebody the Governor of the Municipal Association of the State, they've been saying the following that the Rooms & Meals money is probably good for a year but in terms of highway dollars, you know, the road assistance that we get, that is tied to revenues from the gas tax and that's likely to be down. So we may see a loss in revenue there, but not major, major. I think the number we get out of that is \$1.4 million but I am just saying there is only so much you can do in terms of bundling operations with sort of this surplus and CERF and all of this kind of things. I mean basically operations get paid for with tax dollars and in the long run that's the only way you can pay for it. Because that's the only money that always comes in.

#### Alderman O'Brien

I wasn't intending to speak however I forgot the mute button. But I do have a question on the step increase and through the Chair if I can ask Mr. Griffin. When I was a member of the Department if somebody was hired in August the step increases are only given out once a year and that is in July. And when somebody gets hired with an anniversary date of August, then they would go basically 11 months without a step increase and when it gets that next step increase it would be July so in theory, they would be funding. And I just wondered if that was the same pace and if those numbers that he has brought up on separate cases are reflective of the anniversary dates of the employee who may go through a period of time of not being funded.

#### Mr. Griffin

Yes, Mr. Chairman the step increases are on a per Fire Fighter basis, they average about \$60,000.00 a year and it is moving them through the steps. If you recall, the steps are every 5 years they are not every year, that is my understanding and they are all in the contract. The contract is very long because there are a myriad of steps that are included in that. So there's no question that if you were hired in the beginning of the year, you are going to get closer to your anniversary five years later than if you came in half-way through the year with regard fiscal year budgeting. I just would leave everybody with the notion that it is not a material number plus or minus, but it is a number that needs to be included in the costing, because we are going to have to pay it out if we are going to get an increase when they reach those step years of service. Thank you.

Alderman O'Brien

Thank you.

Chairman Dowd

Anyone else? OK something new Alderman Clemons?

Alderman Clemons

Yes, I just want to point out that the Mayor and I disagree on that point of reconciling the budget. Nevertheless I do understand the point that eventually it catches up. But that's true of anything in the Budget. So you know they are going to up, the budget is going to go up no matter what, no matter what we do. Unless we want to lay people off and cut services and things like that. The Budget is going to go up, it's just an inevitable thing. The one point I just want to say is you know being an Alderman all these years and just knowing what the surplus is in the City, I have never seen a City that has as much money in the bank as we do, have so many problems funding different things. It's just almost like an unwillingness to touch the savings account, which is there, in my opinion, for when times get tough and in the next few years, starting right now, times are tough. And sometimes we need to look at different things than what we've done in the past. So thank you.

Chairman Dowd

Alright, anyone else?

Mayor Donchess

Did I mention the so-called savings, the unassigned fund balance, of course, when I was an Alderman I always said, like why are we holding so much money? You know, why do we need this? And you know Mr. Fredette or Mr. Griffin would roll their eyes or whatever. And so I continued to ask that question when I was elected Mayor shortly thereafter and we went down to see - it was Mr. Griffin, Mr. Fredette, Ms. Kleiner, I forget who else and I went down to see the Financial Advisor. And Cinda is I've forgotten her last name but David could enlighten you and you know they made a very strong case as to why this was critical with respect to the City Financial Standing. And you know it is sort of like, alright, do I really think we need this? Not really but to satisfy the rating agencies, to look financially stable this is what is required these days. And that's why we have a AAA Bond Rating, one of the significant reasons is that we have this money in the bank. And they persuaded me that I should just understand the importance of it which I came around to. So yes, I used to share Alderman Clemons' view, but I think if you spend the time with the financial advisors and you think about how important the bond rating is and how much money we save in interest payment because we have a strong bond rating. If the bond rating went down, our interest payments would go up. So you come around to the view of well it seems like it is an inevitable thing. But that's been my experience.

Alderman Clemons

Mr. Chairman, just briefly?

Chairman Dowd

Mm-hmm?

Alderman Clemons

I share the Mayor's opinion on this, I don't disagree that we need to have the unexpended fund balance and I know exactly why we need it. I am on the same page with him in everything he just said, but the point that I am trying to make is that you know, we probably don't need all of it and when we are talking about a couple

of hundred thousand dollars to pay some employees, I think we can figure out how to divert fund a different way so that the bond agency doesn't get mad at us. And the other point is, you know, we might have to look at that fund balance in the future because we don't want to have major tax increases. And again, I'm not talking about raiding it to the tune of millions of dollars, but if we have to dip into it a little bit we should do so cautiously and for good reasons. But I just think this is a good reason, so thank you.

Chairman Dowd

Anyone else? Seeing no one would the Clerk please call the roll on R-20-0411.

A viva voce roll call was taken which resulted as follows:

Yea: Alderman Clemons, Alderman Schmidt	2
Nay: Alderman Jette, Alderman Wilshire, Alderwoman Kelly, Alderman Dowd	4
Present (Abstain): Alderman O'Brien	1

Alderman O'Brien

Mr. Chairman, the motion failed, there are four no's, two yea's and I am voting present.

**MOTION FAILED**

Chairman Dowd

Ok the Motion will be referred to the Board of Aldermen with a negative recommendation. It could still pass at the Full Board Level. It would need 10 votes because of the way it is structured. We will see what happens. Again, two things – one, again it takes 10 votes because we are unfunded supplemental appropriations and also the same night, the 23<sup>rd</sup>, we are going to be talking about the Budget. And the contract and the Budget are going to have to balance or there are consequences each way so just keep that in mind.

Alderman Clemons

Mr. Chairman, we didn't vote on the motion.

Chairman Dowd

What?

Alderman Clemons

We didn't vote on your motion.

Chairman Dowd

Yes, we did. R-20-041 that's what we just voted on.

Alderman Clemons

We voted on my motion was to recommend final passage, but we did not vote on your motion was to – I don't know what your motion was.

Chairman Dowd

I didn't know I made a motion.

Alderman Clemons

We haven't disposed of the Legislation in other words, it is still before us.

Chairman Dowd

If we need to do that, I'll make a motion that we refer R-20-041 to the Full Board with a negative recommendation from Budget.

**MOTION BY CHAIRMAN DOWD TO REFER R-20-041 TO THE FULL BOARD OF ALDERMEN A NEGATIVE RECOMMENDATION BY ROLL CALL**

A viva voce roll call was taken which resulted as follows:

Yea: Alderman Schmidt, Alderman Jette, Alderman Wilshire Alderwoman Kelly, Alderman Dowd	5
Nay: Alderman Clemons	1
Present (Abstain): Alderman O'Brien	1

**MOTION CARRIED**

Chairman Dowd

So R-20-041 will be forwarded to the Full Board with a negative recommendation. There will be opportunity at the Full Board Level for further discussion and further deliberation. In order for it to pass, we would need 10 votes. If it passes, it will go to the Mayor for action and if it doesn't pass then I believe it would go back to the Fire Commissioners. Mr. Griffin, I think that's correct, right.

Mr. Griffin

I believe that's how it would work. But I think the Mayor explained how that would work earlier, thank you.

NEW BUSINESS – ORDINANCES – None

TABLED IN COMMITTEE

**R-20-016**

Endorsers: Mayor Jim Donchess  
Alderwoman Linda Harriott-Gathright  
Alderman Thomas Lopez  
Alderman-at-Large Michael B. O'Brien, Sr.

**AMENDING THE PURPOSE OF A FISCAL YEAR 2020 UNLIKE ESCROW FOR THE COMMUNITY DEVELOPMENT DIVISION**

(remains tabled)

**R-20-017**

Endorsers: Mayor Jim Donchess  
Alderman Thomas Lopez  
Alderman Richard A. Dowd  
Alderman-at-Large David C. Tencza  
Alderman Patricia Klee  
Alderman-at-Large Michael B. O'Brien, Sr.  
Alderman Linda Harriott-Gathright  
Alderman Skip Cleaver  
Alderman Jan Schmidt  
Alderman-at-Large Lori Wilshire

**RELATIVE TO THE SUPPLEMENTAL APPROPRIATION OF \$50,000 TO FUND A FEASIBILITY STUDY FOR THE FUTURE REUSE OF THE ELM STREET MIDDLE SCHOOL BUILDING**

- Requires a Public Hearing which has not yet been scheduled

**R-20-028**

Endorsers: Mayor Jim Donchess  
Alderman-at-large Michael B. O'Brien, Sr.  
Alderman-at-large David C. Tencza  
Alderman Richard A. Dowd  
Alderman Linda Harriott-Gathright  
Alderman Patricia Klee

**AUTHORIZING THE CITY OF NASHUA TO ENTER INTO A MASTER DEVELOPMENT AGREEMENT WITH LANSINGMELBOURNE GROUP, LLC.**

(remains tabled)

GENERAL DISCUSSION - None

REMARKS BY THE ALDERMEN - None

POSSIBLE NON-PUBLIC SESSION - None

ADJOURNMENT

**MOTION BY ALDERMAN O'BRIEN TO ADJOURN BY ROLL CALL**

A viva voce roll call was taken which resulted as follows:

Yea: Alderman Clemons, Alderman Schmidt, Alderman Jette, Alderman Wilshire  
Alderman O'Brien, Alderman Kelly, Alderman Dowd 7

Nay: 0

**MOTION CARRIED**

The meeting was declared closed at 9:30 p.m.

Alderman-at-Large Michael B. O'Brien, Sr.  
Committee Clerk