

## BUDGET REVIEW COMMITTEE

APRIL 2, 2019

A meeting of the Budget Review Committee was held Tuesday, April 2, 2019, at 7:00 p.m. in the Aldermanic Chamber.

Alderman Richard A. Dowd, Chairman, presided.

Members of Committee present: Alderman-at-Large Lori Wilshire, Vice Chair  
Alderman-at-Large Ben Clemons  
Alderman-at-Large Michael B. O'Brien  
Alderman-at-Large Shoshanna Kelly  
Alderman-at-Large David C. Tencza  
Alderman Jan Schmidt

Also in Attendance: Alderman Ernest A. Jette  
Alderman Patricia Klee

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### PUBLIC COMMENT

Fred Teeboom

The reason I am here is I look at the budget and what's missing in the budget is the Spending Cap calculation that has appeared in the budget for about 20 odd years. Why is this page missing?

Chairman Dowd

You brought that up at the last budget meeting, and we addressed that to the Mayor and the Chief Finance Officer.

Mr. Teeboom

The Chief Finance Officer is here, so I hope he will address that.

Chairman Dowd

He may not have the answer tonight.

Mr. Teeboom

I hope he does because when we went to court, the court came out with a decision. The court said on page 22, number 9, that the Spending Cap is affirmatively not invalidated. That means the Spending Cap is enforced. The case is in the Supreme Court and I hope to get further affirmation about how the Spending Cap is supposed to be treated. The Spending Cap is enforced and the page by ordinance ...

Chairman Dowd

I was at that hearing where the judge said that it was unenforceable.

Mr. Teeboom

He said that he did not invalidate the Spending Cap.

Chairman Dowd

But he also said it's not enforceable.

Alderman Clemons

Correct.

Mr. Teeboom

That was the reason he dismissed the case, but he did not invalidate the Spending Cap. That's the point. I'm not about to go to court again; I'm already at the Supreme Court. But, Part 8, paragraph 5-145 that deals with the subject. It says you should have the calculation of the Spending Cap in the budget book. There's no ways around that. The judge may have called it unenforceable but he said specifically I do not invalidate the Spending Cap. If you are not familiar with that, I suggest you get a copy of the decision.

Now, for the record I said last time that I was here, I'm not going to come here every time there's a budget meeting. In fact, I don't expect to be at any more budget meetings until we have the public hearing at which I will have a lot of details. The last time I said it was time to review the Spending Cap. So, I did. I sat down last week. For the record, I would like to have these few pages introduced as part of the record. If you would just accept this and make it part of the budget meeting tonight.

Chairman Dowd

You can give them to the clerk and we'll make it part of the record.

Mr. Teeboom

I also have a copy for anybody who is interested, although you haven't shown much interest in the Spending Cap while you have been sitting here. If you want an extra copy, I have an extra copy. The point of this calculation that I went through is you have three scenarios. One is there is no exemptions. I don't know if any of you know what I am talking about even. If there is no exemptions, you are over the cap by \$3.6 million. That's not as bad as the \$8.11 million we were over the cap when the Mayor pulled his little gimmick about exempting the entire sewer fund, which is why we went to court. It's \$3.6 million over the cap without exemptions. That is Table 1. Table 2, for the record, on the record, if you do it the traditional method with some exemptions you snuck into the system, this is built in myself, as aldermen you are allowed to have it happen, if you take those exemptions, the budget is \$3.2 million over the cap. If you exempt the entire sewer fund using the Mayor's improper approach, you are still \$2.6 million over the cap. No matter what scenario you work out, you are over the cap. You're not \$8.1 million over the cap like it was two years ago, but in any of these three scenarios you are over the cap by a substantial amount of money. I've got a spending cap calculation in here because there's been some debate between myself and the CFO on how the spending cap index is calculated. I'm not going to debate it here. The Bureau of Economic Analysis provides clear guidance on how that is supposed to be done.

Finally, I want to make one point regarding your agenda tonight. You have an item called "pensions" on your agenda. Page 93. That has a number zero. If you look at pensions on page 22 or 23, you will find it's about \$24 million. I don't know who makes up your agenda, Mr. Chairman, but you ought to take a close look at how your agenda is put together. You've missed an entire 1/3 section of the budget because you don't review it here which contains among many things, the pension of about \$25 million. The page you are reviewing has zero for pensions. You ought to do your homework. Thank you.

COMMUNICATIONS – None

UNFINISHED BUSINESS – None

NEW BUSINESS – RESOLUTIONS

**R-19-125**

Endorsers: Alderman-at-Large Lori Wilshire  
Alderman Richard A. Dowd  
Alderman-at-Large Ben Clemons  
Alderman-at-Large David C. Tencza  
Alderwoman Mary Ann Melizzi-Golja  
Alderman Linda Harriott-Gathright

**APPROVING THE COST ITEMS OF A SIDEBAR AGREEMENT BETWEEN THE NASHUA BOARD OF POLICE COMMISSIONERS AND UFPO LOCAL 645 PROFESSIONAL EMPLOYEES OF THE NASHUA POLICE DEPARTMENT REGARDING SPECIAL PROJECTS**

**MOTION BY ALDERMAN O'BRIEN TO AMEND R-19-125 WITH THE PROPOSED AMENDMENTS ATTACHED TO OUR AGENDA  
MOTION CARRIED**

**MOTION BY ALDERMAN O'BRIEN TO RECOMMEND FINAL PASSAGE AS AMENDED**

ON THE QUESTION

Deputy Chief Michael Carignan

About two years ago we realized that we were running out of space at the Nashua Police Department to store all of our files. We keep all of our files, all of our case packages. We keep everything forever. We just don't have the space any longer. When we identified it as a problem, we researched different mechanisms to solve the problem. The most cost effective was for us to utilize current employees. Transferring over the cases is a three-part process. We grab the case, we de-staple it, and organize it. That's step one. Step two is to scan it into a pdf file on a copy machine. Step three is to have all the contents of that case verified that it has been accurately transferred over. It's a lengthy three-part process. The last process that is required, only a certain amount of people can do it.

People that have compliance certifications and people that are in the records department or have experience with records to know what goes over and to validate it. We had several employees leave that were able to do that. What we are trying to do through negotiations in the UFPO contract, which is currently about to be tabled for the time being; we are still negotiating, but we are trying to get the approval to have several employees within that union that are able to archive those, verify the scanned documents are in fact accurate and certify that they are before they transfer to final documentation - to have them to be able to do that in an overtime capacity. This project is outside of their job description.

This is not something they normally do, but it is a problem that we have to deal with. We're asking that those four employees for a special project, who are normally salaried employees, be allowed to earn compensation at time and a half to be able to continue to get through this project. We have over a million files that need to be scanned and that's just the criminal files. It's a lengthy process. We are trying to do something to give us the space and to make sure that those files don't get damaged.

Alderman Wilshire

Do you have any idea how long that might take? That's quite a project.

Deputy Chief Carignan

We have currently completed 2003-2004, and we're in 2005. It took us just over a year to do that 2 ½ year process. In addition to all of those files, we have narcotic intelligence files that will have to be scanned in. We have portions of personnel files that will need to be scanned in. It's a 10 to 15 year process for this to happen. We are not asking for an increase in our budget to do this process. We are using the money within our funds to do it.

For example, last year we had to stop for a six-week period because we noticed that overtime was rising a little high. We suspended the project until we were able to do it. Every chunk matters, and every case matters. It's a lengthy process. It's a long term process.

Alderman Tencza

Do you have a sense of what the cost is going to be for storage of all those files once it's complete and are there any best practices of standards for how long you need to keep a file, especially if it's a file that's not necessarily go anywhere, isn't a serious felony case?

Deputy Chief Carignan

There's no established best practice way to do it. There are cases that are still open, cases that are pending, felony cases that do need to be stored. We keep all of our cases and we still frequently get requests for old cases, for people to expunge their records, for people to deal with something in their past. It would be more time consuming to go through each of those cases for the last 30 to 40 years and pick and choose which ones to scan. We choose instead to grab the file, destaple it, scan it and go. We have everything on file. It's all organized per year. The cost to maintaining it is basically the cost of the servers. We have a triple-backup system to make sure none of those files do get lost. The physical files, a bunch of them were damaged when a pipe burst in one of the records room. There are weather-related or industrial things that could happen to destroy the files. This is a safer mechanism to do it.

We tried to figure out what the outsourcing of this project would be. We had estimates from two companies to come in. Unfortunately we had already started 2003, so we weren't able to get an accurate estimate of that, but it cost us about \$19,000 to scan in 2003. The estimates we got from the outside companies was about \$31,000. So that's a considerable cost savings, it's time consuming, it's not fun work but we're working through it the best way we can.

Alderman Clemons

I assume you're digitized moving forward, correct?

Deputy Chief Carignan

Correct. The way we tackled this problem was by two things. One, we picked a date. Ours was February 1<sup>st</sup> of last year. Everything moving forward we had a new system for, meaning we would purge what we could ahead of time. We would keep any of the important court documents that were still open. We would keep them separately and as the court dispositions came in, we would then scan them in immediately. We were able to reduce 2018 files by about 2/3. We are down to about 1/3 of what we would normally store for space.

Part two of the problem is to work our way backwards to take on the existing files and get those into record storage. That was just a matter of grab a stack, de-staple them, scan them through and put them in.

Alderman Clemons

I appreciate that because I work at a MIT credit union and we're actually doing that now. It's a very similar process. We have a whole vault full of old member files and stuff like that. It is, it is time consuming to go digital, but I have to say once you do it, it makes everybody's lives easier. Actually the cost benefit will be tremendous. If you need to access one of those files, once they are digitized, you won't have to go through a process of digging through paper. You will have it all right there like that. In the end this is really going to save your department some time which is probably the most valuable thing.

Deputy Chief Carignan

Right now the most valuable is the space.

Alderman Clemons

True.

Deputy Chief Carignan

But you're right, it's quicker and more efficient for everybody.

Alderman Clemons

Yes. I fully support this.

Alderwoman Kelly

This might be a big question, but I like to ask big questions. Do you have a plan in place in terms of digitizing it as you're going instead of having paper and then scanning it and continually having a problem?

Deputy Chief Carignan

In October of 2004, we switched to what we all IMC, it's a record management system. A majority of the paperwork, all the reports that the police officers do, the incident reports, and we've now included prosecutor's synopses, warrants, anything that we can, we put in that record management system digitally automatically. That's there moving forward. We're trying really hard not to print the paper anymore.

There are times when we do have to provide hard copies to defense, discovery or even prosecutors but we have even worked a system with the prosecutors where we would give them the files electronically and they could review them. That's still a difficult process because we have one system and they have another system and it doesn't always mirror up. We've all been trying to work together to get this done.

Chairman Dowd

The files that you're scanning in, are those files filed in file cabinets or boxes?

Deputy Chief Carignan

We have three areas. As you walk into the lobby, you will see the records lobby. There's a room in the back that's full of records from 2019 going back to I believe 2011 or 2012. We have an area in the basement that is filled from 2011 or 2012 all the way down to what was 2003.

Then we have a big garage bay out back which is kind of in the DPW building, in that back corner, that we have from 2002 dating back to I believe the 1970s. We have three huge full. And as one of our gentleman's says, "one bite at a time." That's how you eat an elephant; one bite at a time.

Chairman Dowd

Are they in cabinets or are they in boxes?

Deputy Chief Carignan

They are on shelves. They are in open file folders. We don't keep them in boxes. There wouldn't be enough room if we had to put them all in boxes. They are on these wide open shelves in numerical order from 1 to 20,000 – 30,000 per year.

Chairman Dowd

So if there was a fire, you could lose them all.

Deputy Chief Carignan

That's correct. We had water damage inside the building, a pipe burst several years ago which affected two columns of reports that was probably a foot-wide column in 2004, 2003, and 2002. At the time, we had taken them and spread them all out but they got water damage and dried out and were bending and are crispy.

When we scanned them, we had to scan those files one page at a time because the feeder wouldn't pull them through. Even though some of the information was damaged, we put everything in so if anybody questioned it or wanted to see it, we had access to what it was.

Alderman O'Brien

Some of us did a tour of some of the other city facilities, particularly in the department where a sewer pipe was and where it was laid in 1870. These documents are ill stored because we are lacking some space. The work that you bring up is good.

I think to my other committee members, I think it's something that we should take a very hard look at as we move down the future because we have a lot of these files that are extremely important and cannot be reduplicated. To get this data properly stored in a proper humidified building that is protected makes sense. Maybe we need to take a peek at that as we march on in the future. Thank you.

Alderman Wilshire

It is a city-wide problem, storage. As Alderman O'Brien said we did a tour of public works and they have files that really need to be preserved. I think it's not just a police department issue. It's a city-wide issue that I think we should really take a look at. I definitely will support this.

**MOTION CARRIED**

**R-19-127**

Endorsers: Mayor Jim Donchess  
Alderman-at-Large Lori Wilshire  
Alderman-at-Large Michael B. O'Brien, Sr.  
Alderman Linda Harriott-Gathright  
Alderman Richard A. Dowd  
Alderman-at-Large Brandon Michael Laws  
Alderman Tom Lopez  
Alderman-at-Large Shoshanna Kelly  
Alderman Mary Ann Melizzi-Golja  
Alderman-at-Large David C. Tencza  
Alderman Jan Schmidt  
Alderman-at-Large Ben Clemons

**AUTHORIZING THE MAYOR AND CITY TREASURER TO ISSUE BONDS NOT TO EXCEED THE AMOUNT OF TWO MILLION EIGHT HUNDRED THOUSAND DOLLARS (\$2,800,000) FOR POLICE DEPARTMENT HEATING, VENTILATION, AND AIR CONDITIONING SYSTEM (HVAC), AND WINDOW IMPROVEMENTS**

- Public hearing scheduled for 4/15/2019 at 7:00 p.m. in the Aldermanic Chamber
- Also referred to Nashua Board of Police Commission; to appear on its 4/18/2019 agenda

**MOTION BY ALDERMAN O'BRIEN TO TABLE R-19-127 PENDING THE PUBLIC HEARING SCHEDULED FOR APRIL 15, 2019, AT 7:00 PM IN THE ALDERMANIC CHAMBERS  
MOTION CARRIED**

NEW BUSINESS – ORDINANCES – None

TABLED IN COMMITTEE

**R-18-102**

Endorsers: Alderman-at-Large Lori Wilshire  
Alderman-at-Large Michael B. O'Brien, Sr.  
Alderman Richard A. Dowd  
Alderman-at-Large Brandon Michael Laws  
Alderman Jan Schmidt

**APPROVING THE COST ITEMS OF A COLLECTIVE BARGAINING AGREEMENT BETWEEN THE NASHUA BOARD OF POLICE COMMISSIONERS AND UFPO LOCAL 645 PROFESSIONAL EMPLOYEES OF THE NASHUA POLICE DEPARTMENT FROM JULY 1, 2018 THROUGH JUNE 30, 2022 AND AUTHORIZING RELATED TRANSFERS**

- Tabled 1/17/2019

Chairman Dowd

We won't take this off the table until we receive further input back from the police department.

**MOTION BY ALDERMAN O'BRIEN TO TAKE FROM THE TABLE R-19-123  
MOTION CARRIED**

**R-19-123**

Endorser: Mayor Jim Donchess

**RELATIVE TO THE ADOPTION OF THE FISCAL YEAR 2020 PROPOSED BUDGET FOR THE CITY OF NASHUA GENERAL, ENTERPRISE, AND SPECIAL REVENUE FUNDS**

- Public hearing scheduled for 5/16/2019 at 7:00 p.m. at NHS-North Auditorium

<u>Dept. #</u>		<u>Revenue</u>	<u>Appropriations</u>
	<b><u>TABLED</u></b>		
157	Citywide Communications		167
	<b><u>FINANCIAL SERVICES DIVISION</u></b>		
126	Financial Services	35	113
128	Risk Management		115
129	City Buildings		118
130	Purchasing Department	37	120
132	Assessing	38	122
134	GIS	39	124
	<b><u>CAPITAL</u></b>		
	Capital Equipment Reserve Fund (CERF)		272, 336
	Capital Improvements		274
	<b><u>OTHER</u></b>		
159	Hydrant Fees – Fire Protection		170
162	Street Lighting		171
115	Pensions		93
193	Debt Service		266
194	Contingency		271
198	Interfund Transfers		272
	<b><u>TABLED</u></b>		
110	Arlington Street Community Center		86

**MOTION BY ALDERMAN O'BRIEN TO TAKE FROM THE TABLE DEPARTMENT 157, CITYWIDE COMMUNICATIONS  
MOTION CARRIED**

Chairman Dowd

Mr. Mansfield is here to go through the Budget. Please identify yourself and your position,

William Mansfield, Radio Systems Manager

William Mansfield, Radio Systems Manager.

Chairman Dowd

If you could go through, we are particularly interested in any line items that add significant increases also had any significant decreases. Anything generally you want to tell us about your budget?

Mr. Mansfield

So the budget itself, the line item, excuse me the bottom line from last year to this year is a 0% increase. Other than any contractual changes or anything to do with the benefits packages that are above the fringe benefits the salaries which I don't have any control over. The rest of the budget is 0% increase or decrease, so trying to maintain level budgeting. For those of you who don't know, City Wide Communication Division is responsible for overseeing the radio communications for the entire City. It is Police, Fire, DPW, Health, anybody who has a City radio, we are responsible for that.

There are three sites within the City that have antennas at them; there is one in the north, one in the south and one in the west end of the City. These sites contain radio equipment, antennas, towers, they have computers, servers, radio communications equipment. It is a very large infrastructure that we are responsible for. This particular radio system – we have over 1,000 800 megahertz radios distributed throughout the City between all the entities within the City. On top of that we are also responsible for all VHF radio communications.

The City of Nashua operates on an 800 megahertz radio system; every other entity around us operates, in New Hampshire, operates on VHF radio frequencies. These two sets of radio frequencies are not compatible with each other, so you need to have two different types of radios to communicate. The reason why we have them in the Police and Fire apparatus and that's for the most part where the VHF radios are is so that if we have to respond to mutual aid outside the City, we can communicate with all these other surrounding towns.

Over the last year and a half, the City of Manchester moved over to an 800 megahertz system, Motorola System, and our systems are now compatible together. Inside each Fire and Police radio, the Manchester Police and Fire radio systems are in our radios and vice versa. Manchester Fire and Police has all our channels in their radios as well. We have been working to get interoperability throughout the State, this is one of the largest things we have done with the City of Manchester. The second largest thing we have done is worked with the State Police; we have programmed well over 300 of their radios to be compatible with and be able to operate on our radio system as well as the City of Manchester's.

So Manchester and Nashua having been working as a team getting these radios programmed. The reason why we are programming them, we have to program our 800 megahertz system into it is a security key that each of us has and Nashua and Manchester. That security key prevents anyone from getting into our radio system. The only radios that can get into our radio system is radios that are programmed with that particular security key. That is the main reason why we are involved with the programming of all the interoperability radios in the State.

So we have a lot of programming going on this year. We are in the process right now of constructing a dispatch center. We call it a Redundant Dispatch Center that has been paid for through a grant. This dispatch center is at the Manchester Airport. It contains both the City of Nashua's radio system in it or it will next week as well as the City of Manchester's radio equipment and surrounding entities. The purpose for this dispatch center, I'd like to thank that the Manchester Airport and the City of Manchester for providing the space for us to build this particular dispatch center. If something major catastrophe happens down here in Nashua where we lose our dispatch centers, we can actually go up there and dispatch from the location at the airport, and the same thing with Manchester. Also we have a joint operation that is going on where we can use that a central location for emergency operation center for communications and be able to dispatch from there, such as the incident that we had last week. So this dispatch center should be installed within the next two weeks and it should be functional probably by the middle of May, end of May, be fully operational.

Another project we are working on is we are looking at building a tower up on Kessler Farm Drive. Currently there is a water tank on the top of Kessler Farm Drive that Pennichuck Water Works has allowed us to hang our antennas off of for nearly 20 years. That particular water tank is coming down so to alleviate us losing communications while they take the water tank down and rebuild it, we proposed to build a small tower just

for public safety communications to allow us to put a secondary set of antennas on the tower and then unplug one antenna at a time and quickly switch it over to the new tower off the water tank. And then we will take all the infrastructure off the water tank and put it to the side and we would be able to re-use that particular equipment.

We are also going through a major upgrade of our radio system this year. This is the first upgrade we've had in 3 years. As I stated earlier, we have a lot of computers and servers in this system. Motorola continues to keep their radio systems up-to-date and when they do this like any major company, you have to change servers, upgrade servers. This particular upgrade is going to be very large because it is replacing most of the computer infrastructure. And we will have all new software and we will have a lot more capabilities available to us as we move forward. So we are hoping to have that done by July. So we've got our plate full for this year.

Chairman Dowd

Just out of curiosity, how are you funding the new tower at Kessler Farm?

Mr. Mansfield

The new tower will be funded through bonded money that is already bonded, we already have the money at this point in time.

Chairman Dowd

Is that tower going to end up being permanent or are you going to relocate on top of the tank again?

Mr. Mansfield

We were recommended to keep it permanent so we wouldn't run into this issue again in the future.

Chairman Dowd

Sounds good. Ok questions?

Alderman Tencza

Can I just ask with all the work that's being done with Manchester and I think on behalf of a lot of the other towns in the Greater Nashua and Manchester communities, is there ever any thought of going to the County to ask them to contribute something to the communications so that the City of Nashua doesn't bear the entire burden of that cost and maintenance for this program.

Mr. Mansfield

It is not a County system, it is a City of Nashua system; we own it and we operate it. There's never really been any thought of going to the County because they don't even use the system. A bunch of cities and towns within the County do, and they would only use it if they were coming here for mutual aid. So again they would be on our system.

We would, the VHF radios that are in the vehicles, basically when we leave town to go for mutual aid to their towns, we are utilizing their radio system, whatever town it would be. It could be Hollis, it could Merrimack, it could be Hudson. So I don't know how the County would play into this unless we had a County-Wide system which we don't.

Alderman O'Brien

If I may just help I think what the Alderman is referring to Mr. Mansfield is whether you should Chelmsford in the fire control, where they watched everybody else and if Nashua had a fire let's say they would try to get mutual aid and try to assist, that was in essence one time. But the real key now is the flavor, since 911 and other terrorist things that have happened has identified the fact that the Incident Commander can now with our radio system talk to Police directly; he could talk to the ambulance directly, even the hospitals perhaps I don't know. But the thing is the interoperability is the new age now and the way really to handle that and not so much in the County thing. Because you need this information pronto, hands-on in these types of situations so it works out.

Alderman Tencza

If I can just follow-up briefly. And I understand that and I credit Mr. Mansfield and the City for being part of that and offering mutual aid. It just seems to me that part of that all that mutual aid has a cost to tax payers in the City of Nashua and I think it is much more likely that we are offering mutual aid to surrounding towns or even cities and at some level it seems like the County should be the organization may contribute in order to re-coup some of that.

Alderman O'Brien

Thank you, I've retired so I really don't know 100% I do have some connection to what's going on. But as far as mutual aid, I would in my time on the Department, I think we were actually the winners, you know what I mean? Because we had much more fire activity and everything, and the good folks of Hollis or Hudson, allowing the apparatus to come in. It's pretty standard I think. I mean it goes down to this, right now probably everybody is in their fire station and one can say – "Hey there's too many firemen on duty" and then five minutes from now you ain't got enough, you know what I mean? So if you look at that, you try to have that. Mutual aid is really a key and where Nashua is bigger, and a bigger population and more prone, I will let the Fire Chief probably answer that when that comes up. But I think he may agree with me that we actually benefit a little bit more from that than let's say Hudson. But it's mutual and it works out fine to that extent.

Chairman Dowd

A couple things on mutual aid we also got mutual aid from Massachusetts. A few years ago during a budget session with the Fire Department there was a lot of discussion; a couple of Aldermen thought we shouldn't be involved in mutual aid with other cities. Right out that window we saw smoke and it was a huge fire right up the street. We went up there and there were all kinds of other cities here supporting us including Lowell and that ended the discussion on mutual aid.

Also relative to mutual aid, the Police Department perform amazing service the other day helping the City of Manchester, the State of New Hampshire and DEA in resolving that shooting crisis. They ought to be commended for their service. They did an outstanding job and did the difficult part of having to break into the room. And they also, it was the first time I believe, they got to use the new BearCat that they had just purchased.

So they were commended by the Mayor of Manchester, the State of NH and DEA for the mutual aid that they provided. So I don't know how you keep your budget this close to last year, given expenses climb.

Just one other thing for the Committee's edification, when do we come up, you remember we had discussions and Alderman McCarthy and we pushed through the funding with that company to maintain and get new software and all that, I think it was Motorola right?

Mr. Mansfield

Correct. That's the upgrade that we are going through in June and July which is we are moving from 715 that's the system level up to 717.

Chairman Dowd

It was very critical that we maintain consistency because if you get off that line of consistency the costs go out of sight because you've have to replace every radio we have.

Mr. Mansfield

In this year's budget we have maintained the same level of funding to pay for the next upcoming one which will be 719; so two year's down the road we would have our next upgrade and keep everything up-to-date

Alderman Jette

I was at the Nashua Airport several months ago when those World War II planes came into the airport and there was a fellow there and he had radio equipment. He was listening to the planes; the tower communicating with the planes. He was also listening to the Fire Department, there's a Fire Station right there and you know when they would take off he would listen to them. Are people able to listen to all of these communications that we have?

Mr. Mansfield

Yes so if you have enough money for a scanner, it will cost you about \$500.00 to \$600.00 to buy a scanner to be able to monitor our radio communications here within the City. We do have channels that are encrypted so that nobody can hear them, it's mainly on the Law Enforcement side. Eventually I have a feeling parts of it will end up being in the Fire Service within the next few years because of HIPAA rules and regulations. But the airwaves are open to the public to listen to, except for the channels that are encrypted for secrecy of the operations that are going on.

Chairman Dowd

It is much more difficult to transmit on those channels.

Alderman Jette

So when you talked about security you mean people can't transmit...

Mr. Mansfield

Correct.

Alderman Jette

They can listen but they can't initiate any conversation on it?

Mr. Mansfield

Correct. Correct.

Chairman Dowd

Any other questions? Seeing none thank you Mr. Mansfield.

Mr. Mansfield

Thank you for your time.

Chairman Dowd

Ok the next Division to be discussed is the Financial Services Division, starting with 126, Financial Services. Would the CFO please come up? And the revenue is on Page 35 and the appropriations start on page 113. Mr. Griffin, if you just want to give a little overview and then hit the highlights of your overall group and then if you want to just start going through the various departments?

John Griffin, Chief Financial Officer

Thank you for having us. John Griffin, Chief Financial Officer, Mr. Chairman and members of the Board of Aldermen, I will introduce the team. Starting with President Lori Wilshire is Dan Kookan, Purchasing Manager, you see him often as Finance Committee meeting. Next to him is Jay Hunnewell, the Building Manager, keeping all our buildings in tiptop condition. The person next to Jay needs no introduction but Dan Fredette, Treasurer/Collector, you will see him again on the 15<sup>th</sup>. Next to me is Rose Evans, she is the Senior Manager of Accounting & Financial Report. And as the Mayor indicated last night, we are very proud of the CAFR that we put together and also the budget materials. To my right is Jen Deshaies, Risk Manager and I think that's about it. As far as the team here, we've got a few other members that are part of the team, Janet Graziano who you saw a few weeks ago with Public Health & Community Services. She will back again with Community Development. Carolyn O'Connor who is another Manager of Admin & Financial Affairs over at the Department of Public Works and you will see her.

So at a very high level, I am actually blessed with the team we have. I might be missing some of the team members shortly but in any event since 2010 I've had the pleasure to work with most of these folks. What is really gratifying is our ability to keep our Triple AAA Rating with Standard & Poor's & Fitch which as you know with the amount of bonding that we do in the City, it is very helpful with that service and Treasurer Fredette will go over that. The CAFR is an award-winning CAFR by the Government Financial Offices Association in large measure by Ms. Evans and in the community as well and the financial community. Ms. Evans just completed what is called the single audit for a lot of grants, activities, both Federal and State. We are all very aggressive and we want to have as many grants as possible but there is a lot of work that takes place, not only as part of the Accounting Staff but all the members of the Grant Management process. So that's a little bit of a high level. With regard to the only public speaker here, I wanted to just set the table for the spending cap calculation.

Chairman Dowd

You read my mind, I was going to ask you the question.

Mr. Griffin

Perfect, in consultation with the Corporation Counsel, his advice and guidance was that particular page was not needed in this particular filing and that's why it is not included. So we rely heavily on the Corporation Counsel as we all know and that was his advice and guidance.

Chairman Dowd

Ok thank you.

Mr. Griffin

With that, the team knows who is going to be responding to the Financial Services items. Thank you.

Chairman Dowd

So I guess the 126 is the overall that you just addressed. Who is going to address the revenues and the appropriations on financial services, page 35 for revenues?

David Fredette, Treasurer Tax Collector

That's me Mr. Chair.

Chairman Dowd

Treasurer Fredette.

Mr. Fredette

Yes Dave Fredette, Treasurer Tax Collector. I'll start on, even though the Revenue says 35 it is actually page 33 and 35. Page 33 is what they call "Other General Government" the majority of that is made up by the Cable TV Franchise, you see that right there. As you know, the City has a contract with Comcast we get a percentage of revenue from them each year. And the Miscellaneous ones I think kind of speak for themselves, but the income from leased land is the Y, YMCA is on City land I don't know if you know that. But they pay rent to us. The others kind of, 25 Crown Street, 14 Court Street and a few miscellaneous other items. So that makes up the revenue on page 33.

Page 35 is the bulk of the revenue not only for the Division but for the City really. We have our tax revenue, our motor vehicle, monies that we get from the State Meals & Rooms Tax, Railroad Tax, and of course interest income, money we earn on investments of the City. As I've said in the last few years the revenue in the City is in very good shape. It continually increases every year unlike it was in 2007, 2008, 2009, 2010, 2011, we've had a great 5 or 6 years in all aspects of revenue. We have seen a very good year this year again.

Chairman Dowd

Do you want to take questions now on the revenue? Does anyone have any questions on the revenue page?

Alderwoman Kelly

Thank you this is for my own education 41.12221 the first line says "payment in lieu of taxes" and it also says "pilot" can you explain what that is?

Mr. Fredette

The pilot is with Dartmouth Hitchcock and that is something that the Assessing Department works out with that institution, I believe it is a signed contract between the City and them. There are some groups in the City that don't pay any taxes and so they sometimes try to work out these pilots with them so we get some kind of revenue to help run the City.

Alderwoman Kelly

Ok thank you.

Alderman Klee

I have a question about the Meals & Rooms Tax. Is that part of like a revenue sharing whether directly from the amount of per room within the City of Nashua?

Mr. Fredette

Well if you've ever looked at the formula that the State uses and if you can explain it to me, please do so, because it is like all their formulas, no one can figure them out. But it is some kind of percentage formula, every community gets a portion of that. My guess is that they get a lot out of our rooms and meals than we get back from them. But anyways, in the Fall of each year they know the exact number we are going to get. So we adjust that up in the Fall, when we do our tax rate in the Fall, there are certain that the State absolutely knows what we are going to get so have to make sure that they match when we do our tax rate and that's one of them. That has been growing for the last few years, prior to that it was frozen for awhile.

Alderman Klee

Thank you.

Alderman O'Brien

Yes it seems to be a discussion of this Board but on the leased parking spaces, ok, there is revenue under your budget. Where does that money go to that we collect for the leased parking, does it go into the general fund?

Mr. Fredette

The lease parking is actually in the parking department not under the financial services but the majority of the revenue does go to general revenue fund but after a certain portion and amount of that goes, well I'm not sure if it's from lease parking or just meters, but a portion of some of that parking fees goes to the downtown group, which the Board of Aldermen is involved in each year. But I believe that they bring in at least \$750,000.00+ a year in parking fees. That includes lease parking, meters, the pay stations, that kind of thing. But that's in the parking department and I don't know what page that is on right now. Oh yes parking operations, yes, 34, thank you.

So when Director Cummings comes he might be able to talk a little bit more about that in detail.

Alderman Jette

So I don't know if this is the right time but you said that the Tax Cap Calculation was not included because the City Attorney told you that it wasn't necessary, but have you done the Tax Cap Calculation?

Mr., Fredette

Yes. But I don't have the information with me and I would say that three analysis that Mr. Teeboom provided, I haven't had a chance to validate the accuracy but definitely a lot of information there for me to look at.

Chairman Dowd

I'll have him talk to the Corporation Counsel and see if he has any concerns about it, if it's in a court case and doesn't want to discuss it in too much detail because it is in the Court. But I'll find out from him, maybe it's not true.

Alderman Jette

It's basic arithmetic isn't it?

Chairman Dowd

I'll let him figure that out. I'm not an Attorney, I know you are.

Alderman Jette

On the Cable TV Franchise Fee, 42576, you've got \$890 for last year and \$895 for this coming year? But I'm on the Cable TV Advisory Board and we are being told that is based upon people who subscribe to Comcast and part of that fee is that Comcast pays us part of that. We are being told that a lot of people are cutting cord sort to speak so they are not, you know, they are getting their internet use, which is not part of this. But the Cable TV part they are stopping, so they are not paying Comcast anything. So wouldn't that result in lower fees, I mean they are telling me that it is going to result in lower fees for us, but you don't have seem to have accounted for that in here.

Mr. Fredette

Well my experience with Comcast is that when their Revenue goes down they just raise their fees and they just as much as they did the year before. But we budget revenue very conservatively so I guarantee we will hit \$895,000.00 next year. In the Fall, again, before we set the tax rate, we revenue all these revenues, especially the high dollar ones and make adjustments where we feel that it is necessary. But we will definitely do that number for sure, absolutely. And seriously I don't think their revenue is going down. They may have less customers, but as they charge more to the rest of the customers, their revenue is staying pretty steady and we get a percentage of the revenue.

Alderman Jette

Ok Thank you.

Alderman Clemons

Briefly when does that contract go through with Comcast?

Mr. Fredette

I don't know I just remember that they are very long-term contracts like 10 years. I don't know when this one expires; I'm not involved in it. But maybe Alderman Jette knows where he is on the Advisory Committee.

Alderman Jette

I don't know exactly but I know it's not due to terminate anytime soon, it has got several years to run.

Chairman Dowd

Any other questions on revenue? Just a quick question, how is the bond interest rate going these days?

Mr. Fredette

Over the last 8 years I think we've averaged about 2.64% on a 2 interest cost which is very good. I've never seen it that though in the 20 years I've been here. Last year it up went up a little but this year they are actually down again which is good, because we will be selling a bond sometime in the next 6 months for one large project anyways. But the rates are actually down from last year, so that's good for us.

Chairman Dowd

Alright let's move on to appropriations.

Alderman Jette

Just one more question. On the Rooms & Meals Tax my memory of this may be completely inaccurate, but my memory is that originally the State was supposed to pay like 20% of the Rooms & Meals Tax but that has been reduced over the years?

Mr. Fredette

I think it was higher than 20%, during the economic downturn in 2008, 2009, and 2010 it was kind of frozen. They came up with an additional formula and I really cannot explain it. But I know, I don't think we still get our fair share, but that's my own opinion, but it has been growing. Well as the economy is strong of course people are staying more, eating out more, so their revenue is going up also. But I think it was more than 20% when it first started.

Alderman Jette

So even though the amount that the State was supposed to pay us has gone down, we are still getting, I mean it's, you are estimated 4.5 million dollars from the Rooms & Meals. I was kind of under the impression that we weren't getting much from the Rooms & Meals, it looks like we are getting quite a bit.

Mr. Fredette

Yes this year, that's what we were supposed to get \$4.5 million. The year before we got about \$4,250,000.00 so it went up about \$250,000.00 from Fiscal Year 18 to 19. We used to get shared revenue from the State and in 2008 they took it away completely, \$1.5 million dollar. We never got it back, it was supposed to be temporary. So whatever happened to that, I don't know, but we don't get it. Just like the pension stipend or allocation that we used to get. That of course disappeared too. But you know we survived.

Alderman Klee

Not to belabor Meals & Rooms Tax but in the State on Thursday we are going to be voting on the \$1.00 per room, per night back to but it won't be able to be used like in regular revenue, it has to be used for the benefit of that particular hotel. So even though that might be coming back to us, it's not going to be in the care of regular revenue. So it could be used for sewer or something of that nature, but it won't be like this though. I'm just putting that out there for those who are hearing about this; it has been quite controversial.

Mr. Fredette

Is that the bill where they are going to allow local communities to add a tax?

Alderman Klee

It was be an enabling bill that will allow local municipalities beyond the home rule.

Mr. Fredette

Yeah I read that, that's still money that could be spent in the area of the hotel.

Alderman Klee

In the area so you could use it for things like sewage, road repairs things of that nature and that hits on Thursday.

Chairman Dowd

OK moving on to Appropriations on Page 113.

Mr. Fredette

Yes Mr. Chair, Financial Services Group, that's just one group out of the Division is basically my area which is the Treasurer Tax Office and Rose Evan's area, which is Accounting & Accounts Payable. There is only really two significant increases in our budget One of them is postage. As we all know the postage costs went up this year just in January so that's an increase there, it's basically because of the increase in postage and we are mailing more. There is more properties, there are more cars being registered, so the quantity of mail has gone up about 2%, 2.5% for the last few years, which is good. But we have to send out more mail to these people. So that's that. And the other one is I should have probably told you what line item the postage was.

Chairman Dowd

It's 55.607

Mr. Fredette

Right. Currently now I can tell you that we are mailing around 82,000 renewal notices a year which is very very good. The other item that went up is one that we really haven't had too much in the budget over the years; it is 54.390 under "Property Services Tax Dated Property Maintenance". One of my goals this year is to, I'm working with delinquent tax payers that are very delinquent and they are going to either have to pay up their delinquency or we are going to be deeding some of the properties. We've been working with some of these people for years and not too successful. So when that happens the Infrastructure Committee will be involved with that because I have to go in front of them prior to any kind of deeding.

Chairman Dowd

I think you've given reports in the past on all the properties.

Mr. Fredette

Yes, right. So when we take some of these properties, because we did take a few last year, they usually are in really bad shape. Their yards could be a mess, the outside of the house; so we have to board them up, clean up the yard a little. I've used Public Works in the past, but last year we had a harder time getting people so I had to actually hire private companies to come in and do some of that work. So that's why I have the line item this year in the budget.

Chairman Dowd

Can we let the Fire Department play with one of them?

Mr. Fredette

Well that would have to be determined by the Board of Aldermen first, I don't determine that. When we take the property the Aldermen have the final say on if it is going to be sold, ripped down or whatever. That's really up to the Aldermen and the Mayor.

Chairman Dowd

OK questions on appropriations; seeing none. I noticed mileage reimbursement went up \$950.00 are we doing a lot more traveling?

Mr. Fredette

Well last year I went to Concord a lot but this year I'm actually not going too often so maybe, I don't know Rose if you know any of what that might be?

Rose Evans, Sr. Manager Accounting Financial Report

Not off the top of my head.

Mr. Fredette

I think it's just it reflects the reality.

Chairman Dowd

OK Thank you very much Treasurer Fredette. The next Department is 128, Risk Management; appropriations on Page 115.

Jennifer Deshaies, Risk Manager

Hi my name is Jennifer Deshaies and my budget starts on 115. \$3.6 million appropriated from the general fund over to our self-insurance fund which is the same as we requested last year. If you turn, there's nothing significant on Page 116 but if you turn to page 117, "Insurance & Claims" 59.120, which is "General Liability Policies". Many policies are anticipated to level-fund, but we do anticipate an increase of 5% to 7% due to trending large losses in FY18 and FY19 and that is what insurance companies are going to be looking at. The 5% to 7% is actually it's not going to be a bad increase based on our history.

Alderman Jette

So isn't the City self-insured?

Ms. Deshaies

Yes we are self-insured for high limits but we also have an Excess & Umbrella Insurance Policies on top of that so our self-insurance is \$350,000.00 on those type of insurance policies you are looking at right there. That is bundled insurance policies, there's all different types; we have cyber liability, we have fiduciary, we have dam liability. So we are self-insured up until \$350 which is called our "Self-Insured Retention". Thereafter we have a \$1 million/\$2 million dollar general liability policy and we have a \$5 million dollar umbrella.

Alderman Jette

I see policies and I see claims; so claims are monies that we have paid out to claimants I assume?

Ms. Deshaies

Correct, Correct, so yes, how this is outlined is you are going to see insurance policies, the different types and then you are going to see your claims and your claims are all claims that are within the self-insured retention. Workers' Compensation, our retention level is \$1 million so everything you see there is from the budget, paid out by the City.

Alderman Jette

So you say that the retention is \$1 million.

Ms. Deshaies

For the Workers' Compensation.

Alderman Jette

But your budget calls for \$1,903,500.00.

Ms. Deshaies

Correct and the \$1.9 million is what I anticipate our claims are going to cost us. It's is per claim, the \$1 million. So the \$1 million retention level is per claim.

Alderman Jette

Oh ok.

Alderman O'Brien

Can I refer to Item 59.225 under "Insurances & Claims" and I see that in 2019 we appropriated \$110,000.00 and in seeing the actual in what we have done, that's because of some of the cases that we did have before us, is that correct?

Ms. Deshaies

Correct, correct.

Alderman O'Brien

So that line item would reflect what we have done.

Ms. Deshaies

It is reflecting that and we were reimbursed that from the insurance company but it is still going to reflect a payout.

Alderman Clemons

Yes my question is actually you know in under revenues, what is "Interest Income" I see that it went up by \$40,000.00.

Mr. Fredette

Is that in Risk Management?

Alderman Clemons

It is in Property & Casualty.

Mr. Fredette

That's money that we invest for the money that we earn on cash that we have on hand.

Alderman Clemons

Oh, OK.

Chairman Dowd

Any other question? Seeing none we will move on to 129, City Buildings on Page 118.

Jay Hunnewell, Building Manager

For the record my name is Jay Hunnewell, I am the City Buildings Department Manager. Under my supervision I have, I'll give you a brief overview of my department. I have 2 full-time maintenance specialists; 2 full-time custodians; and one part-time custodian. We provide various levels of support to City Buildings, City Hall, Public Health, Court Street, the Senior Activity Center, the Community Center on Arlington Street, Gilson Road. Other buildings that we don't carry a budget for that we support are the Hunt Building, 201 Main Street and the Nimco Building which are tied up with projects and/or in Legal we assist with taking care of those buildings until they are disposed.

Appropriations for my budget are on Page 118. I'll go down each line, in Electricity you'll see a significant increase; that is due to the increased use of Court Street. The current use of that has expanded, a couple extra tenants. The Community Center on Arlington Street is taken off and utilized so that is driving up the cost of electricity. And City Hall, infrastructure is changing, IT has added stuff in the Server Room, stuff of that nature. That is basically the cause for the increase in the electrical line. The other lines are modest increases in heating/gas \$2,000.00 increase in that. Water, \$1,400 increase in that line and the Cellular Line I have an additional staff person that was added from last year and that is the cost for the additional plan within my Department for that.

With that, that explains my increases to my budget basically it is a 7% increase minus the benefits I believe with that significant increase in the electricity line.

Alderman Wilshire

Why are your wages up \$90,000.00.

Mr. Hunnewell

As the Mayor has indicated, he has proposed to fund an Energy Manager and for lack of a better area to put said manager in, which is an \$85,000.00 number plus benefits, we put it in the City Buildings account. So that was a very good question and thank you for that.

Alderman Wilshire

Thank you.

Chairman Dowd

So question on that, when we hire the Energy Manager and he saves us money, where does that get reflected? In the individual departments that he's saving?

Mr. Griffin

Well as Mr. Hunnewell indicated if the person could cut in half the usage of electricity in the Court Street Building, the Community Center and other buildings that Mr. Hunnewell explained, it would be a reduction in the electricity amounts in those budgets. Just by way of background when we went to third party providers taking advantage of deregulation in both the gas and electric industries, those savings inured right to the departments in which they carried that. So it was basically in the School Department we saved significant as Mr. Donovan and Mr. Smith would tell you over time. The hope with the Energy Manager is they can go beyond what Mr. Kooken, myself, Mr. Hunnewell, buying commodities, we use a third party and just to reap the savings. I think the Energy Manager with given the significant interest in reducing fossil fuels and the carbon footprint, we want to drill even further in to possible savings.

Chairman Dowd

When we hire the Energy Manager, it might be advantageous to have him get involved in the School Construction that we are dealing with right now because life cycle cost and energy savings on that building would be significant and particularly if we do solar.

Mr. Griffin

Well I think there's, as you know, with the Mayor's pronouncement and some other activities the Environmental & Energy Committee; there's a lot of interest in helping Nashua businesses and residences save dollars where it makes sense. I put solar on my roof, it's like having a bunch of androids on top of it; it's not bad looking. Originally I thought, you know, you think back in the old days you had these things on stilts and so forth. So I think that the initiative that they had last year proved to be very beneficial. But I think as the Mayor said, this will save, it won't maybe create revenue but it will certainly reduce the cost that you see in front of you with this budget.

Chairman Dowd

It would be great if it could do revenue but yeah savings is the key.

Mr. Griffin

Right exactly. Any questions.

Alderman O'Brien

Just to that vein and Alderman Klee could probably verify as well too, I think there is a pending bill for municipalities to increase the net metering. So particular us that we own two dams and you know that could generate some additional funding so I hope it flies, we will see.

Alderman Klee

Fingers crossed that it doesn't get vetoed.

Chairman Dowd

So if it were to pass, would that result in any increase in revenues in the 2020 budget city-wide.

Alderman Klee

I would think so I am just not sure how the sharing is going to come down though right?

Mr. Griffin

Right I would say that resident experts in that area are under the direction of Director Marchant is the new waterways manager, she's becoming an expert at what goes on up in Concord. You learn that there is a 1 megawatt limit which is Jackson Mills and then over at the Mine Falls that's a 3 megawatt and that doesn't qualify for some of these programs. But hopefully if it goes up to 5 it will qualify and we have choices that we can make. As you recall from last year, some of the PUC rules with regard to how this thing works are a little bit archaic. You actually have to pay the full rate, the fall rate and then it just didn't make sense in the spending cap environment because you'd pay, your appropriation would be the total amount and then you get the revenue back on the other side which as crazy as it sounds, it doesn't help you unless you had a tax cap, tax rate. Or had nothing, neither a tax cap or a spending cap and I think that is what happening there. So you will be able to speak to those folks when they come in with Community Development. Hydro-Electric Operations would be a topic for discussion.

Alderman Jette

Mr. Hunnewell I have a couple things. First you mentioned Gilson Road, what is on Gilson Road?

Mr. Hunnewell

So the Gilson Road site is basically an interdepartmental storage site for Public Works equipment, Park & Rec will store stuff out there and their summertime stuff will go over there in the winter and vice versa. They are seasonal storage and it is cold weather storage, so it is basically a shed, you know a big shed/warehouse for equipment that is not being used during, you know, out of season.

Alderman Jette

So does that land belong to the City.

Mr. Hunnewell

There is a parcel that fronts Gilson Road that does belong to the City and then there's the contaminated waste site out back that does belong to the State and they have an easement to that space. And they still monitoring station out there and they are out there in the summer testing the air.

Alderman Jette

And my second question was regarding Court Street, you said that the electricity and utility use has gone up because we have a couple of tenants. The rent that the tenants pay, does that cover the cost they are costing?

Mr. Hunnewell

I'm not aware of how that is handled, that would be in the lease agreement that's managed by the Office of Economic Development. So I don't see that, so if there is any money recouped on that, it is not sub-metered, we don't have sub meters for the tenants over there. So I don't know how they are charging the tenants for electrical use.

Chairman Dowd

We can address that when Director Cummings comes in.

Alderman Jette

Ok Thank you.

Alderman O'Brien

Yeah to follow-up what Mr. Hunnewell said, missed a golden opportunity of the history of the Gilson Road, Alderman Jette, I know you perhaps maybe grew up in the City, but it was the former Sylvester Waste Land and what Mr. Sylvester did was accept product and dump it down the proverbial drain in his garage and became the first, the first and unfortunately the only one, but was the first one that the Superfund Site came in and collected. So it is a little bit of history for what it's worth. But it took years upon years to correct the contamination in there and I think a compliment and now we are at the end of this where the Federal Government has turned over the building to the State and to the municipality, because it's not really needed anymore for the true reclamation that has partially has gone down from what the original work. But it was quite famous, even people in California knew of it. It was history for Nashua, unfortunately.

Chairman Dowd

All set? Any further questions for this Department? Ok Thank you. The next is Department 130, Purchasing Department, Revenue is on Page 37, Appropriations on Page 120.

Dan Kookan, Purchasing Manager

I only have 7 lines that changed at all from the prior year. First of all we have 3 full-time employees, one part-time employee. We have one revenue line and that revenue line is our ability to do an interdepartmental transfer when we have grants that we do. For instance for the Health Department we've done copying and printing for them so that's where we get the revenue. The other 6 lines, "Postage Meter Rental" went up \$500. We are going to get new postage meters in the copy and print room around July 1<sup>st</sup>. "Dues and Memberships" went down \$1,500.00; we had a program tested last year to help us with some sourcing. We've recovered an equal amount from what we had spent but in my opinion we are really not getting that much opportunity to do that so we are not going to renew that for the second year.

Advertising is up \$1,000.00, we do a lot of advertising for DPW, for things that have to be posted in the newspaper, that type of thing. And then for the Schools, a lot of their placement advertising is under our budget because our print and copy person takes care of all of that. Postage and delivery up around \$250.00 for our department, because it is up kind of across the board and office supplies are up \$500.00. Printing supplies are down \$500.00 and we've reduced the amount of paper inventories we are keeping.

There was a point when we had a lot of paper downstairs, now with the just in time deliveries and everything we can get pretty much anything we want in a day or two, sometimes the same day if we need it. So we don't stock a lot of paper compared to what we had in the past. And that's really all the changes. If you have any questions for me I'd be happy to answer them.

Chairman Dowd

Any questions for purchasing.

Alderman O'Brien

Thank you, Mr. Kooken, this year the Board passed to raise the limit from \$10,000.00 to \$25,000.00 for what actually comes before the Finance Commission. Has that been an asset and has, you know, pro deficiency within the City Government that you have seen?

Mr. Kooken

I believe so, I think it speeds some of the smaller expenditures through the process. We are not waiting 2 to 4 weeks on some of those real smaller numbers. We are still seeing 95% of the expenditure items are still coming before you; it's just those small ones that are not. You will see that tomorrow night, there are some big ones there.

Chairman Dowd

Any other questions for purchasing? Seeing none, Thank you. The next Department is Assessing, Department 132, revenue on Page 38 and appropriations on Page 122.

Mr. Griffin

Well Mr. Chairman I'll handle the Assessing Department 132, Page 38, modest fees on photocopies, \$1,000.00 original budget for 2019 carried over in the Mayor's proposed budget with regard to revenue. With regard to expenditure, appropriations on Page 122, the reduction as you know was the non-funding of the Chief Assessor position. Following that meeting last night, the Mayor indicated that it might be budgetary decision to, as we go forward, but because we have other salaries and wages in that, you don't need to put \$1.00 in that line. I know Alderman Caron thought we could do, you put a dollar in a line if you don't have any expenses, in this case we do. If you look back on Page 111 that is the staffing for the Assessing Department and you will see that Chief Assessor has no funding. And as the Mayor indicated, call your attention to Professional & Technical Services, 53.142 we put a \$55,000.00 amount in there to the extent that we need consulting services through the course of Fiscal 20.

With respect to KRT who did the revaluation, they are finishing up their contract with us. They haven't been retained as of yet going forward. What they are finishing up with is a 2, probably 3 ½ ring binder submittal to the Department of Revenue Administration which was called a USPAP which is a fancy acronym for all of the work that they did on the reval; they submit that to the DRA and they approve it. So they have worked on that. I got a text from Mr. Tozier today and he expects that the DRA is in the process of finalizing that. As part of their contract, we had 5 days of services for them to help in what's called defense of values, which would include abatements and so forth so they have been retained, as they wind down that contract, they will end up helping us out on a few abatements and defense of values.

There was some slight decreases, "Dues and Memberships" and I think that was actually an error, but to the extent there are dues and memberships next year that equal this year, we can move or transfer money from a line down to that line. But if anybody has any questions on Assessing I'd be more than happy to respond.

Alderwoman Kelly

So when I was looking at the consulting services line it doesn't reflect what we did actually hire them for assessing this year, does that not come under this department?

Mr. Griffin

That's a great question. As you recall last year when the Mayor presented to the Full Board of Aldermen we needed funding, that we were going to take from the CERF account, Capital Equipment Reserve Fund that has specific language to allow for revals or full measure and list type of activity. So the dollars that were spent wouldn't show up in this particular Operating Budget, it would be included in the spend from the CERF account.

Alderwoman Kelly

Thank you and you may have said and I may have missed it but is this \$55,000.00 that is there accounting for the full measure and list that the Mayor has been discussing?

Mr. Griffin

I wish it was but the Full Measure & List is somewhere – if we do it over the Mayor's suggested approach, which is a 3 year Full Measure & List starting at some point, the budgetary is between number is between \$1.2 million and \$1.5 million. Essentially what it would include is as the Mayor indicated last night as well, is that the internal staff wouldn't be able to work on that. So what they do, the winning bidder would have a supervisor and several data collectors that would go to each and every home, business, etc, parcel and collect the data. My personal opinion I know people are kind about not being able to get into houses but we've got 29,000 record cards, some of which haven't been seen since 1991. So with all the ebbs and flows of building permits, people moving and people doing things, I think that's kind of an additional benefit that several towns such as Manchester have done.

They had a Full Measure and List several years ago but not 29 years ago. So that's a number that is expensive but it can be financed over a 3 year period and then as the Mayor said, culminating in a reval. You really wouldn't do all that work and then not do a reval, because that's the only way you can change the tables that he mentioned inside the CAMA system to get the value set. So a lot of different cities and towns have done that and that's why if you look at that sheet that we passed out when we had the updates, they weren't all 5 years apart. Some were sooner than others; some were longer than others, but that is kind of the objective at this point.

Alderwoman Kelly

Can I follow up I just want to make sure I'm clear. So is that not accounted for anywhere technically that Full Measure & List that's being recommended, is that not in the budget at all?

Mr. Griffin

So that is not in the budget. I think if we can get some favorable terms to only spend "only" 1/3 of it over several years, then we could possibly use CERF again. In addition it is a bondable item. I think the effort that was done back in 1991/1992 was bonded, so we have options. But it is not in this budget as far as an operating cost.

Alderwoman Kelly

Thank you.

Mr. Griffin

You're welcome.

Alderman O'Brien

Well I was going to discuss some allegations have been made that the Assessing Department was subjective, whether it is or not is somebody's opinion. But however we are using the admin system which probably should be in the Smithsonian but it is not and unfortunately it is an integral part that is used within this City. What I don't see in the Assessing Budget, to help them along as we go further, would be to get into some form or start looking for a computer program that would entice and give us a defensible position. So when somebody comes in with their discussions on this that we can refer to the computer program. So where are we with that, is it in the budget, is it going to come out of our IT's budget or something like that as we look in the future to upgrade the computer system.

Mr. Griffin

Alderman O'Brien it is not in the budget right now, neither is it in the capital, we'll talk about that a little bit later. The thought and the approach that we have taken is, Ms. Kleiner and I have presented some information that we've done over the last several weeks of meeting with vendors. We've met with Patriot Properties, which is the creator and support company for AssessPro. We could recommend at some point moving from AssessPro 4.0 to AssessPro 5.0. That, as you can imagine, AssessPro 4 was built in 2000; we are almost 20 years later I know I didn't have the phone I have, I didn't even have a cell phone back 20 years ago. But not to be flip about it but we are trying to decide, can we maximize the use of our current product before we go and add additional bells and whistles with regard to functionality on ease of use, customer service type activities.

So we are in the process of that so I know the Mayor was very positive in suggesting that we come before you again, which we will do. But the combination of the report, the March 1<sup>st</sup> report plus that Memo that told you all the folks we are meeting with that should help. And then the other thing I would just like to stress is that it is a very busy department; we've got several abatements, 376. We've got a significant amount of elderly exemptions, credits, tax credits, you know those all have to be processed still. So what Ms. Kleiner and I are trying to do as a co-team is to keep the place operational and then look and suggest things. We meet every Monday morning and kind of set the table. So a lot of good things are going to happen and one of them could be a technology play.

The Admins is and I know it kind of gets a bad reputation having its roots back in the '70's, but it does work. The issue is that very few people that know how to use it and as the Director will indicate, if you don't pay that \$60,000.00 bill, you can't, you know they are going to shut off the use of it. So it does play a role, we've got to migrate off that. And a good question you might ask him when you see him is how many of these systems are still on it, because it is still functional. You know, cemeteries, lots and plots you know waste water as Treasurer Fredette would indicate, that's still on there, and it still works. It's just we need to, there is not one computer program that is going to solve all our needs, if there was, that person would be a rich person. But this will be part of the play, it is part of Policies and Procedures, Technology, and we've only been at it for a few weeks, so if we can get some breathing room, I think that would be appreciated by everybody. Thank you.

Alderman O'Brien

I know what you are talking about, when I first started doing Fire Reports was on an Admin in-home created field. But we have moved on from that and now doing payroll and everything else when I was last there and everything it's all in a different thing. That's the way the new computer world is but the thing is looking, I hope we keep that weather eye on that because I think the technology could help, in my opinion.

It could help the Assessing Department, at least get them into a defensible position where the language of data filing is all the same and not as subjective. And I think that would clear any alleged allegations if there is any, so it needs to be taken a look at and that was my point. Thank you though.

Mr. Griffin

Right. Thank you

Alderman Clemons

Thank you to follow up on what Alderman O'Brien was saying, if we are going to spend the money to do a full assessment like that we want to make sure that we have a reputable system to put that data on that is going to carry forward through, you know, in the future. So, I hesitate to, I would hesitate to do such a big endeavor without having a system that is relatively new or at least up-to-date, that we know is going to last a long time because obviously the last full assessment we did was in '91. So you want to make sure that if you are going to update, you know go out and pull records and do surveys and things like that, that the data that we get back is on something that is reliable and user friendly. So if it is a bondable item, that might be something to look at in the future, to see, OK maybe that is something that could be added to that bond as part of piggyback if you will on that assessment. That way we can hit two birds with one stone.

Mr. Griffin

Just a follow up Mr. Chairman, with regard to that, that's probably the viable plan going forward. The question I think we are grappling with is do we use the AssessPro and not Admins for abatement processing. Do we use AssessPro for certain other aspects of exemptions and credits? The thought is that you get that, it's a solid system, these CAMA systems are certified by the State Department of Revenue, so you couldn't use them if they weren't, of the installed base of AssessPro, Patriot Properties, only 40 you are at Version 5. They have about 150 clients, some large ones, that are on version 4.0. It is more on the if you have seen the development of technology time, it's easy on the eye, it's better on the eye. But when we had the Demo a few weeks ago, it was mind-boggling the amount of selections you can use. I mean I couldn't even see it with my glasses on. But we have a staff that knows how to use the system, it's just we were just relying on Admins more exclusively than AssessPro.

But to your point, if it is a 3 year period, put the data in, it is a quick migration because all of the fields are the same, it wouldn't be a heavy lift to include not only the purchase of the software, but the implementation which we have done successfully with other projects that I've been associated with. Thank you

Chairman Dowd

Do we anticipate that the new City Service Director is going to have any experience with this software coming in or is this something they are going to have to learn as well.

Mr. Griffin

I would say that it is a unique talent or skill I guess to come in with knowledge of AssessPro or Vision or anything like that. I don't know who is going to be interested, but it would be rather unique and I think as the Mayor was saying last night, he'd rather have some solid management at the front end first and then deal with the needs through an outsource solution which we have positioned here. I have been part of those discussions with KRT and I am sure others are interested. You get a lot of horsepower with \$1,000.00 a day or \$800.00 a day than a full-time employee who you are not sure of their capabilities. So there are KRT and there are others that do this for a living, so that is where we want to try to leverage the dollars as well. Thank you.

Alderman Klee

Thank you. I just wanted to kind of put my \$02. Cents in. When we are doing this I really think it is key and important and I know it has been brought up to death but that what the homeowner can see or the citizen, however you want to look at it, can see on their end, should mirror exactly what we have on our end. If that is at all possible and the reason I say that is because I believe homeowners especially now we are getting more and more savvy. I think they will look at it and they may look and say “this is wrong” you know perhaps they are not going to tell us if we miss something, but they will tell us if we have something that doesn’t belong there. So I think it’s really important for them to be able to look at it

And the other end of it is that one neighbor will squeal on another neighbor if theirs goes up; so it helps I think. And it reduces the traffic within your office also, people wanting to see different things. So I think it’s really key and important that the homeowner can pull up their information and basically see the same thing. Right now we know that there is some contradiction; or that you can’t pull down the field to see all of the information in there. So I really think that’s key. So Thank you.

Mr. Griffin

Right, I am hopefully Mr. Chairman that the new version, once we go to it will have the capability of taking that property card, two pages of just jam-packed information and kind of demystifying it. I mean it is hard to read and I’ve been looking at a bunch of them. And then the USPAP the two volume 700 pages, that is a lot of information but it is basically required by the DRA to approve the reval that we did.

So I think there are a lot of good things. You were exposed a couple weeks ago to the residential piece and Ms. Kleiner and I were able to use that land value chart which not all the square footage as we know in the City is the same value so that helps. You can’t just simply divide your land value by the square footage and come out with a number that’s reasonable. I mean it’s accurate, it’s just a buildable lot is going to be a lot more on per square foot basis, a lot more than a buildable lot with some trees and swamp land and things like that behind it. So I think that’s been helpful as well. So the more we can get information out there and demystify things, I think we would be better off.

Chairman Dowd

Any other questions on Assessing?

Alderman Jette

So you’ve talked about how busy the department has become because of the abatements that you are trying to process and you’ve got a deadline to meet there. And we are talking about this Full List & Measure. I don’t know if that’s anticipated to begin during this next Fiscal Year or not. And you had 9 people working there and now you’ve only got 8. Are you going to be able to do that job?

Mr. Griffin

Well with regard to the Full Measure & List that would have to be an outsourced solution.

Alderman Jette

I know that, but even though it’s outsourced, I would anticipate that they would be involving the staff people with questions and needed assistance and help which takes away from whatever else they are doing, you would know better than I.

Mr. Griffin

There's, you know in my research, there's a pretty thoughtful assessing calendar out there. I think that was one of the first things we shared with folks that were interested. Right now, because of the April 1<sup>st</sup>, I didn't even mention what is called "Building Permit Pick Ups" because April 1<sup>st</sup> is the date of which you are going to be assessed and taxed the following year. So the staff is incredibly as it may seem, they are doing inspections on building permits where the person actually pulled a permit. They are doing abatement processing and a lot of the folks on the administrative team are doing the exemptions and credit processing. So you are absolutely correct Alderman Jette, busy office. But there are times when you've got to fit things in.

So as part of the strategy for the Full Measure & List, it will be – What is the timing of that? You have to manage that, you know, as the Mayor indicated he and I and a few other folks managed the KRT revaluation, so we just need to help them and keep them focused, that's really the most important thing now to do. But if we can get it done, we've shipped out a few abatements to KRT as part of their 5 day defense of values commitment to the City. And we will know if we need additional resources, it won't be a case of – Well we didn't get to it because of certain things. I think that is the commitment from the Mayor and the other folks involved.

Chairman Dowd

Ok, Thank you. The next Department is 134, GIS. The revenue is on Page 39 and the appropriations are on Page 124.

Mr. Fredette

So there is very modest revenues again, GIS Maps, just kept the same number in there. With regard to the appropriations on 124, the part-time GIS manager retired in December or early January. As you probably have heard, Ms. Kleiner gave you this information during the explanation of the report, but we've contracted with CDM Smith to take a look at our GIS System as it is currently constituted and we are expecting a report back from them, kind of a road map to the future, shortly. So on this particular budget, it has one GIS technician, and it doesn't have the wages for the part-time retired GIS manager. You are going to find with Director Fauteux, with the Department of Public Works will indicate to you as well that they have funded a GIS technician over there, because they have needs. She will explain why that's important. But with regard to aerial imagery services, professional and technical, 53.500.

For several years we have done flyovers I'm going to say at a pretty decent level that provide the opaque's, where the team down there has been able to notice changes in buildings and structures, so they basically find things; swimming pools, sheds, additions, that aren't permitted. So they have no problem trying to assess those values. So that's proven to be very well. So that was the \$19,000.00 three year contract in the original budget; you'll notice off to the right there's an increase of \$62,400.00. That is the aerial imagery that is done at a lower level for the folks that work in Waste Water and Engineering over at the Department of Public Works to get their mapping.

What they are looking at is a lower level of granularity where they can get the contours and topography and all that; I'm not an expert at it but that's what they tell me. But certainly Director Fauteux and Senior Engineer Dookran can explain why that's necessary. To be fair to them, it is in this budget because it is GIS related. That's why it is in here; it was originally in their budget but it probably makes sense. They do have a piece of the contract in Waste Water and Solid Waste, because those Enterprise funds can use those maps as well. But that's where we are and we are looking forward to the report in which we can make again sound decisions going forward as to what the needs are.

We didn't feel it necessary to fund that position but probably in the future we are going to need a GIS manager to manage that whole process both in terms of what I call the City functions. The Fire Department uses it extensively and the community-at-large uses it extensively. So I think we will get that report, understand it, and then share that with you folks at that time.

Chairman Dowd

I notice that the computer equipment is still at a dollar, is that just a holding line for "we might buy a computer" or "we had a computer and we don't have one anymore".

Mr. Fredette

There hasn't been any need to acquire equipment by the remaining staff member down in the GIS area. Thank you.

Chairman Dowd

Questions on GIS?

Alderman Kelly

Yes thank you. So with the aerial imagery that you were talking about the new addition, is that something that is cyclical that we see come up all the time?

Mr. Fredette

It's a good question. The \$19,000.00 was a three year contract for the opaque's that higher level of fly over. Not quite sure on the Department of Public Work's needs but I don't think it's annual. I think they haven't done one I think for maybe 22 years, but the City Engineer Dookran will explain it to you, but I don't believe that will be an annual fee.

Alderman Kelly

And that will be handled internally by our GIS team?

Mr. Fredette

Well the flyover is done by a company that specializes in flyovers and then they deliver whatever the contents are to the team. And then the expertise of the GIS folks putting it together and using it is what will be internal. But the flyover itself will be done by an external company.

Alderman Kelly

OK Thank you.

Alderman O'Brien

I just would like more of a statement I'm sure Mr. Griffin is aware but they are working with the Fire Department and particularly with this flyover. An incident commander now today it is quite impressive will be able to look at the computer screen and know that he is going to the report of a building fire in a 6 story structure as compared to a regular ranch. So just by coming up in the address and looking at it, it is going to provide that kind of information which is, that's all part of the pre-planning that goes on as they are responding.

The Police Department can use that in type of hostage situations where they can take the aerial photographs and have a complete dynamic, measure distances and everything else and come up. And it can be even provided right into the immediate vehicle, we are getting to that point there. So this is modern technology that is definitely helping particularly the Police and Fire as well as the DPW in looking at the contours. But you are absolutely right it's well worth it.

Alderwoman Kelly

So my next question is about we lost a part-time employee, so we only have one person there. So you think that we are still going to be able to handle the load of this new aerial imagery with just one person since you said we weren't replacing them, correct?

Mr. Griffin

Well the aerial imagery is but one component of GIS, my optimism of the report is going to be that it will explain more of what a GIS function of a City this size should have. But the individual, we are blessed to have a very capable GIS technician that cares deeply about the City and the function so that's good. The report is going to tell us what we need from a management perspective. And as I mentioned Director Fauteux and City Engineer Dookran will explain to you the benefits of having a GIS Technician in the Department of Public Works. They have dabbled in it before you are going to find, but it didn't have the focus that is has now, very important, with regard to the regulators, for example, NH DES, EPA. The expectation is high for a City of our size to have this capability.

So in summary we are not quite there yet, but we are going to be sooner rather than later. Thank you.

Chairman Dowd

All set? Ok the next item for discussion is under the Capital, the Capital Equipment Reserve Fund, CERF, appropriations on 272 and 336. Who is going to discuss CERF?

Mr. Griffin

Treasurer Fredette would handle CERF.

Mr. Fredette

Me again, 272 is strictly the allotment that is going to be transferred into the CERF account and as you can see on line 89.725 it is in there as recommended, well no I've got the wrong line there of course, 89.726 is \$500,000.00. And on Page 336...

Chairman Dowd

Before we leave that page, the CERF first of all the CERF account is probably a misnomer because we don't handle it the way a CERT account should really be handled. If the CERT account were doing what it is supposed to be doing, for each item we have in it we'd be putting some money aside for it so when that came due for replacement, we'd basically have pretty much all the money for that replacement. We don't do that. We have a list of vehicles that we are going to need to replace and when but we end up having to appropriate money in the year that we are going to replace that money to pay for it, pretty much. This year we have put very little in the CERF, I know we are pushing a lot of stuff off to another year and I am concerned about how far can you push some of this stuff? I know that having looked at the BPW equipment, a lot of their equipment is in pretty good shape now; they have a few items that they are pushing off because they were asked to.

But with us storing all that equipment outside, I don't know if it is going to last the amount of time that we have in the CERT account. So we've been waiting for a total CERT discussion at the Board of Aldermen level for awhile, and haven't had one. But we go to that Page 336 and you are going to start seeing all the equipment that's in the CERF account.

The other thing that we've had problems with is we've had Fire Trucks in the CERF account and then by the time we go to buy a ladder truck it's over a million bucks and we have to bond it. So I have a two-part question; one is, is the CERF account valid and two, what is the recovery to actually do what it is supposed to do? Difficult question but....

Mr. Fredette

I don't know how long you want me to talk because I could talk an hour.

Alderman Clemons

We are going for 5 hours.

Chairman Dowd

We will have a separate meeting for CERF but just sort of give a quick....

Mr. Fredette

Well we have meetings every year on it, the answer is very simple. Fund it every year properly and you wouldn't have that problem. Unfortunately it takes \$4 million dollars or so a year to fund that. And I haven't seen that will of the people to do that. CERF has never been fully funded in Nashua, never. And it is in better shape than it was back in the '80's I can tell you that. But the plan that was adopted by the Board of Aldermen I think in 2010, was to create a fully funded CERF but it never happened. It just never did because of tough budget years. But this year, Fiscal year 20, we plan to spend almost \$2 million dollars of cash on equipment.

Chairman Dowd

The reason I ask the question is last year's original budget was just under \$2 million and the available budget ended up being \$6.5 million and we spent to date almost \$6 million and the Department request is a little under \$1.4 million. So are we going to be trucking money back into it later in the year.

Mr. Fredette

I don't know where you are getting those figures from.

Chairman Dowd

Right out of the budget book, Page 272. Inter-fund transfers.

Mr. Fredette

Well you look on one line there for CERF though.

Chairman Dowd

Transfer to the CERF?

Mr. Fredette

Yes the rest are all different other items; solid waste.

Chairman Dowd

Alright, yes that's right, you are right.

Mr. Fredette

We have a pretty detailed spread sheet which we have reviewed before with the Board but I mean I really don't know where to begin. But when the current plan was adopted in 2010, the plan was to always bond certain fire trucks and certain public works trucks. That was part of the original plan that was adopted in 2010. That was the plan. Not all trucks are bonded, but certain dollar values and certain years. Fire trucks last way beyond 20 years, we usually bond them for around 15 because they use that older truck when they get a new truck. And the Public Works trucks usually are bonded over a 5 or 6 year period and they keep them a little longer than that. But that was part of the original plan in 2010 to do some of that bonding. Because if you were going to pay cash for everything it was just unaffordable to the City. It was you know huge dollars.

Chairman Dowd

So those units that we end up bonding, are they actually listed in the CERF and then we end up bonding them?

Mr. Fredette

Yes if you look on Page 336 one of the columns say "funded by bond". So you will see in next year's budget there's a Ladder 3 and there are 2 public works vehicles for a total of over \$2 million dollars in bonds. And every year we've had certain vehicles like that under that column to be bonded.

Chairman Dowd

So the stuff that is in here that says "bonds" it is already in your bonding plan?

Mr. Fredette

Yes.

Chairman Dowd

Good answer.

Alderman O'Brien

But Mr. Fredette with that being said, we should still utilize the CERF because bonding at the current interest rates are in our favor as a municipality because that they are low. That can change with the economy in 5 years. It may not be practical to look at fire trucks in the bonding issue. Would I be correct in assuming that?

Mr. Fredette

That's somewhat true, depending on the rates, yes.

Alderman O'Brien

So right now economically, the bond does kind of make sense for some purchases particularly the big ticket items.

Mr. Fredette

Well everybody has an opinion on that, but as the City Treasurer I think it's good for the City to bond so much each year. The rates are very low, it's a good way to fund equipment and other projects. And it certainly has nothing negative on our bond rating. You know we have two Triple AAA ratings and that's something that's looked at closely by the bond rating agencies.

Alderman O'Brien

So that would mean too our Triple AAA rating is because no matter, our ability to bond, but our ability to pay back gives out that excellent rating in paying our bonds on time, correct.

Mr. Fredette

Yes one of the things that the agencies look at is planning and they write up comments every year that we plan very well, not only for capital but for other projects, CERF and other projects. They like that, they like to see that, they look at these plans when we have these calls with the agencies.

Alderman Clemons

So am I safe to say we are on Page 336 at this point? Ok so these are, everything that's on here is what is planned to be replaced this year, correct?

Mr. Fredette

In Fiscal Year 20, yes.

Alderman Clemons

With the rates this low, is this truly what you recommend or would you recommend that we bond more than that, what's on there.

Mr. Fredette

Well it is really not up to me to recommend but this is the plan that has been brought forward to all the Division Directors and the Mayor and this is what they adopted. As you can see, we plan to spend almost \$1.9 in cash, on the other page 272 it shows that we are going to put a half million dollars in CERF which means that we have a positive balance in the CERF account. We have enough money, if we are only put a half million in and we are going to spend almost \$2 it's because we have a positive cash flow in the CERF account. Is it as big as it should be? No it should be larger, but we have been able to maintain at least a positive balance year after year.

Alderman Clemons

Well I guess my question is and it kind of goes back to Alderman O'Brien's original point which was if the rates are low now, is now the time we should be doing more bonding and saving the money in the capital account for times when the rates are going to go up higher. Which I think the rates are probably going to jump by the end of this year, you know, beginning of next year, that's just my opinion but all signs point that direction. I don't know.

Mr. Fredette

I'm not sure there is anything really else on the list that would be something that would be wise to bond. I mean a lot of it is, half a million is Police Vehicles, basically the SUV's and cars.

Alderman Clemons

And you'd have to do that for a minimum of 5 years right?

Mr. Fredette

Well they don't even keep them really for 5 years the car. The vehicles are usually about a 3 and ½ year period of so and they replace them. So that wouldn't be anything. You have a front end loader or something that is around \$300 that could be a possible bond or the other one that is around \$200. It would have to be a decent sized amount of money, I think anyways. But again that's not my decision to make.

Alderman Clemons

Right, no I understand I understand that. I guess my point is just opportunity wise. You know I think we might have an opportunity but that's just where I'm going. Thank you.

Alderman O'Brien

I think I might have just figured it out but I was a little confused, but Mr. Fredette, we are dragging down the fire cost and incorporating that with the Public Works cost on the bond. And it is reflected as \$2 million dollars on the bottom line there. But really in a way that has nothing to do with CERF because it is already previously bonded, correct? So it is in a way independent?

Mr. Fredette

You mean the column that adds up to \$2,000,048?

Alderman O'Brien

Yes.

Mr. Fredette

No these would be future bonds sold probably actually not in 20, but Fiscal Year 21 they would be sold to pay for these vehicles. As you know a fire truck takes like 9 months or so before you actually get it from when you order it. So we have leeway there before we actually sell the bond.

Alderman O'Brien

Ok got you, alright.

Alderwomen Kelly

Sure, so this may be the wrong question to ask you, I was just surprised to see an SUV for the Police Department only lasts for 3 years. I was just wondering is it because of the high mileage?

Mr. Fredette

That would be, have the Police come here already, no they haven't they are coming on the 15<sup>th</sup>. Well they are 24 hours, 7 days a week vehicles. You know they are traveling all the time in them so they put a lot of miles on them. And I think, based on my experience, once it gets over 100,000 they like to trade them in. So that's, I mean, they are the experts, but I think I have heard this story long enough, that's kind of what it is.

Chairman Dowd

By the way it is very critical that the thing works when you go to use it.

Alderwoman Kelly

Oh absolutely, you know, my cars last a little longer than 3 years, so just wondering.

Chairman Dowd

You're not driving 24/7.

Alderwoman Kelly

I'm not.

Alderman Klee

I'm going to start my sentence the same as Alderman Kelly did and this may not apply to you but in reference to what Alderman Clemons had said, the more bonds that we have the lower that our rating can go down is that correct?

Mr. Fredette

No.

Alderman Klee

No okay I just wanted to make sure that it doesn't affect our rating if we have more bonds, so thank you.

Mr. Fredette

No our debt service for the general fund budget is around \$16.5/\$17 million dollars. A city this size could be larger than that with no negative effect at all, our bonded debt service budget is very, very conservative.

Alderman Wilshire

I wanted to just address the topic of the Police vehicles, they do get a lot of use 24/7 and the miles get up there, probably 100,000 in 3 years. And the breakdowns, after a couple years, 2 ½, 3 years with that high of mileage, they experience a lot of repairs. And you want them there, you want their car to work. So yeah their schedule is 3 years for their vehicles

Chairman Dowd

We've had one car this year that was unrepairable so it had to be replaced.

Alderman O'Brien

Yeah and if I may just assist and help out. If you take like in the example and the Police is very similar, the fire truck. It only travels probably about less than a couple miles to the fire, but then while it is at the fire, it is pumping for 6 to 8 hours. So it is not so much as the on the road time it is the engine hours and these cars are hot. You know, one officer leaves them, another hops in so they are constantly running. And even they may not do a heck of a lot of mileage, but the engine is. You know so you have to take in the whole into encompass on that.

Chairman Dowd

A lot more miles than the fire trucks.

Alderman O'Brien

A lot more.

Chairman Dowd

Are you all set Alderman?

Alderwoman Kelly

Yeah I'm good thank you.

Alderman Clemons

Yes just to add I do remember back 2008 I think it was, was they were trying an experiment with the Police cars where they were keeping them for 4 years I think it was right? And they were in the shop constantly breaking down and the agreement back then was to go back to the 3 year schedule and I think it has worked pretty well.

Mr. Fredette

Those were the Fords.

Alderman Clemons

Hey I'm a Ford guy you knew that.

Chairman Dowd

And also didn't the Police Department push off some of their replacement vehicles from last year's budget?

Mr. Fredette

I think last year there were some that were deferred but later on in the year they were bought, they were not bought right away but they were bought later. I know the Mayor meets with all the Divisions and goes over the schedule very closely. So as far as I know, this is a pretty good amount of money for this year, almost \$2 million in cash.

Chairman Dowd

Any other questions on CERF? And hopefully we can schedule an evening, I'll leave that up to the Board President or a future budget meeting where we can have a more detailed CERF discussion.

By the way, we store significant, very significant amount of money and vehicles outside and I can tell you that the weather wears on them significantly. We are going to have to ultimately do something about that.

Alderman Clemons

Are you offering your garage?

Chairman Dowd

If it was big enough. I can't even get one of those vehicles inside my whole house and they are not cheap. Fortunately the Fire Department keeps all theirs in a nice cozy environment, home-cooked meals. OK, enough with CERF. Next item is Capital and Capital is on Page 274.

Mr. Griffin

So Mr. Chairman, the Capital as you indicated at the beginning of your, I think your first meeting, your expectation would be for the departments listed to come in and speak to their Capital Items. But by way of background, the CIC Committee of which Mr. Fredette and I attend, and are members, we vote on all the capital projects over \$50,000.00 that are submitted and we rate them. There is a book that's published by the Community Development Department and the Mayor has selected the amounts for Fiscal 2020 in consultation with those individuals that are listed in the Department.

The reason why, you probably recall, but the \$872,500.00 last year would have been higher, closer to \$1 million but the City invested in covering the electronic refuse over there at the landfill, you may remember that. So that was in the Solid Waste Budget last year and I think Superintendent Lafleur has other plans of doing other things. But it would be listed in his initiatives, as opposed to this. This is the general fund look and that's why it is close to \$1 million. We usually spend \$1 million dollars on non-paving capital projects.

Alderman Wilshire

I have a question on Page 275, Court Street Roof replacement, \$225,000.00. It has got to be more than that?

Mr. Griffin

So when you, when Mr. Cummings comes forward I think on Thursday, you'd be able to ask him that.

Alderman Wilshire

Somebody can ask.

Chairman Dowd

I thought it was closer to \$2 million.

Mr. Griffin

Maybe Mr. Hunnewell, yeah sure thank you.

Mr. Hunnewell

I actually brought that request to Capital Improvements Committee for that roof, and that \$225,000.00 I believe it was \$225,000.00 is just for the shingled roof on the 1890 structure at 14 Court Street, not the flat roof over the theater. So to phase this in, for 2021 we will put in a request for the flat roof over the theater.

Chairman Dowd

OK, Alderman O'Brien and then Alderman Tencza.

Alderman O'Brien

Thank you. Mr. Griffin on Capital Improvements, I see they received an A1 Rating, as continuation of the street paving program that did terminate. I know that is \$7,500,000.00 project that is in the works, but I don't see it here in the budget. I see "Street Infrastructure Improvements".

Mr. Griffin

Right, that's a modest amount for predominately sidewalk improvement. But the \$7.5 million, that 5-year program that you speak of, that has already been taken care with a combination of bonding and the use of motor vehicle revenue.

Mr. Fredette

It's on Page 307 I believe.

Chairman Dowd

One item on here that I know we are going to get some screaming in the last budget meeting we have is "School Deferred Maintenance". \$100,000.00 is not going to cut it. We can fool ourselves with that number right now, but we will be adding money to the budget as we go because we have 18 schools. 18 buildings and you know deferred maintenance, we either keep them as best we can using deferred maintenance funds or we end up spending a lot of bond money later when all these systems fall apart. It used to be \$1 million dollars; it was \$600,000.00 for awhile and they've been requesting \$600,000.00 as they did this year and we only gave them \$100,000.00 so far. Last year we had to take some of the deferred maintenance and bond it because it was projects that would last longer than 15 to 20 years. But there are things on their list that if we don't do them, there are going to be issues. So I know last year they replaced one pump that \$90 some odd thousand dollars. Fortunately we bonded that because it better last 35 years when I replace it. So that could be one area you know we can't keep pushing things off because sooner later, it's pay me now or pay me a lot more later. Any other questions on deferred maintenance?

Alderman Clemons

On those maintenance does that go into the school? Does that go into the school budget or does that go or does that stay, whose side of the City does that go on?

Mr. Griffin

The City side.

Alderman Clemons

All of these?

Mr. Griffin

Miss Evans will be able to give you the absolute answer to that question, thank you.

Ms. Evans

When we set the tax rate that cost is allocated to the school side for the calculation of the school tax rate.

Alderman Clemons

So the \$100,000.00?

Ms. Evans

Yes as well as their debt service, their portion of debt service.

Alderman Clemons

So is that something that they, if they decided they didn't want to do that maintenance they could put that money to somewhere else if the School Board so decided?

Ms. Evans

I don't believe so.

Mr. Griffin

Just a point of clarification it is not part of their \$112 some odd million.

Alderman Clemons

Right ok.

Mr. Griffin

They are getting an allocation.

Alderman Clemons

That is what I was getting at, so thank you.

Alderman Tencza

Just going back to the Court Street roof replacement if I may, I think this is a question appropriate for you rather than Mr. Cummings. So what happens if we do this slate part of the roof this year and then there is not the money to do the rest of the flat roof next year? Can we do that or is that not advisable.

Mr. Hunnewell

As far as phasing the two projects?

Alderman Tencza

Let's say we do Phase I and never get to Phase II. What happens then.

Mr. Hunnewell

I guess that's possible. The pitched roof, or the shingled roof, is the one that is leaking bad right now. The shingles are actually blowing off, if you take a drive by there you will see open spots and I've got a roofer coming to do the repairs. But the roof over the theater is starting to developing leaks; it's not horrible yet but it's getting there. So that is kind of why we phased it to another year in hopes that it will be funded for repair. That's the goal; I suppose it could be held off further. But we will put in a request for it for 21.

Alderman Tencza

Thank you.

Mr. Hunnewell

You're welcome.

Alderman Jette

Somebody referred to Page 307 so it caught my attention. We are talking about the paving project. At the top it talks about 2018 City Wide Street Paving Project, \$6,913,000. And then below that 2019 City Wide Street Paving Project, \$7.5 million. How much are we spending in total on the streets on the paving project?

Mr. Fredette

The project was approved several years ago it was a 5-year project, \$7.5 million per year for 5 years. We are a little behind on some of the bonds but that's because they had a little slower start. It's very hard to spend \$7.5 million dollars on roads as you probably can see throughout the city. It's a lot of work so this portion on the bottom of Page 307 that would be the second allotment out of the 5 allotments. We've only sold one, the first allotment; this is the second so the plan is to sell \$7.5 million each year.

Chairman Dowd

When Director Fauteux comes in, last year with all the rain we had, it was very difficult to do all the paving that they wanted to do. Also they had issues with the infrastructure under the roads that had to be replaced; water lines, gas lines, sewer lines. They are still doing that around the City, they have to do all that. We are not going to spend a hell of a lot of money paving the street and then have it dug up in a couple months later.

Mr. Fredette

And I believe also they received, John, didn't the Public Works receive some money that reallocated from the Broad Street Parkway from the State for additional paving?

Mr. Griffin

Correct, approximately \$4 million.

Mr. Fredette

Yeah like \$4 million dollars so they are also using that money for some paving.

Alderman Jette

So the entire project is \$37.5 million plus this \$4 million that we just got?

Mr. Fredette

Yes.

Alderman Jette

So I noticed that last year the bond was at 2.8496% and the 2019 is 4%.

Mr. Fredette

Yes, that's just an estimate.

Alderman Jette

Is the MIT Credit Union not available to us anymore.

Mr. Fredette

That's just an estimate and again I always estimate at a conservative, both for revenue and expenses. We won't hit 4% it will be under 3% I am sure. That's just an estimate, that's all it is.

Chairman Dowd

What do we estimate the entire roof of Court Street will cost?

Mr. Hunnewell

Jay Hunnewell again City Buildings, we got a rough estimate from a roofing contractor for \$535,000.00 for the entire roof to be done. That was only one budget estimate so that would be a worst case scenario.

Chairman Dowd

So assuming that a roof will last more than 15 or 20 years, most of them are guaranteed, why would we not bond for that?

Mr. Hunnewell

I'll defer to Treasurer Fredette on that one.

Mr. Fredette

I'll defer to CFO Griffin, no, it just hasn't been part of the plan. There is no reason why you couldn't, but again that decision would have to be made by the Mayor and the Board.

Chairman Dowd

Well the follow up question would be, how much of a savings might there be to this year's budget if that roof were bonded and we didn't have to spend the \$225,000.00? Would that give us another \$225,000.00?

Mr. Griffin

The decision you have to make is do you want to pay cash if the answer in the case was yes. If you bonded it, you would free up money for some other project that's desperately needed as well.

Chairman Dowd

We do have a lot of projects.

Alderman Wilshire

The shingled part of the roof is \$225,000.00. Are you saying that is a rubber roof or the rest of the roof, the flat roof?

Mr. Hunnewell

City Buildings, Jay Hunnewell, yes the pitched roof is a 3-tab asphalt shingle and the rubber roof is called EPDM, that's the flat roof over the theater.

Alderman Wilshire

And that's \$500,000.00 for that roof, together?

Mr. Hunnewell

No it would be ... correct \$500,000.00 for the entire project budget estimate.

Alderman O'Brien

Yes would it be proper to ask the Chair that if you bring up a good point of the roof and the bonding, can those numbers be prepared to come back to the committee to do the comparison to assist the Mayor in a recommendation?

Chairman Dowd

Not that we are going to do that just how it would impact us if we decided to go that way.

Mr. Griffin

Mr. Fredette is going to review the debt service, after pensions but debt service, Treasurer Fredette would kind of lay out his \$16.5 million dollar debt service plan and that number to the extent that he's going to sell a \$225,00.00 bond added to the others, it would go up slightly depending on the year. It's why you have seen historically and now it is kind of coming back; in Solid Waste we decided out of necessity to bond soil wall expansion, gas set expansion etc. Now you are seeing all that debt services coming back to us now. So there's a savings, not the savings, the strategy that we used a few years ago, now you are just overlaying bond debt service payments where you didn't have any before. But we had no choice because any increase in Solid Waste, because it has and we'll get to that, Carolyn O'Connor will explain that. But when we get to that drain on the general fund is growing largely. Any dollar you spend, like recycling and other things it is just coming out of taxes because the revenue, although we increased it slightly this year, it's not significant. You can't pay \$7 million or \$8 million dollars worth of appropriations with \$3.5 million dollars of revenue. So it's always going to go up. But that's just an example of what happens when you start bonding everything.

Alderman Clemons

Well that is one theory; the other theory is that if you are doing it correctly and what I mean by correctly is in the sense that where I was talking about with the Capital Equipment Reserve Fund if we were to take some of those lines in there and bond some of that stuff, but put that money instead of putting it toward other project, because then you are spending double, you put it towards your savings for the future.

So that in the future when the rates go up, you have that cash to use later on and I guess that would be the idea, at least from my perspective. The idea is to take advantage of low rates so that it doesn't affect your bottom line, you know, 2% or 3% over what you would pay in cash, I mean big deal really, over the life of a project. The idea is that you are going to save the tax payer's money in the long run because you are going to have that cash there. If you go and you double it, if you go and you say "Ok well I am going to bond but then I'm going to take all that money that I'm saving by bonding and spend it on something else" then you are not saving anything, you are spending twice as much. So really, you have to look at it like it's a cost deferment in a way in savings for the future, at least that's the way I look at it.

Chairman Dowd

Another question is, I noticed in the Police Intercept Cruiser, there are quite a few of them and the price is pretty much the same for each one of them. Is that based on a quantity buy or is that an individual buy and you know when we go out and buy like 10, 15 cruisers, do we do that under one contract and try to get a good value because we are buying that many vehicles?

Mr. Fredette

I'm not an expert on that, I mean that's how the bid goes out, well they buy them off the State bid don't they?

Mr. Griffin

Actually we buy most of them from a Massachusetts State Contract, that contract is pretty well set based on which vehicle you chose and within those Explorers that they buy a lot of, there is a number of different configurations, so you can them from \$31,000.00 up to \$49,000.00. It depends on who they are for and how they are equipped, it varies a bit.

Chairman Dowd

There's a Ford Interceptor Utility, so these are the SUV's right?

Mr. Griffin

Yeah that's an Explorer for Police, yeah.

Alderman O'Brien

They are Fords right?

Mr. Griffin

Oh yeah we buy a lot of Fords.

Chairman Dowd

As I recall the discussion with the Police Department last year, they are pretty much the only people making that type of vehicle now. I mean if you look across the entire New England States and beyond, all the Police vehicles now the SUV's all look identical.

Mr. Griffin

Chrysler is doing like a Durango for Police Interceptor and they are doing the Chargers still which is a Sedan which are falling out of favor pretty quickly. So there is not a lot of choices left.

Chairman Dowd

Yeah there are some vehicles we use especially unmarked cars they are like that. But the reason we went with the SUV's for most departments is in the conventional cars that they are making as Police Cars, you can't fit all the equipment in them. It's absolutely amazing what these guys carry with them on the street. Any other discussion on capital at this point. No? OK next is Department 159, Hydrant Fees & Fire Protection on Page 170.

Mr. Griffin

Mr. Chairman the Hydrant Fees are level funded even though Pennichuck did have a rate increase it's kind of assumed as Mr. Fredette indicated last year was conservative budgeting. Not knowing the final outcome of the rate case; so this is the State-Regulated Fees that they charge the City for hydrant services.

Chairman Dowd

So this is money that we pay to the Pennichuck to cover all the hydrants?

Mr. Griffin

Yes. So it's hydrants and then there is this concept called Inch Foot the water, it's regulated. It's not, we have a lot of hydrants in the City and we capture them, add some, subtract one, they have good records for that.

Alderman O'Brien

Oh we have a lot of hydrants, I shoveled every single one. But however to keep in mind with this money, this is the maintenance and everything else that goes into this. We don't pay for the drop of water, you have to take into account if we had a fire, this is just for the hydrants and where we tell Pennichuck where we need the hydrants and everything, we can use all the water for the emergency. So it's not a bad deal when you look at it.

Chairman Dowd

Any questions on hydrants? Ok next is Street Lighting, 162.

Mr. Griffin

So Mr. Chairman, Street Lighting the electricity component of which we have been enjoying lower cost of electricity to light our streets, we are going to level fund that at \$500,000.00.

Chairman Dowd

It's actually 171 I'm sorry.

Mr. Griffin

171 right, so there's two components, one is the electricity that we pay Eversource and the 54.276 when we converted to LED's we needed to preposition replacement LED's at the Department of Public Works and have those LED's ready for the Eversource folks to come in and install them. So Engineer Dookran was comfortable moving that along with Carolyn O'Connor, moving that \$75,000.00 down to \$25,000.00.

Chairman Dowd

Ok any questions on that; Alderman Clemons and Alderman Kelly.

Alderman Clemons

Yeah so are the cost-savings of those reflected in here, it doesn't appear that they would be?

Mr. Griffin

Alderman Clemons, good question. As you may recall, when we converted several years ago, this number was about \$800,000.00 and rising. So we were able to take advantage of converting the entire City. We bonded that so you are going to see when Treasurer Fredette reviews the bonding schedule, we issue bonds for that. But the savings are good; the \$500,000.00 is conservative because we don't want to negative on that. So through February 28<sup>th</sup>, we've spent \$270,000.00 but we are comfortable with that number to at least drive maybe some surplus at the end of the year as well. But it is something we've kept a close eye on and it has proven to be a good investment.

Alderman Clemons

Thank you.

Chairman Dowd

Any other questions? Alright, the next is Pensions on Page 93.

Mr. Griffin

Ms. Evans will handle the pension questions and explanation.

Chairman Dowd

Ok.

Ms. Evans

The explanation is that this particular department 115, back about 8 or 9 years ago all of the City's pension costs were included in this particular department. For the past 6 years this particular department has housed a direction pensioner, somebody related to the Police Department received a small monthly pension as some type of death benefit. That person passed away this year, so we are not appropriating any money in this particular department for Fiscal Year 20. All pension costs are now housed within each department's budgets included with their other wage driven benefits, health, dental, life, etc.

Chairman Dowd

So I assume we will be covering pensions another evening under a separate area?

Mr. Griffin

Just to add what Ms. Evans said if you look at Page 20, that's the accumulation of all of the Pension Expenses related to the General Fund, that's the entire pension amount.

Ms. Evans

General Fund, Solid Waste, Special Revenue and Waste Water.

Chairman Dowd

So all the different pension pieces are all summarized here from all the different departments but these numbers are actually in the various departments?

Mr. Griffin

Correct. So this look if you look just above it, Appropriation Summary by Account All Budgeted Funds.

Chairman Dowd

So those on the Budget Community that spend their spare time traveling to and fro Concord, that's Legislation to add a percentage of money back to the Cities to cover pensions, is that funds, if passed, could possibly impact the 2020 Budget here?

Alderman Klee

I'm not sure if it's 2020 or 2021.

Alderman O'Brien

I don't know when the start date is of that, the effective date. However am I correct with my fellow Representatives, still has to go through the Senate, so baby steps right now.

Alderman Klee

Right.

Alderman O'Brien

It just got through the House, we will see what the wise people that live in the other Chamber do.

Chairman Dowd

So it won't affect the 2020 budget, but looking forward, that could be a significant amount of money coming back to the City or actually money that the City doesn't have to pay in pensions. So what are they looking at, 15%?

Alderman Klee

I don't know if it was 15% or 13% but it was around that area yeah.

Alderman O'Brien

You've got to keep in mind we originally started out at 35%, cut down to 30% and then went down to 0. And so now trying to get back to go to 15% and let's keep in mind, if the good people out there would like to let the Governor know? Because what he in fact did or what the legislator did at that particular time, basically by not funding, inadvertently created a tax, an unacceptable tax to our city residents that we didn't ask for. By not funding the State portion of the Pension System; they had been funding it since 1968 until that particular legislature stopped it. And when it did do it, it created an inadvertent tax, so I hope it passes with the Senate and I hope the Governor is wise to sign it. So we shall see.

Alderman Klee

It was a promise broken.

Chairman Dowd

So that may be a positive thing for the 2021 Fiscal Budget. Ok. Any other questions on pensions? Seeing none, the next department is Debt Service Department 193 and it is on Page 266. I assume Treasurer Fredette is going to handle the Debt Service?

Mr. Fredette

Yes 266 represents the Debt Service for the General Fund Budget. We also have debt service in Solid Waste, Waste Water, Pennichuck and the Special road project which we discussed just a half hour ago or so that \$7.5 million. So as you can see it is Fiscal Year 20; it is basically flat, it has been for the last couple years. The pages behind this Page 266 is the detail of all the bonds that have been sold over the year or refinanced over the years and this represents City and School.

As you can see it is about \$16,618,000.00 for Fiscal Year 20; so that is the annual payment we will making in Fiscal Year 20 for the bonds. Part of that is an estimate on what we plan to sell for the year and of course it is just an estimate. But those are the guidelines we have to live with next is that \$16.6 million.

Alderman Klee

I have to ask does the million dollar questions; does this include the big \$15.5.

Treasurer Fredette

Yes it does.

Alderman Klee

That's all I want to know, thank you.

Mr. Griffin

Page 269 for the new debt to be issued.

Chairman Dowd

Alderman Klee, what were you referring to?

Alderman Klee

The last item on Page 269, the Performing Arts Center. \$15.5.

Mr. Fredette

No that page shows plan new sales for the year, again it is only an estimate. When it comes to the Performing Arts Center we still don't know if it is going to be taxable or not, or partial. We don't know if it is going to be 20 year or 25 years but we will know better I believe in July from what I understand.

Alderman Klee

Thank you.

Alderman Dowd

So I would suggest that unless you have reviewed and have questions on any particular bond that you review that before the end of the budget season before we get to the final budget.

Alderman Clemons

So just to so I understand it correctly. The things that are on Page 269, the items on 269, are included in the debt service cost on page 266?

Mr. Fredette

Yes.

Alderman Clemons

And that debt service cost over last year is estimated to go up by about \$100,000.00 or so?

Mr. Fredette

Because as you know bonds are being paid off so the new bonds - and it has been that way for a couple years now on the general fund side.

Alderman Clemons

So it's looks like the way this is structured the Performing Arts Center isn't really going to have that big of an impact on the bond at all, on the bond debt service.

Mr. Fredette

Well not the first year anyways.

Alderman Clemons

OK.

Alderman Jette

You probably said this and I missed it but the debt service, when I look at Page 168, wait a minute, 269.

Mr. Fredette

That represents only new debt for this year to be sold.

Alderman Jette

Ok so I guess it was 268 that I was looking at. I see principal payments of \$3,419,500.00 and interest payments of \$2,218,058.00 so am I correct? We are paying \$5,637,558.00 for principal payments and interest payments on the bonded debt?

Mr. Fredette

Page 268 is bond related to City Government and then Page 270 is bonds relating to the schools. So you have to add up both the City principal and the School principal and all that shows up on Page 266 where it says "Principal, Interest" and some other costs. So on Page 266 principal cost for Fiscal Year 2020 is about \$11,457,000.00 and then the interest is \$5 million and then it has some other costs in there. We back out the TIF money and add some issuance cost. We have to pay for bond counsel and our financial advisors when we sell the bonds.

Alderman Jette

Ok so that \$16.6 million or so is what we are paying, that's the debt service for the year?

Mr. Fredette

The General Fund Budget for Fiscal Year 20; yes that's what we will be paying out. Again, there are some estimates in there based you know we may not sell everything that's there or the rates might be lower, but it's an estimate.

Alderman Klee

I know you give very conservative numbers and I appreciate that. I noticed that when we are looking at the new debt to be issued on Page 269, all but the very last one, which is the Performing Arts Center has 4%. The Performing Arts Center is a 5.5%; is it because of the large sum or why would that be different?

Mr. Fredette

I think we estimated it as a taxable bond, it may not be a taxable bond so it would be lower. It's definitely all going to be lower than 4%.

Alderman Klee

No that's fine, that explains it.

Alderman Clemons

The length probably has something to do with that, correct?

Mr. Fredette

Most of these would be 20 year bonds so no that, it's more taxable versus non-taxable.

Alderman Clemons

Ok because I see the year maturity, 2044, versus most of them are 2034.

Mr. Fredette

I forget exactly how many years we had that in there, it might be a 25 year. It may just be a 20 year bond, I don't know yet.

Chairman Dowd

Just for those that aren't aware, we still hold the highest bond rating, are we still Triple AAA.

Mr. Fredette

Unless something has changed I think we are still the only community in the State that has two Triple AAA's way about the State of course. I think, I don't think anything has changed.

Chairman Dowd

Excellent financial planning on the part of the City.

Alderman Wilshire

Thank you for that.

Mr. Fredette

It's not me, it's the Board of Alderman and the Mayor.

Alderman Clemons

No everybody here deserves credit for that.

Mr. Griffin

Chairman, it may make sense not to put significant burden on our fellow colleagues over at the Department of Public Works, but we probably should look at 283, because Mr. Fredette sells all their bonds as well. Then I'll find the Waste Water Page in a minute. But 283 is the Debt Service for Solid Waste and you can see the new debt to be issued is the continued bonding of the soil wall, gas systems and refuse trucks at the bottom of that page. And then you've just approved the landfill expansion, I'm not sure if the Full Board has done it yet I think you have.

Mr. Fredette

Yes they had.

Mr. Griffin

Just to kind of look down that page you see the General Fund Appropriation Amount is over \$5 million now so the Solid Waste Appropriations minus the revenues requires a \$5.1 million contribution from the General Fund.

Chairman Dowd

So that Debt Service number is not in ...

Mr. Fredette

Page 266 is just the General Fund Debt Service. There is Debt Service is Solid Waste which is what you are looking at, there's some in Waste Water, there's some in the road project and there's some in Pennichuck.

Chairman Dowd

So if you had the entire Debt Service number, do we know what that might be or could you provide that later?

Mr. Fredette

Page 20.

Ms. Evans

It is on Page 29.

Chairman Dowd

That's a better number than what I just looked at. So the entire Debt Service is \$36 million?

Ms. Evans

Correct, including issuance costs.

Chairman Dowd

And it's up about \$3 million from last year, maybe a little less than \$3 million.

Mr. Fredette

It's probably, a lot of it is from Solid Waste I believe.

Ms. Evans

Solid Waste, the Road & Highway Fund too.

Alderman Clemons

It is impressive when you look at, if I could, when you look at the principal versus the interest, you can tell we are a Triple AAA rated community because that interest number would probably be a lot higher most places I would think.

Mr. Fredette

The better rating you have, the more people who bid on your bonds.

Mr. Griffin

And one final point on that, on Page 294, you can see the Waste Water and that our new debt to be issued continues our practice of trying to fix what's under the ground before we pave what's over the ground. So that's 294 and then the 296 is their capital, some spent with assets and others the bonding is \$5.15 million annual sewer that Mr. Dookran will shortly speak to.

Chairman Dowd

So we move on to the next one, 94 is Contingency it is on Page 271.

Mr. Griffin

So Contingency as you can see on Page 271, General Contingency we typically put \$250,000.00 in there for unforeseen, unbudgeted occurrences. The next line 70.112, that's where the Mayor had indicated that he put \$200,000.00 in for what is termed "Educational Priorities". 70.120 is the Police Grant, I think it's the ...

Ms. Evans

VAWA Grant, Violence Against Women.

Mr. Griffin

Violence Against Women Grant.

Ms. Evans

The City match portion.

Mr. Griffin

And then the negotiations are the estimates of the contracts that are at this time will expire at the end of June or haven't been settled. So that's an estimate and just for point of clarification, those numbers have been taken out of the respective budgets. So when we first figure out the percentages up to what the Mayor requested, those numbers are in there.

Alderman O'Brien

Yes on that contingency negotiations, how many affiliates are coming up this year, right now.

Mr. Griffin

Well you are definitely going to have the Fire Department, AFSME has been out for a couple years, DPW folk a couple of police department supervisors. So those teams put together what they think they should have in there for salary increases and then we take them out and put them in here.

Chairman Dowd

There was a question that came up from people, the \$200,000.00 that the Mayor has put aside for the School Contingency to cover the ELL and one other category, is it possible for the Board of Aldermen to hold that at the City level until such time as they actually hire someone that fits the category? Then we could transfer the money to the School Department?

Mr. Griffin

You could yeah you could do that through legislation.

Chairman Dowd

The reason to bring that up is we've earmarked this for certain categories and no indifference to the Board of Education, but the way the rules are, if we give them the \$200 K with the rest of their budget, they can spend it anyway they want. So if we want to make sure it is earmarked for those categories, we could hold it until they actually offer someone a job. Just checking on this, we haven't gotten to the School Department yet so.

Alderman Clemons

I would support doing that and I would encourage us to engage with Corporation Counsel to have legislation on ice to basically pass the same evening as we do the budget so that they can get on hiring, if they so choose.

Chairman Dowd

We can work the details out with Corporation Counsel and make sure all the T's are crossed and the I;s are dotted. Ok 198, Interfund Transfers on 272.

Mr. Fredette

So this particular page Mr. Chairman takes items that are going to be transferred into expendable trust funds so every time an ETF, Expendable Trust Funds, that's the fund that instead of funding retirements in each particular department, not knowing when folks are going to retire on the City side, we put \$500,000.00 in there as a number that we think we comfortable with. Now certain times there's been significant retirements at both the Police and Fire; I think my second year here I was scared to death it was almost \$1.9 million. But Mayor Lozeau said "don't worry John, it's happened before".

But that's a good number and you folks get, Ms. Evans actually just sent it out to the Board, you get an accounting of who retired and the month, how much is left in the balance. But once that goes into the fund, the payments are made out of like the Police Department, Fire Department and then Ms. Evans and her team transfer the money in there to pay. So we found that to be a very good way of doing it. Mr. Donovan could explain more of what he does on the school side, but they have a little bit more of a commitment from the teachers that are going to retire early on so that they can budget. So that's a little bit about that.

The Holman Stadium, ETF, Mine Fall's Park and the David Deane Skateboard Park; those are cell tower revenue that you have to appropriate. So this is the money coming in that gets appropriated by the Board of Aldermen to these expendable trust funds. And then maybe Ms. Evans can talk about the Stellos YMCA but I think we are committed to put money into that.

Ms. Evans

Yeah the City entered into an agreement with the YMCA ; basically we put \$37,250.00 into a capital reserve fund for the benefit of the YMCA. Do you have the agreement?

Mr. Fredette

It's a contract that came before the Board of Aldermen on that yes.

Ms. Evans

And the amount is equal to the amount of rent that we are collecting from them that Mr. Fredette addressed earlier while he was reviewing the revenues. That was the agreement.

Chairman Dowd

We take it in on one hand and give it out in the other, how does that effect our bottom line on a budget?

Mr. Fredette

It doesn't really have any effect on it.

Ms. Evans

It has no tax impact in and out.

Mr. Fredette

It is put in that account and it will be used at a later date as they need some work in that area.

Chairman Dowd

So just for the new members on the Board, can you explain the Special Revenue Funds and how the funds can't be spent, generally.

Mr. Griffin

Just to close the books on the transfer of the downtown improvement ETF, that's been in existence for several years. That's the amount of revenue on a calendar basis, which is actually – people kind of get a little bit unnerved, but it actually works out great because we know what the numbers are and we can appropriate it. We used to use escrow funds and we decided to put it in the budget, so this is the amount of excess of the 728450 for the calendar year, 2018. So we won't appropriate it. \$115,863 goes into that account.

Chairman Dowd

When I was referring to the Special Revenue Funds, there is some source of money that goes into them but they only be spent certain ways.

Mr. Griffin

Correct.

Chairman Dowd

That are associated with the legislation that created that Special...

Mr. Griffin

So I guess you are referring to, Mr. Chairman, the pink pages here like the Food Service? So yeah they are set up, they have to be fee based, and they have to be for a specific purpose and there's a number of them on the School side and the City side.

Chairman Dowd

There's a number of them on the School side like there is one for ...

Mr. Griffin

Well the one you'd get a kick out of the Summer Feeding Program. But the big one is the Food Service.

Chairman Dowd

But there are several others, there's one for automotive and manufacturing here and all that stuff. We get funds from other cities who send their students here and they pay us a fee and that goes into a special revenue fund and it only can be spent to support that particular activity. Like machinery that we buy for certain courses at the high school and if one of them needs to be replaced, the money comes out of that. So it money that nobody can touch except for that purpose; and we have several of them in the City.

Ms. Evans

Mr. Chairman, I believe the one you are referring to is called the School CTE Tuition Fund.

Chairman Dowd

CTE, I couldn't think of the name of it.

Ms. Evans

That's on Page 327 if anybody wants to look at it.

Chairman Dowd

We will address some of those when the Board of Education comes in.

Mr. Griffin

And there's one final note is on Page 330, that is the summary of Expendable Trust Funds funded by General Fund Appropriations. So that will give you a good handle on the amounts that have been in these funds as of June 30 of each year when we close the books. So you see the Mine Falls Park Find 7052; the David Deane Skate Board Park, 7054. You'll see what has been going forward and as we add expendable trust funds we put them down here. Just one note, you'll speak to the Police Department but fund 7080 Police Overtime, they had requested of me to see if we could put \$100,000.00 in there and just as the Mayor indicated, that just didn't make it.

But they will probably talk to you about it. They have been using the money they have in there effectively but significant overtime events. But I just wanted to call your attention to that and I think President Wilshire, I think at the first meeting you were looking for some balances. They are all here and you can see the CERF account and these are end-of-year balances, so you see the Capital Equipment Reserve 7026. You can see back in 12, 13, you know \$2 million but the lowest point was in 16 and then there is healthy balances there but as Treasurer Fredette says the combination of funding plus escrows kind of help the following year.

Alderman Clemons

I'll probably ask most of my questions about this to Director Cummings but I was actually pleased to see that the Downtown Improvement Expendable Trust Fund that that was actually – so that's part of the budget, it's not an escrow this year, correct?

Mr. Griffin

Correct.

Alderman Clemons

That was the original intent back in 2011 so the fact that it took this long but it's finally there, it is something that I am very proud of and I am glad it is being done this way now because it'll be something that will be constant in the budget going forward. So I just wanted to make that comment.

Alderman Jette

Forgive my ignorance, but expendable trust fund. I know what a fund is, I know what a trust is; expendable means you can spend it. Is it just a fancy name for an account?

Ms. Evans

It is State statute.

Mr. Griffin

Yeah it's a fancy name for a fund and the specific purposes of the fund and there is generally language of who is the agent to expend, you'll hear that. Some are the Board of Aldermen, some are the Mayor and I. The Mayor, as Alderman Clemons knows, the Mayor and Director Cummings, they get the recommendations from the Downtown Improvement Committee and then they authorize the spending out of the fund.

Alderman Clemons

They don't lapse either; they carry year to year. So the money that you put in them don't lapse at the end of the budget year. So it carries over from year to year. So that's why some of these funds for example the Downtown Improvements Committee will try to keep a certain amount in there just for a good savings if there is something that they want to do downtown. That way it carries from year to year, you don't have to continue to budget it.

Chairman Dowd

The Legislation that creates each one of these is specific as to what it could be spent for and who can authorize the spending.

Alderman Wilshire

So we have three that come to mind specifically; we have the Welfare Expendable Trust Fund; we have Snow because it's unpredictable; and the Police have a fund for crime I believe, maybe not specific to crime. But you know snow and crime you can't predict either one of those things. So we set up these expendable trust funds so that some years when we have more snow than others we can fall back on that; and some years where we have more crime we fall back on that expendable trust fund. But it has to come back to either the Board or the Mayor if he's the agent to expend.

Chairman Dowd

I'm making numbers up if we put \$500,000.00 aside for plowing this past winter and we didn't have all that snow so we only spent \$300,000.00; \$200,000.00 would automatically go in the expendable trust fund for snow removal. Then another year if we budgeted \$700,000.00 and we spent \$1 million, we would take the \$300,000.00 out of the expendable trust to cover that. So you're not having to re-budget money, generally that's how they work.

Ms. Evans

I just wanted to note on Page 331 – 335 gives you a little bit more information on the expendable trust funds funded by appropriations, the Resolution that created them and the purposes that they are to be used for.

Alderman Jette

Thank you.

Chairman Dowd

Mr. Griffin, given the current Budget that we have before us, what is the anticipated tax rate?

Mr. Griffin

Slightly under 3%.

Chairman Dowd

How slightly?

Mr. Griffin

2.98.

Chairman Dowd

So how much would you have to add to the budget to make that 3%, I'm just looking for sensitivity of numbers.

Mr. Griffin

\$60,000.00 maybe. I'd have, I mean it's a big budget, it's \$270,000,000.00.

Chairman Dowd

If we start having legislation that's adding dollars to the budget I want people to know that it's going to affect the tax rate.

Mr. Griffin

In the wrap up we could probably cover that more effectively. As the Mayor indicated on several occasions, he's trying to balance a number of competing interests simultaneously and trying to hold to that 3% tax increase.

Chairman Dowd

So also I don't know if I explained it before but the Mayor's Budget is sort of a line. To take a number below that needs eight votes from the Board of Alderman. Anything that goes above what the Mayor gave us requires 10 votes. Ok? Anything else for Finance? No. Thank you very much for coming in.

**MOTION BY ALDERMAN O'BRIEN TO TABLE R-19-127 PENDING THE PUBLIC HEARING SCHEDULED FOR APRIL 15, 2019, AT 7:00 PM IN THE ALDERMANIC CHAMBERS  
MOTION CARRIED**

Chairman Dowd

By the way, our next Budget Meeting is Thursday night and without looking it up real quickly, I don't know who was there but Alderwomen Kelly.

Alderwoman Kelly

I was waiting for discussion but I wanted to know and I think we originally talked about tabling this for the whole term instead of tabling it every time. I know it came up in discussion.

Chairman Dowd

Technically speaking in accordance with Hoyle or Mason or whoever, so it's not open between meetings we table it and then bring it back. In past years we have just left it open, you sort of can do that but to be in accordance with what you really should do is to table it because it's off the table at the moment. Alright?

Alderwomen Kelly

Understood, thank you.

GENERAL DISCUSSION – None

PUBLIC COMMENT – None

REMARKS BY THE ALDERMEN

Alderman Schmidt

Meals & Rooms Tax, last year the State collected \$351,686,721.00 worth.

Chairman Dowd

I assume that's the entire State and not the City of Nashua.

Alderman Schmidt

No we didn't quite make that. They did really well by that.

Chairman Dowd

What I would be curious is ...

Alderman Schmidt

What's our percentage?

Chairman Dowd

... compared to the money that we got back, how much did Manchester get.

Alderman Schmidt

Good question, we ought to do some research.

Alderman Jette

Also what would be interesting is how much money, how much Rooms & Meal Tax Revenue was generated by Nashua as opposed as to what Nashua received from the State.

Alderman Klee

I don't know that number but when I actually ran for State Rep I went and I looked at a bunch of numbers and it really was mindboggling, the amount of money that we sent up to Concord proportionally that came back down.

We were so much lower than so many other municipalities and I didn't understand it. I've been trying to figure that number out but I believe that even some of the local, you know I mean like Portsmouth and so on, is getting proportionally more back than necessarily Nashua would be. It really doesn't make sense why this happens. And that's why if this does go through this \$1 per night per rental of a hotel that can come back directly to that municipality, that's some of the conversation is should it go back into a pool – we've been fighting it goes back to who sent it to you. And I think that's only right and I have no issues with being able to say we use it within that area to better that particular one, because there's roads, there's sewerage, there's so much other things.

Chairman Dowd

So another interesting item would be how many rooms do we have in hotels in Nashua and we already know that the occupancy rates have been 74%, 75% which is huge, and you can figure out where that buck would add up to.

Alderman Jette

The what do they call it, you know the people that rent out their homes.

Alderman Wilshire

Airbnb.

Alderman Jette

Airbnb, they pay a Rooms & Meals Tax don't they?

Alderman Klee

No not yet. That may be changing.

Alderman Clemons

Some of them do.

Alderman Klee

It depends on whether or not they are considered professional versus if I were to rent my home out. Not here in the State of New Hampshire.

Alderman Clemons

Well I can tell you that some of the ones that are doing it, the Town of Hampton is making them collect the Rooms & Meals tax. So it depends on what City or Town you are in.

Alderman Jette

Just anecdotally, you know we rent a house in the summertime on the Lake in New Hampshire through one of those vacation home by owner, vacation rental by owner, something like that. And the owner charges us a Rooms & Meals Tax and there's a placard right inside the house that says they have to pay a Rooms & Meals Tax.

Alderman Klee

Just to tell you that one of the key things about Rooms & Meals Tax is only 6% goes to the State. 3% is kept by the vendor for cost of doing business and collecting this tax. So only 6% goes back to the State, so of that \$300+ million dollars.

POSSIBLE NON-PUBLIC SESSION

ADJOURNMENT

**MOTION BY ALDERWOMAN KELLY TO ADJOURN  
MOTION CARRIED**

The meeting was declared closed at 10:13 p.m.

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

Table # 3

Spending Cap Calculations--Comparing Proposed FY20 Budget with Adopted FY19 Budget

**ENTIRE SEWER FUND EXEMPTED**

	Adopted Budget FY2019	Proposed Budget FY2020	Change	NOTES	FY2020 page #
General Fund Budget	\$ 262,763,651	\$ 270,267,524	\$ 7,503,873	Budget white pages	17, 274
Enterprise Fund Budget - Solid Waste	\$ 7,720,067	\$ 8,866,173	\$ 1,146,106	Budget green pages	18, 284
Enterprise Fund Budget - Wastewater	\$ 16,885,432	\$ 19,750,566	\$ 2,865,134		18, 295
City Special Revenue Funds	\$ 13,319,682	\$ 12,339,932	\$ (979,750)	Budget pink pages	18
School Special Revenue Funds	\$ 6,203,837	\$ 6,143,198	\$ (60,639)		18
<b>TOTAL APPROPRIATIONS</b>	<b>\$ 306,892,669</b>	<b>\$ 317,367,393</b>	<b>\$ 10,474,724</b>		18, 30
<b>Entire Sewer Fund Exempted</b>			<b>FY20 page #</b>		
Wastewater Fund (renamed Sewer Fund)	\$ 16,885,432	\$ 19,750,566	18, 295		
City Special Revenue Funds	\$ 13,319,682	\$ 12,339,932	18,		
School Special Revenue Funds	\$ 6,203,837	\$ 6,143,198	18,		
<b>TOTAL EXEMPTIONS</b>	<b>\$ 36,408,951</b>	<b>\$ 38,233,696</b>			
<b>COMBINED ANNUAL MUNICIPAL BUDGET</b>	<b>\$ 270,483,718</b>	<b>\$ 279,133,697</b>			

Spending Cap Calculation	
Prior Year Combined Annual Municipal Budget	\$ 270,483,718
Add Prior Year Supplemental Appropriations	0
Prior Year Combined Annual Municipal Budget Including Supplemental Appropriations	\$ 270,483,718
<b>Last 3-Years Annual Average S&amp;L IPD</b>	<b>2.25%</b>
Allowable Spending Over Prior Year Combined Annual Municipal Budget	\$ 6,085,884
<b>Maximum Budget Allowed (Prior Year + Allowable Spending)</b>	<b>\$ 276,569,602</b>
Combined Annual Municipal Budget - Current Year	\$ 279,133,697
<b>Proposed Combined Annual Municipal Budget Above the Spending Cap</b>	<b>\$ (2,564,095)</b>

<b>GDP/IPD Index Calculation</b>			
	<b>GDP/IPD</b>	<b>% change annually</b>	<b>% change 3-yr aveg</b>
2018	113.01	3.53%	<b>2.25%</b>
2017	109.16	3.01%	1.10%
2016	105.97	0.21%	0.87%
2015	105.75	0.07%	
2014	105.67	2.32%	
2013	103.28		
<b>3-year average: 2016, 2017 and 2018 = 2.25%</b>			
* Last updated 29 March, 2019			

**Proposed budget is \$2.6 million OVER the cap**