

BUDGET REVIEW COMMITTEE

MAY 10, 2023

A meeting of the Budget Review Committee was held Wednesday, May 10, 2023, at 7:00 p.m. in the Aldermanic Chamber.

Alderman Richard A. Dowd, Chairman, presided.

Let's start the meeting by taking a roll call attendance.

Members of Committee present: Alderman Richard A. Dowd, Chairman
Alderman-at-Large Michael B. O'Brien
Alderman-at-Large Lori Wilshire
Alderwoman-at-Large Shoshanna Kelly (via Zoom)
Alderman June M. Caron
Alderman Ernest Jette
Alderman John Sullivan

Members not in Attendance:

Also in Attendance: Mayor Jim Donchess
Donna Graham, Legislative Affairs Manager
Steve Bolton, Corporation Counsel
Dan Healey, City Clerk
Emily Martuscello, Emergency Management Director
John Griffin, CFO/Treasurer/Tax Collector
Doria Brown, Energy Manager

ROLL CALL

COMMUNICATIONS - None

UNFINISHED BUSINESS - None

Chairman Dowd

Before we bring up the budget, just a couple of things. This is the first of thirteen budget meetings on the FY2024 budget. These are basically working sessions with the different people from the Divisions to ask questions and go over their budget numbers as we work towards the public hearing on the budget on Monday, June 12th, at Nashua High School North. We will have another Budget meeting on May 24th but it is going to be addressing regular budget material and it's a pretty hefty agenda.

Also tomorrow evening before we take up the budget, we will be discussing the Paras Contract.

The other thing is that tonight we'll be going through the budget. The budget is on the agenda. At the end of the meeting, I'm going to ask Alderman O'Brien to make a Motion to Table until tomorrow evening and we'll do that as we go along. As we finish a meeting, we will table it and then pick it up at the next scheduled meeting. So with that Alderman O'Brien?

NEW BUSINESS – RESOLUTIONS

Without objection, Chairman Dowd suspended the rules to allow for legislation that was received after the agenda was prepared.

R-23-125

Endorsers: Mayor Jim Donchess
Alderman-at-Large Michael B. O'Brien, Sr.
Alderman Richard A. Dowd
Alderman-at-Large Lori Wilshire

RELATIVE TO THE ADOPTION OF THE FISCAL YEAR 2024 PROPOSED BUDGET FOR THE CITY OF NASHUA GENERAL, ENTERPRISE, SPECIAL REVENUE AND GRANT FUNDS

DEPARTMENTAL REVIEWS OF THE PROPOSED FY24 BUDGET FOR THE CITY OF NASHUA

	<u>GENERAL GOVERNMENT</u>	<u>Revenues</u>	<u>Appropriations</u>
101	MAYOR'S OFFICE		
102	BOARD OF ALDERMEN		
103	LEGAL DEPARTMENT		
107	CITY CLERK'S OFFICE		
	<u>CIVIC</u>		
	Adult Center/GAD/Downtown Improvements		
	GAD		
	Downtown Improvements		
	EMERGENCY MANAGEMENT		
	BENEFITS		
	ENERGY COSTS		

Chairman Dowd

This evening we're be going through the Mayor's Office, the Board of Aldermen, Legal Department, City Clerk's Office. I believe we're not going to be addressing the civic correct Mr. Griffin?

John Griffin, CFO/Treasurer/Tax Collector

Correct.

Chairman Dowd

It will come later and then Emergency Management which is Doria Brown and Benefits. You'll be covering that?

John Griffin, CFO/Treasurer/Tax Collector

Yes.

Chairman Dowd

It's going to be a basic overview and then energy costs. I believe it's not on this agenda but...

Steve Bolton, Corporation Counsel

Doria for Energy; Emily for Emergency.

Chairman Dowd

Oh, I'm sorry. You're right. So before we get started into the individual budgets, I'm going to ask the Mayor to give an overview of the budget and where we stand going in.

Mayor Donchess

Thank you, Mr. Chair. As I mentioned last night, the overall budget is up about 4.4%. It was going to be a little less but at the last second, we added some money for cybersecurity which I will cover in a moment. But as usual, as proposed the safety departments went up more than the others. 4.4% compares favorably to the rate of inflation which for 2022 was 7%. In the police area, police budget, we retained and carried forward the two officers that we added at the time of the escrows last fall and one Sergeant who the Chief and Administration want to add in order to provide a full time Public

Information Officer who can respond to anything but particularly if there is a big event. That Sergeant would, of course, perform other duties as well.

The School Department - thanks to the School Department, they're up about (excuse me, I've had a cold) the School Department is up about 3% which is certainly helpful.

As I mentioned last night, we did add money for cybersecurity in the contingency area of the budget and that number is \$300,000. I'm not sure that's enough but it will certainly help. So the three IT Officers after this recent ransom attack, the cyberattack on the School Department, the three IT officers - those being the people you met last night Rakesh Sharma from the PD, of course our own Nick Miseirvitch, and Greg Rodriguez from the School Department have been working together closely and that has been a big benefit and a big help. I want to thank them, all three of them. We've asked them, and Emily Martuscello, and the two Fire, Police Chiefs have talked about continuing a cybersecurity working group that would help direct or not that we don't know a lot specifically about security in terms of what exactly is required but we want to make sure that we continue to meet with the three IT Directors and continue to work with them to improve security, and they have cybersecurity, and they have some specific ideas.

One thing that certainly come through is that there's obviously software and other items that you can purchase that help with security but that training and of employees is critical to ensuring that there is not penetration of any IT system because it's invariably or often as a result of a mistake made by an employee who responds to a phishing email or something like that - a non-legitimate email - and clicks on something, change your password, something like that can allow a cybersecurity attack to enter the system and wreak havoc after that. So it's very clear that we need to continue to train people now.

I think Nick has done in City Hall a very good job of that. He's got this phishing software that maybe some of you have encountered where he sends this these things out to see if he can trap you. You meaning employees in general and I think Aldermen as well. Sometimes it works and that results in an instruction to the employee who made a mistake and responded to this suspicious email to make sure that in the future that doesn't happen. We need to do more of that in the School Department where the number of employees is far greater and the number of locations is much greater and therefore, the training is far more complex. In any event, we want to work with them to improve security and that may require some budget expenditures.

One thing they have suggested which we need to explore more and that's why the money's in contingency but that there be an actual full time cybersecurity officer whose sole task is to work across the three systems on training and everything else to, you know, try to tighten the system, harden it as much as possible. Anyway, so there's \$300,000 in the contingency budget. Of course to create such a position, we would need the approval of the Board of Aldermen and probably an ordinance but also a transfer of the money that's in contingency.

I think that gives you an overview and of course, I can try to answer any questions. I apologize for the fact that we don't have the book right now but John Griffin and his team are working with a new budgeting software and in the cloud that he can describe but getting used to a new system has not been all that easy. So with that Mr. Chair, I could go to the Mayor's budget or answer questions that anybody might have.

Chairman Dowd

Does anybody on the committee have a question of generally what the budget before we get into their specific? Alderman Jette?

Alderman Jette

Yes, thank you. So Mayor this is a general question. I know that we're gonna get the answers as we go along on all of these meetings but it kind of struck me when you sent your initial memo saying that the budget was – you were aiming for a 4% increase maximum in the budget. It kind of reminds me of the story of, you know, feeding the multitude with loaves and the fishes. I think about the contracts that we've approved and I may be wrong about this but my impression is that we've been giving out increases in the area of 5%. Inflation is going up you said 7%. How do you expect the departments to come in with budgets at 4% when most of them their biggest expense is personnel. It's the people that work for us and if they're getting and I think they should get those raises. I'm not saying they shouldn't but if your personnel costs are going up, you know, 5% or more how do they end up keeping their budgets below the 4% level? How do you think that's going to happen I guess?

Mayor Donchess

Well without getting into the loaves and the fishes, well first of all - it's an objective and to begin with but none of the contracts really have exceeded 4%. So the Police were 3% - 3.5% in that range. Fire - the existing contract is 3.5% per year and the School Department for the teachers was 4.1% on average for the life of the contract. You can see that the School Department was able to come in at less than the 4%. Certainly it's not -in the safety services with the overtime that exists, some of it mandatory otherwise when people are out. You know those are difficult numbers to hit. I mean no question about it and I did make some reductions. There was a position in the Police Department for a janitor that we talked with the Department about and they agreed to eliminate that because it wasn't really necessary until they get their new training building.

In the Fire Department, their requested budget was up 9%. So we, I/we, the budget team talked with them in quite a bit of detail. There were two new positions. We cut one and the other one, they wanted another Assistant Chief. Our Chief, Chief Buxton says they need that position desperately. So to try to minimize the budget impact in the current year, we included it one quarter of the year. So the fiscal impact at least this year would be limited.

The other big area where the Fire Department sought to increase and where the 9% contributed greatly to the 9% is there was a very large increase in the amount for overtime. We reduce that quite a bit but still to a figure greater than they had last year. So some of the City Hall departments, the School Department were able to hit the 4%. I think what pushed it over for really was the inflation and things like energy, electricity, construction, you know materials, salt, things like that. But the contracts generally don't have more than 4% in them so it seemed like something to shoot for which we almost achieved. It was 4.3% before the cybersecurity issue came up. So I guess its do the best you can kind of thing.

Chairman Dowd

Any further questions for the Mayor?

Alderman Jette

No. Thank you.

Chairman Dowd

All right. So now we will undertake the Mayor's Office budget if you'd like to go through the numbers for us Mayor.

Mayor Donchess

All right. Well, it's pretty straightforward. The salaries go up according to the grid and all that but you can see that overall the budgets only up like \$2,000. So you know we're able to do with that and obviously that's not much of an increase. So if you have any questions, please just direct them to me and I will attempt to answer them.

Chairman Dowd

The other thing I want to point out is we're gonna find out in a minute why we aren't going to be addressing benefits in any of the departments because those are set. Mr. Griffin will explain why. All right any questions on salaries for the Mayor? Yes, Alderman Sullivan.

Alderman Sullivan

Thank you, Mr. Chairman. My question is mainly and I'll going to be asking this to all the department heads is around full time employees. I see that we have budgeted five full-time employees. Are you currently fully staffed? What are the current staffing levels in your department?

Mayor Donchess

Now of course I'm one of those five. There's one position that we are still seeking to fill which is the if you look at the back of the sheet, the Chief of Staff position otherwise all those positions are occupied or filled.

Alderman Sullivan

Follow up please.

Chairman Dowd

Yes. Follow up.

Alderman Sullivan

How long has that position been open?

Mayor Donchess

Quite a while. I don't know the exact.

Alderman Sullivan

Over a year?

Mayor Donchess

I would say no but quite a while. The salary for that you know is not very great for that type of job. So you know I mean I've talked to some people and I think it's a job that I mean adds to the City's productivity but we haven't found the right person yet.

Chairman Dowd

All set Alderman Sullivan?

Alderman Sullivan

Yes, thanks.

Chairman Dowd

Any other questions for the Mayor on personnel? Alderman Jette?

Alderman Jette

Yes Mr. Mayor. What does the Strategic Initiatives Analyst do?

Mayor Donchess

That is Megan Caron. So she does a lot of work on the budget. You know this new rollout of the software for example which isn't going all that smoothly but she and CFO Griffin have been working on that. But in the end, it should create more flexibility in terms of the ease with which the budget can be adjusted. Secondly, it creates much more opportunity for explanation to the public as to - I mean one of the goals is to rather than just having this really dense multi 100 page document with a lot of numbers in it that's very hard to make much of unless you've been through it before. You've seen we've progressed in this regard over the last two or three years. But the idea is to put more kind of overview and into the budget so that a person in just rather than a stream of numbers, explanation, but also some pie charts, and other explanations as to make the budget more comprehensible and accessible to someone who, you know, a citizen who just wants to look at it but doesn't want to come to 13 budget meetings. So that's part of it.

John can explain that too in more detail. She also works on, you know, other projects we have. Certainly was working on rail and still is, although that certainly has been affected by the decision of the Executive Council, works on the Pride Parade, other things like that, other projects that we have running.

Alderman Jette

Thank you.

Chairman Dowd

All set. Any other questions? Alright, we'll move on. We'll won't be talking about benefits right now. Other Services Mayor.

Mayor Donchess

Where are we?

Chairman Dowd

Other Services, 55.

Mayor Donchess

Okay, yes.

Chairman Dowd

Have any of them changed?

Mayor Donchess

Well we increase conferences and seminars to the \$5,000. I haven't been going too much because of COVID but the US Conference of Mayors is actually very helpful. They run two big meetings a year but there are also smaller ones. The two are in January. There's the so-called winter meeting and then there's the annual meeting which takes place in the summertime. This time this year, that annual meeting which is usually near the end of June will be in Columbus, Ohio. I haven't gone too much during COVID and then one of the summer meetings was in Honolulu or Hawaii and I thought that was a bit much to maybe for people to swallow so I didn't go to that. I think that that helps ensure that I can go to these things and anyone else. Megan Caron has been involved in kind of a local government national organization so that we if we need to, we can go to those events.

Chairman Dowd

Any questions on Other Services? Seeing none. We'll move on to supplies and materials. I just think that...

Mayor Donchess

Well that's up \$150.

Chairman Dowd

Yeah that's not - unless anybody has any questions on supplies and materials. Seeing none. Other Expenses 68.

Mayor Donchess

One thing is the Mayor's Expense Account. You know it used to be that actually went to whoever was serving as Mayor but really now it could be a travel thing but we do things in the office. We give like if someone's relative passes away, we might send flowers, or if an organization needs a little help we might use that. So as you see, I'd have to get you detail but we've gone over it but this year but that by \$400 but that doesn't come to me personally.

Chairman Dowd

Any questions on that?

Mayor Donchess

It used to. While I was here before it did but that stopped.

Chairman Dowd

And furniture hasn't changed but doesn't look like anything was spent.

Mayor Donchess

The Mayor's Expense Account was \$3,000 in the 1980s. So we've done well on that particular line.

Alderman O'Brien

Yeah.

Alderman Sullivan

That'll take more people out to lunch.

Chairman Dowd

Okay. We went over the positions. Are any other questions you have of the Mayor? None. All right.

Mayor Donchess

All right. Thank you very much. Mr. Chair.

Chairman Dowd

Okay. Board of Aldermen. Donna Graham.

Donna Graham, Legislative Affairs Manager for the Board of Aldermen

Good evening. I'm Donna Graham the Legislative Affairs Manager for the Board of Aldermen. Thank you for letting me to present my budget tonight. Our budget has increased slightly. I've added a new line item 55118 for telephone cellular from my personal cell phone to allow a \$50 a month stipend. I've also increased line 55607, postage and delivery, from \$75 to \$200 and that's due in part to a lot of the public hearing notices that we've had to send out that I need to do certified letters. Also an increase in line 61100 office supplies from \$825 to \$900. Only because with the upcoming election, I'm not sure what I'm going to have for additional supplies that I may need. That's all I have. If you have any questions, I'd be happy to answer them.

Chairman Dowd

Questions on Board of Aldermen budget? Alderman Sullivan?

Alderman Sullivan

Thank you very much. I'll ask you the same question I asked the Mayor. The staff - two full-time employees. Obviously, you're one of them. Are you fully staffed?

Donna Graham, Legislative Affairs Manager

I'm fully staffed yes because last year we had a part-timer that we allowed to go to a full-time position which helped me tremendously.

Alderman Sullivan

Okay. Follow up please.

Chairman Dowd

Follow up.

Alderman Sullivan

On the cell phone if you could curious as to why this year you incorporate it into your budget and in years past you hadn't. Can you walk me through that a little bit?

Donna Graham, Legislative Affairs Manager

Because on the weekends and at nights I use my personal cell phone to look at all my emails, and respond, and also for Aldermen that have my cell phone, and even the department heads that call me after hours, and during the day.

Alderman Sullivan

And that's increased over time?

Donna Graham, Legislative Affairs Manager

Yes.

Alderman Sullivan

Okay. Thanks.

Chairman Dowd

Any questions for Donna? Alderman Jette?

Alderman Jette

Thank you. So there was a time when we did not have a transcriptionist and we used to transcribe everything verbatim. What are we transcribing now?

Donna Graham, Legislative Affairs Manager

We're still transcribing verbatim. So right now, Susan is still in the process of learning and we're not - some of the meetings around three to four hours so she may not get the minutes up within five days. So under the Right-to-Know Law, I've been just doing like a synopsis of what's required for the Right-to-Know and putting them up on the website not verbatim but just what's required. As soon as they're done verbatim, then I switch out those minutes for the verbatim minutes. So there's nothing that's not verbatim except until we get to after five days.

Alderman Jette

Thank you.

Donna Graham, Legislative Affairs Manager

You're welcome.

Chairman Dowd

Alderman Sullivan?

Alderman Sullivan

Thank you. I've recently been digging into AI software that allows people to transcribe meeting notes. Have you?

Donna Graham, Legislative Affairs Manager

We do. Actually we have its called Otteri.

Alderman Sullivan

Okay.

Donna Graham, Legislative Affairs Manager

We are using that but it's not something that I can just run and put out there for everybody because it does not pick up verbatim what people are saying.

Alderman Sullivan

Right.

Donna Graham, Legislative Affairs Manager

I only use it because we only have so many hours during the year that we can use.

Alderman Sullivan

Sure, yes.

Donna Graham, Legislative Affairs Manager

So with the long meetings, that's when we'll go ahead and transcribe that and we'll go through, listen to it, and do our modifications – cut, and paste, and all that stuff.

Alderman Sullivan

Okay. I have been looking at some others out. I'll happily share some names with you.

Donna Graham, Legislative Affairs Manager

Oh good, thank you.

Alderman Sullivan

That I've been looking at that's been very helpful. I'll share those with you. Fireflies was one of them and then there's one other. It's not at the tip of my tongue right now but seems pretty competitive and I like it because I do a lot of video conferencing for work. I'm a horrible note taker and so it helps me I can record the meeting and then I can transcribe the notes after just in case there's anything that I missed.

Donna Graham, Legislative Affairs Manager

Is there a fee do you know?

Alderman Sullivan

There is. The company pays for it. I don't know what it is but I can dig into it a little bit.

Donna Graham, Legislative Affairs Manager

Okay because right now we pay \$99 for Otter.

Alderman Sullivan

Okay.

Chairman Dowd

Any other questions for Donna? Okay, thank you.

Donna Graham, Legislative Affairs Manager

Thank you.

Chairman Dowd

Next is Legal. Attorney Bolton is here.

Steve Bolton, City Corporation Counsel

Thank you. Steve Bolton, Corporation Counsel. Salaries and wages are determined in accordance with the Unaffiliated Personnel Policy. Fringe Benefits are basically determined by the cost of those things and essentially I have no control over that.

I tried my best to hold the line on legal services and was successful there. Other Services went up about - well I guess \$850. That was based upon usage over the past year. We've run into a lot of litigation. To a certain extent travel has increased. We have gone up to Concord more often than during the COVID era, so there's a little bit more there. Office supplies and publications is pretty much the same thing. There's been a little increase there \$500 between those two lines based upon the usage over the past year. Costs go up, that's about all that can be said about that.

Assuming that Alderman Sullivan has the same questions as the previous two departments, we have four lawyers and two legal assistants budgeted. The Assistant Corporation Counsel position is currently vacant. It's been vacant for about two months. We had Nicole Clay leave and we've been advertising and trying to recruit to fill that position. It is very much needed. The other three lawyers, which include myself and the two Deputy Corporation Counsels Dory Clarke and Celia Leonard, have been putting in extra time, working nights and weekends to keep up with the demand but that will not be able to continue indefinitely. We'll continue to do the best we can in the interim but we need that position filled.

Chairman Dowd

Any questions for legal? Alderman Sullivan?

Alderman Sullivan

Thank you very much. I seem to recall last year a Right-to-Know Coordinator. Was that in your department Attorney Bolton?

Steve Bolton, City Corporation Counsel

At one time the Assistant Corporation Counsel was designated as Attorney Right-to-Know expert or something of that nature. Last year, a position was added in Administrative Services concerning Right-to-Know. We all provide advice and information with regard to Right-to-Know issues and all other legal issues that come to the City.

Chairman Dowd

All set?

Alderman Sullivan

I actually do have a follow up. I am aware, you alluded to it in your in your summary of your of your budget, about the ongoing legal costs against the City. Are those costs reflected here? Are those all within the...

Chairman Dowd

Risk management.

Alderman Sullivan

That's in risk management?

Chairman Dowd

No I thought that's what you were trying to say.

Steve Bolton, City Corporation Counsel

When outside counsel is hired for various things, often that comes out of the funding in Risk Management.

Alderman Sullivan

Okay. So it would not go under Professional and Technical Services line number 53 it would not?

Steve Bolton, City Corporation Counsel

No not generally speaking. Really the \$1 on that is just to preserve the line I'm told. We never spend it and it's a placeholder if anything.

Alderman Sullivan

Okay, thank you.

Chairman Dowd

All set?

Alderman Sullivan

Yes.

Chairman Dowd

Alderman Kelly?

Alderman Kelly

Thank you. My question is around your open position that you said you were having difficulty filling. Is the salary that you have competitive for that position?

Steve Bolton, City Corporation Counsel

I think that's a very good question. I thought it would be. It turns out it's not generating the interest that we've gotten in the past when we've tried to hire lawyers into the department. So it may be a sign of the times. It may be because other people are paying more. So it could be that would have to be re-evaluated at some point. I doubt we're going to get more applicants by offering less so any re-evaluation is likely to be in the upward direction. So we're still attempting to fill the position at that level. We'll have to see.

Alderman Kelly

If I could follow up?

Chairman Dowd

Follow up Alderman Kelly.

Alderman Kelly

You mentioned that staff members have had to put in extra hours but obviously, we would like to alleviate - their non-exempt correct. We're not paying for overtime?

Steve Bolton, City Corporation Counsel

All of the lawyers are exempt from overtime provisions. We get no extra compensation for doing work beyond 40 hours, beyond 60 hours, beyond any number of hours per week.

Alderman Kelly

That's more reason to do something about it. Thank you.

Chairman Dowd

Any other questions? Alderman Jette?

Alderman Jette

Yes, thank you. I know there's been at least one case where the City has been ordered to pay someone else's legal fees. Whether or not you agree with that decision, where does that money come from? I don't see that reflected here. Where would that be in the budget?

Steve Bolton, City Corporation Counsel

We were ordered to pay about \$6,000 - \$7,000 in one instance. I'm not sure where that came from. That is the only time in my recollection over the last seven years that there's been any such order.

Chairman Dowd

I think I'm going to defer that question to the Treasurer who should know where it's coming from.

John Griffin, CFO/Treasurer/Tax Collector

Yes. That also comes out of Risk.

Alderman Jette

Out of Risk?

John Griffin, CFO/Treasurer/Tax Collector

Risk Management, that's correct.

Alderman Jette

Thank you.

Chairman Dowd

Any other questions for Attorney Bolton? Okay.

Steve Bolton, City Corporation Counsel

May I be excused Mr. Chairman?

Chairman Dowd

Yes you can.

Steve Bolton, City Corporation Counsel

Thank you.

Chairman Dowd

All right. Next is the City Clerk.

Dan Healey, City Clerk

Good evening. Dan Healey, City Clerk. So the main increase in my budget is going to come from the elections. Depends

on it's a year-to-year how many elections we have in each fiscal year. So the past fiscal year, we only had two elections - the Primary and the General Election. This coming fiscal year, there's a chance for a Mayoral Primary in September, a municipal election in November, and then a Presidential Primary sometime December and on whenever the State sets that election. So the election costs, you have to pay the poll workers, you have to pay for programming of the machines, and all those various costs. So that's the main increase and also police detail.

Another increase in my budget is every few years the Inauguration Ceremony. Going through past City Clerk budgets, I notice that in there every few years that comes out of City Clerk budget so there's a slight increase there as well but those are the two main things with increases for City Clerk.

Chairman Dowd

The Board's very familiar with the fact that your budget changes or the City Clerk's budget changes based on the number of elections because that is an obvious thing. Any other questions for the City Clerk? Alderman Sullivan?

Alderman Sullivan

Thank you very much. Where did you say the inauguration? I see election services. Is that rolled into that number?

Dan Healey, City Clerk

I have it under other contracted services 55699.

Alderman Sullivan

Oh yes, thank you.

Alderman Jette

Mr. Chair?

Chairman Dowd

Alderman Jette?

Alderman Jette

So these special elections that we had we're having in Ward 4, the primary and the general. How much do those cost?

Dan Healey, City Clerk

So far the cost I believe is it's been minimal. I think it's around \$5,000. I'd say \$5,000 to \$7,000 maybe per election. The police detail has been I think it was about \$2,000. The poll workers – we're not paying the State has said for these two elections. We're not using the AccuVote machines. We don't have the programming cost of the machine. We did have some money escrowed from last year for temporary staff that I think that's where it's been coming from.

Alderman Jette

Thank you.

Chairman Dowd

Any other questions? You didn't want to ask the personnel question Mr. Sullivan?

Alderman Sullivan

Thank you for the reminder. Sorry I was digging into the Risk Management and then I saw a squirrel so I decided to look at it. Anyway, thank you. Six full-time employees. Fully staffed?

Dan Healey, City Clerk

So currently we have five employees working in the office. We have a sixth employee on the way. Their start date is 5/22.

Alderman Sullivan

And that person is, is it a vital records clerk?

Dan Healey, City Clerk

Vital Records Clerk II.

Alderman Sullivan

Okay. That's it thanks.

Chairman Dowd

Okay, so they would be here for the full 2024 budget.

Dan Healey, City Clerk

Yes they would.

Chairman Dowd

And just one other thing while he's here because of the construction that's starting on Main-Dunstable in Ward 5, which Alderman Jette I'm sure is aware of, the election site is going to be moved to Nashua High South until September of 2025.

Dan Healey, City Clerk

For Ward 5?

Chairman Dowd

For Ward 5, yeah. Do you anticipate any additional expenses based on that or is it too soon?

Dan Healey, City Clerk

Well we should be notifying the voters. We could do that with a postcard. We'd like depending on when we get the official confirmation, we might have enough money in the budget for this year to get that out before the end of this fiscal year so there'll be no impact next fiscal year if we can get the notices out in time.

Chairman Dowd

Okay. Public information, so.

Alderman Jette

Thank you. I was not aware of that. It'll solve the parking problem.

Chairman Dowd

For Main Dunstable anyway. All right. Thank you very much.

Dan Healey, City Clerk

Thank you.

Chairman Dowd

All right. Moving right along. Mr. Griffin did you want to talk to anything or do you want to do that during your benefits

section?

John Griffin, CFO/Treasurer/Tax Collector

I can do that at the benefits section.

Chairman Dowd

Okay. So now we're into Emergency Management.

Emily Martuscello, Emergency Management Director

Okay, thanks everyone. So I'm Emily Martuscello. I'm the Director of Emergency Management for the City of Nashua and the budget increase is me. So this position wasn't in the budget last year and my position was funded out of escrow for one year it was taken out. So you're going to notice a jump of an entire person which is why it kind of looks a little extreme in the budget increase. So that's the main change in salaries. There's two full time positions funded. The Director position mine and our Emergency Management Coordinator position.

We did take out some funding under other services. Bringing my position on, reduced the need to bring in contracted services. So you'll see \$30,000. It is being spent currently on our 2.0 version of a resiliency and sustainability plan which is pretty exciting for the City but we've taken that out for future years. In the next two budget cycles, we're going to receive grant funding for the major planning projects we have are required to do to include our Hazard Mitigation Plan update and our Emergency Operations Plan update. The State has dedicated funds for that. So we've taken that \$30,000 out which you'll see as a decrease. I also kind of just realigned some of the numbers based on our actuals and kind of more finally pulled out some of the expenses like software subscriptions which we use to run the emergency operations center.

All the other items basically stayed as is. I think that's our major change but you'll note we didn't stick to the 4% and that would be because of, again, my position being added back into the budget when it was previously taken out for one year and then funded in this fiscal year with escrow funds.

Chairman Dowd

Okay. Any questions? Alderman Sullivan?

Alderman Sullivan

Thank you. Welcome. First time I've met you.

Emily Martuscello, Emergency Management Director

Thank you.

Alderman Sullivan

When did you start?

Emily Martuscello, Emergency Management Director

I started in October 2022. I'd been with the City previously about 10 years ago so.

Alderman Sullivan

How's it going?

Emily Martuscello, Emergency Management Director

It's going great. We've had a busy last two weeks. I wasn't with you guys last night but I know you've been briefed on our incident. So we're working through that. So I'm fully supportive of the items that have been put in contingency and we'll be working with the Mayor and the IT team on our cyber working group to put forward what will be I'm sure many more recommendations to strengthen our cybersecurity. But other than that, we've had a fairly calm incident since I started in

October. So hopefully we this is a blip and we go back into a nice, peaceful summer of special events and fun times outside but no emergencies.

Alderman Sullivan

Excellent. Great. Thanks.

Chairman Dowd

I believe the last Stroll you helped out significantly.

Emily Martuscello, Emergency Management Director

Yes. I was here for the Stroll and it also went very well. Special events is one of the other things that my office will support the planning and coordination for. We're kicking off Fourth of July planning next week. So getting ready for that.

Chairman Dowd

Yes, Alderwoman Kelly?

Alderwoman Kelly

Thank you and I will (inaudible) the welcome. I remember meeting you in October but it has been a while since you've been in front of us.

My question is actually more likely for CFO Griffin. I was just wondering what the impact of the budget is when we do these things where we, you know, fund the first year of a salary through escrow or through contingency and then we see it the next year.

John Griffin, CFO/Treasurer/Tax Collector

Mr. Chairman, if I may. With regard to Emily, we as the Mayor mentioned, we needed that position filled and not that it's accounting 101 special but we needed to find the funding and it was to through escrow. Similar to the Police Department looking for two additional officers. You try to not put salary if you can in escrow because of the fact that's not in the base budget. The introduction of employees on a half-time or quarter-time basis is as the Mayor said it dampens the current year you're in but it definitely you feel it the next year. I applaud the officers, the management of the Fire, and the Police not to do what they used to do a few years ago where they give July 1st raises and January 1st raises thinking they were saving money. The fact is you get hit the very next year. So they've really respected that the business managers, Miss Smith and Miss Conde. They have to go through all the costing with me and that's a bear. I would say if you are going to hire somebody, the recommended method is to put it in the budget and not use other means. The Fire Department has been very appreciative of introducing a person halfway through the year. They definitely shy away from introducing a collective bargaining agreement that has two major recalculations - the salaries in July and in January which we appreciate very much. Thank you.

Chairman Dowd

Alderman O'Brien?

Alderman O'Brien

Thank you. Emily looking at Other Services 55118, telephones cellular. As you know, I was a Deputy Chief. When it hits the fan, one of your greatest tools is the telephone. Out in the street, you're trying to coordinate whether it be a crane to tear down a building, or coordinate EMS, and the whole thing. I see there was a reduction with that. Are you following a similar thing where you're using your own telephone and getting a stipend because that's what we used to do on Fire too?

Emily Martuscello, Emergency Management Director

Yes there is because I am not trying to carry two phones again.

Alderman O'Brien

I hated it when they gave me two phones. You used to lose one anyways.

Emily Martuscello, Emergency Management Director

All I did was kind of adjusted back down because we had it at \$1,500. We weren't spending that much so I just put in the actual because it's a fixed cost. There was no buffer that was in there. There are other costs like we had like a voice over IP phone like as the emergency number and that kind of got moved over so some costs went down. So I just kind of adjusted that to a fixed cost and basically everyone has my cell phone number. So I also get calls all the time. So we just go with the City policy on the standard reimbursement and that being a fixed cost so I just put in the actual.

Alderman O'Brien

Very good, thank you.

Chairman Dowd

I just recently get your number on that tree issue I was talking about. But I can tell you that you taking over from Justin Cates and you guys are normally busy all day but the most important time you see her is when there's a catastrophe whether it's a train coming off the tracks on Main Street.

Emily Martuscello, Emergency Management Director

That's a good one.

Chairman Dowd

Which is a good one to work with. Hopefully that doesn't happen again or a major event. But I do know that in talking to the Police Department, they said that you were invaluable for the Stroll. You had great ideas in managing that, and the security of it, and everything else. So congratulations on that.

Emily Martuscello, Emergency Management Director

Appreciate that. Well we have a great team and really the role of emergency management is to leverage all of the City staff and resources. In the current incident we're in, we have fully stood up the unified command consisting of every City Director at our meeting weekly until that incident is over because we must continue operations no matter what. So I think that is the value of this position and I kind of commend the City for recognizing that and investing in that because it has brought us back. As I was preparing my budget and looking back, this office was created about 11 years ago. We've had over six presidentially declared disasters. We've received over 85 grants through my office and that's resulted in almost \$3.7 million coming back to the City. So because we've invested in this position and this office, it is you know bringing back in those funds that other communities and towns aren't able to recapture because their emergency management function is really another duty as assigned to someone who is managing whether it be a police department, a fire department, town manager. So I think we're very fortunate and I kind of commend the Board for making that investment upfront in in kind of mitigation dollars. We say every \$1 you spend you get \$6 back and that's really the truth in this position. I think during this incident, we've kind of seen the benefit of having these procedures and this office in place to help coordinate the City during this little blip that we will get through.

Chairman Dowd

Alderman Sullivan?

Alderman Sullivan

What you just said there, that's a bit of breaking news to me and I appreciate it. I really I love communication like that. I just jotted down here received 85 grants.

Emily Martuscello, Emergency Management Director

I made a whole presentation because I thought we were supposed to do one so I will send it to you. I can kind of have a breakdown of the funding that we've been able to coordinate. That's another kind of benefit to the other either the Police Department, Fire Department, and Public Health is there's a lot of grant money out there. I used to

work for the feds before I came back here. It's really all about having a dedicated resource that's tracking those and putting in from them. I work closely with our Grant Coordinator Pamela but we just secured like three more Homeland Security grants that will be coming by this Board shortly. So I think that's exciting for the City and then it also allows us to invest in preparedness and planning. I'm also here as a response and recovery asset when we do have incidents. So I'll share that with the whole Board the presentation.

Alderman Sullivan

If you could put in your subject line every \$1 we spend we get \$6 back, I'll open that email.

Emily Martuscello, Emergency Management Director

Okay. Absolutely. I know our community services group, Public Works will tell you all about that. I know paying for those kinds of projects like culverts and other things aren't really exciting or sexy but it really those mitigation dollars whether it be in those kinds of projects or in preparedness projects, the research shows that it pays us back in dividends.

Alderman Sullivan

Can I have one follow up.

Chairman Dowd

Follow up.

Alderman Sullivan

Thanks. You might have covered this. Other Contracted Services down from \$30,000 to zero apologies if you already covered.

Emily Martuscello, Emergency Management Director

No, that's fine. So that was put in the during the budget year that my position wasn't in the budget and that was to cover some of the planning efforts that needed to be occurring and kind of needed subject matter expertise to include our continuity of operations plan. Now that this Director's position is filled, those are I believe my job to do those but also we have several required plans that we have to do as a municipality. The two coming up are our Hazard Mitigation Plan and our Emergency Operations Plan. Those we get a formulaic funding from the State to bring in contract services if we want. So in the next two budget cycles, I don't see the need to keep that in there and I'd rather as I as I'm already over in my salary, I tried to make as many realistic adjustments as I could to kind of balance the impact. As John said, kind of showing in a new position that was previously funded out of escrow. So I don't see the need for contract services right now.

Alderman Sullivan

Bravo.

Chairman Dowd

Any other questions? All right. We appreciate all you do.

Emily Martuscello, Emergency Management Director

Thank you all. I will share my presentation.

Chairman Dowd

All right. The next item is benefits and it's going to be covered tonight by John Griffin. He's gonna give a general overview of why we won't be discussing benefits in each division because they're set.

John Griffin, CFO/Treasurer/Tax Collector

Mr. Chairman if I may, would you allow Miss Brown to come up first and then - because I have a few additional information pieces I'd like to share. Thank you.

Chairman Dowd

Sure.

John Griffin, CFO/Treasurer/Tax Collector

Okay, thank you.

Chairman Dowd

So Doria Brown and she's another person that does phenomenal things for the City and is saving a lot of taxpayers a lot of money. You don't have to get specifically in your budget. Tonight is just like an overview of what you do.

Doria Brown, Energy Manager

Okay. Hi, I'm Doria Brown. I'm the Energy Manager for the City of Nashua. I negotiate our electricity and natural gas rates. We have seen a large increase in natural gas rates this time around of 44%. We took a budget guideline document and created it and told everybody that we did have an increase of 47% because we didn't know what that price would be until a few weeks ago. I do want to say that after negotiating for our natural gas rate, we actually hit a really nice sweet spot because natural gas rates went way up two weeks after that. So I'm happy with the rate that we got which was 8.06 per dekatherm which was up from \$8.01 per dekatherm which was up from \$5.06 per dekatherm which is a big jump but it could have been a lot worse if we negotiated later in the year.

I do want to warn everybody that electricity rates are going to be changing significantly for our FY25 budget. Currently, we are locked in with a really good contract with Constellation at a 5.6 cents per kilowatt hours which is a really, really good rate but that contract ends in the winter of 2024. So we would be negotiating that contract if the winter is mild next year or the early winter is mild next year, we wouldn't negotiate that in February or March. If we have a really rough winter and prices are way up, we would negotiate that while we're doing the budget so we wouldn't know what that price would be so we'd have to do an estimated increase. I'm telling you, there's going to be a significant increase from that 5.6 cents per kilowatt hour.

The other portion of our electricity is that 15.8 cents per kilowatt hour which is significantly higher which currently sits about five cents under utility rates but when that was negotiated was seven cents in the utility rates. As Energy Manager, that is a big portion of what I do which is negotiate our rates but I also manage our Community Power Program and I'm working on other sustainability efforts in the Sustainability Department.

Chairman Dowd

Can you do the seeking out of companies for like solar?

Doria Brown, Energy Manager

Yes. So that would be renewable energy projects and I looped that into energy efficiency projects because they're kind of connected. You want to do your energy efficiency before you put on your renewable energy ideally but that always doesn't happen or doesn't happen as often as I'd like.

Chairman Dowd

Because you've been responsible working with Revision Energy to get the solar panels on our schools and the fire station.

Doria Brown, Energy Manager

I wouldn't take responsibility for the schools. So the schools has a great group of people - Sean Boyle - not Sean Boyle. He works for Eversource. Shawn Smith has been working on that with Doug for the schools for the City. Actually when we first got those contracts, that was pre me starting so I got to see the projects get built but I actually didn't negotiate those contracts or put out the RFP. We are looking to do another RFP for solar work coming out this summer.

Chairman Dowd

Okay. Any questions? Alderman Sullivan?

Alderman Sullivan

Thank you. Are you in under the Mayor's office or are you under Administrative Services? Who do you report to? Where do you sit?

Doria Brown, Energy Manager

That's a really good question. So if you want to go through the history of my department, I was originally under Administrative Services then I was under the Mayor's department. Currently I am under Community Development under the Sustainability Department. I report to Deb Chisholm who reports to Matt Sullivan.

Alderman Sullivan

Okay. Follow up.

Chairman Dowd

Follow up.

Alderman Sullivan

This is not a Nashua budget question, this is a Sullivan budget question.

Doria Brown, Energy Manager

For your life?

Alderman Sullivan

Yes.

Doria Brown, Energy Manager

Okay.

Alderman Sullivan

It's May 10th. Where are we with Community Power? I thought we were thought we should have started by now. I haven't.

Doria Brown, Energy Manager

We are started. So it's May 10. Much of Nashua - I don't want to say all because I think it might be one more week till we're all enrolled but most of Nashua is enrolled at that new rate which is 15.8 cents per kilowatt hour which is not 15.4 cents per kilowatt hour which is 5 cents under the utility rate.

Alderman Sullivan

Okay, great.

Chairman Dowd

The big thing is your bill will be going down.

Doria Brown, Energy Manager

Your bill should be going down. Absolutely.

Alderman Sullivan

I can leave the lights on.

Chairman Dowd

Alderwoman Kelly?

Alderwoman Kelly

Thank you. Forgive me if I'm not finding the document but I'm looking at what I was sent and I don't see anything for your department. So if my question is answered by it something I'm just don't have in front of me, I apologize that.

Chairman Dowd

This isn't for her to go over her budget numbers by her department. This was to give an overview of the energy.

Alderwoman Kelly

Gotcha.

Chairman Dowd

So she'll be back.

Doria Brown, Energy Manager

You guys just love seeing me so much.

Alderwoman Kelly

Can't wait to see you back.

Doria Brown, Energy Manager

It's basically a Beyonce tour.

Chairman Dowd

Alderman Jette do you have a question?

Alderman Jette

No I didn't.

Chairman Dowd

Anyone else? President Wilshire?

President Wilshire

I just want to thank her for the great job she's doing for the City.

Doria Brown, Energy Manager

Thank you so much. Thank you all.

Chairman Dowd

Thank you. Take care. Well Mr. Griffin.

John Griffin, CFO/Treasurer/Tax Collector

Thank you Mr. Chairman. John Griffin, CFO/Treasurer/Tax Collector. It's great to see Doria here and the great work she's doing. I actually spent the first 20 years of my career in the natural gas distribution business in Massachusetts. When I first started in that industry, it was completely vertically integrated. Pipelines contracted with the gas companies - the pipelines actually bought the gas at the wellhead and sent it up to New England. Then there was a great idea that happened which is called separating the supply from the distribution and transmission. The problem with that some of the regulators thought that it's good for the airline, good for the trains because we don't have the supplies up here to have a robust market and that's what Doria is experiencing.

Alderman Thibeault quite frequently talks about it because he's in that business but when you don't have excess supply, it's hard to have competition. I wanted to share that because with Doria is up against a very unique situation. I got a call from Doria a few weeks ago when she locked in those prices. She goes oh John I don't know what to do because she knew I was in the business. I said you know something back in the gas company, we had a gas supply department and they locked into a rate that was let's say back then \$3 a unit and all of a sudden the price dropped. I say what's going on with the gas supply manager, what's wrong? He says the price is like \$2.50 now. I said that's great, the cost went down but he felt so bad that he locked in at 3. It goes down to \$2.50. So don't - she's experiencing that. She's trying to do the best she can and just to keep track of this stuff is incredible. You have NEPOOL. You have Hydro-Quebec. You've got all this stuff going but it is complicated and I hope that the residents of Nashua experience a good savings off the default utility rate.

Now what Doria and her team did is they locked into 5 cents a kilowatt which is back where the Mayor's expense account was back in the 80s. But very important department, I'm thrilled to see that under the direction and leadership of Matt Sullivan and Deb Chisholm. They really love this in this part of it. I know they're gonna get a little bit involved in electric vehicles, and all of that stuff, and will work well together. Matt Sullivan has provided kind of how this is how it's gonna work type of thing. We're all engaged in that working together. So I just wanted to share that before I get into other things.

So with regard to benefits, it's a large item. It accumulates to about \$36 to \$40 million. Mr. Cummings and I worked together with WBS which is our consultant. They've been with us since I first started back in 2010. Benefits is tough because what we've seen after the pandemic is a lot more usage. Claims are up because all of that pent up demand of shoulders, legs, knees, wrists. They're all getting those services now. Miss Kleiner when she was here, she forecasted that and was very open with that. So I'm not here to talk about what Tim is going to talk about next week. You're going to see some volatility from year-to-year in each individual budget because personnel changes. Each person that's eligible to subscribe to our health plans, and our dental plans, change of life stuff happens. You change somebody from a family plan, to a single, and then the single gets married, and all that good stuff, and has kids goes back to a family. So you're gonna see that.

So the questions that we had naturally last year was how come your benefits went up so much? So it's volatile, right, but as Chairman Dowd indicated when the working rates get set, Financial Services provides the benefit calculation to all of the departments. We're doing very well with the HMO high deductible. As you folks have approved many contracts over the last several years, we're heading to the finish line with that. In addition to the benefits, the pension you might look at the pension and say he's what why did that go up or down? Totally related to salary increases and then what's called the "employer rates" of New Hampshire Retirement System. As I discussed before, we're thankful that the retirement system rates have come down about 2% which is a big number for us but its offset by the increase in compensation that's pensionable. Then the FICA Medi is for those that pay that. That goes up with wages. So if your average wage increase is 3.5%, you'd expect that number to go up 3.5%. So that's the kind of the overall look at the budget.

Some of the managers of the people - they don't study that the find out what the selections are. You've got families that have children under 26 year that are still on their plan. You've got people that are opting out. It's all HIPAA protected so you really can't ask. When you employ them, you can't say when Attorney Bolton is interviewing the next attorney, he can't say are you planning to have kids, or are you getting married soon, or can you go back on your parents plan? So they do a great job. We're finalizing open enrollment which is always challenging for Tim and his crew. Tim and I spoke this morning and I told him I kind of take the laboring on this part of it but he'll be back next week to talk more about the numbers and what he sees happening as well. So I wanted to share that and I'd be happy to answer any questions.

Chairman Dowd

So the benefits that we go through each Division, the benefits are locked in. We can't change them. If you have questions on specific benefit programs when Director Cummings comes, you can ask general questions about that. Alderman O'Brien?

Alderman O'Brien

Thank you. Thank you Mr. Griffin for taking the question. One of the concerns is being a State Rep. as you know, I'm working very heavily engaged with the State pension system. One of the things we say up there in Concord is that is an issue and I think it is an issue in the City of Nashua - recruitment and retention. You know at one time and my grandfather's era, some city jobs may not have been that pleasing but the bennies were good. It still holds true today in 2023. If the bennies aren't there, why would somebody leave? You're trying to rip somebody away from a higher paid jobs out in the private sector to get them work at a reduced rate in a municipality because we don't pay like the private sector, correct?

John Griffin, CFO/Treasurer/Tax Collector

I would say that's correct but I might also say that there's been a recognition of the talent as you've seen tonight that's coming into the City and we have to pay them their worth. So we try.

Alderman O'Brien

Yes, thank you.

Chairman Dowd

Any other questions? Alderman Sullivan?

Alderman Sullivan

Thank you. Two questions, the first is one line item that I don't see that I typically see in a small business with employees is unemployment. Because unemployment insurance you know should there be a layoff or whatnot, the employer is on the hook for some of that, right? They pay that to the State and then the State gives it back for 13 weeks or whatever while that person looks for another job. I don't see that in here unless it's in baked into one of the other line items.

John Griffin, CFO/Treasurer/Tax Collector

So if I may, Mr. Chairman?

Chairman Dowd

Yes. Mr. Griffin.

John Griffin, CFO/Treasurer/Tax Collector

Department 113 is called benefits but the only amount, the \$85,000, that you're budgeting is for the unemployment insurance.

Alderman Sullivan

Okay.

John Griffin, CFO/Treasurer/Tax Collector

What we've done is that several years ago before I arrived, benefits is in what's called an "internal service fund". So in the document that you're going to see is going to be just a projection of the revenues coming in through the employer rates and employee rates versus the costs. So you'll see that next week. So I just wanted to – and it's all populated when you're appropriating those costs in the individual departments.

Alderman Sullivan

Okay.

John Griffin, CFO/Treasurer/Tax Collector

But the unemployment if you look at when you get the book, you'll look at the department 113. You'll see an \$85,000 appropriation last year, 85 this year, and there was some payments this year. There was some actual payments. Director Cummings and I will be talking about that next week as well.

Alderman Sullivan

Could I have a follow up please?

Chairman Dowd

Follow up.

Alderman Sullivan

And I know this is gonna be really difficult subjects to bring up but pensions. I know that I'm gonna get laughed out of the room when I say this but it's no surprise that our city, other cities are really - there's a burden on us. At what point do we start to have a conversation to say we whiteboard it, or whatever, brainstorm it. How do we get out of this mess? I think about it a lot and I think about at what point as we start to, and I'm just asking as someone who's never been in the union, who's never had a pension, has had a 401k and whatnot. At what point do you see where we start offering union employees perhaps a 401k as opposed to a pension. Something other than these programs that have just carried on add infinitum that cripple towns and we keep offering them. All I'm looking for is because I hear it a lot and I think boy when do we ever talk about - we talk about the problem all the time and is there another solution around it? How can we get out of this mess because it really - I know it's not just Nashua, New Hampshire. I mean, I hear about it all over the country. I just think you must think about it like boy, how do we get out of this pickle? This is a sticky wicket, right?

John Griffin, CFO/Treasurer/Tax Collector

Mr. Chairman If I may? Like once again, I'm gonna say I'm fortunate that I arrived here in 2010 and saw the reduction, gradual reduction from the HRS and their obligation. As the Mayor indicated last night, their teaser like they're only going to pay 35% and then it becomes nothing. So I've lived through that 25% in 2010 down to nothing in 2011. So a lot of mistakes were made. If you have your own 401k like you said and you make in excess of what you try to get an annual spend at all, in the down years you're gonna have a lot less than you thought, right?

What was happening, and Alderman O'Brien knows more about this, but it's been talked about. It's been studied. It's been looked at. Unfortunately when you spend the money when you shouldn't have because you're trying to get a rate of return. They gave more benefits than they should have when they did and they included medical benefits. Before it was just salary than medical benefits. When you look at the medical subsidies, there not a lot. They could like \$250 for a single and maybe \$350 for a two person. The rates are like \$2,500 a month. But getting back to the pension, they tried to reform it in 2010 and they had these, they had like a decennial every 10 years they study it. A couple things they did was they got professional management in running the place. The problem is the liability of all those promises from years ago is staggering. Its millions, right? So last year, Alderman O'Brien made the affirmative case. I think the Mayor said he pulled a couple of rabbits out of the hat.

Alderman O'Brien

Oh yeah, baby.

John Griffin, CFO/Treasurer/Tax Collector

He got with his colleagues a 7.5% of the 35 – you know the 100 but nowhere near the 35 they promised us and that was about \$2 million we got back. So what the Mayor's saying last night is I just want to let you know, unless somebody tells us some good information over the summer, we're probably not going to get that. So there's 2 million. Then what they did what I understand is they took some of the \$400 million surplus, they took \$25 million of it and all they did is they deposited into the fund. The fund is billions short. So I mean, we would have rather had the same program that Alderman O'Brien lobbied for and got. We needed the \$2 million back but what the point you're saying is these things are all promised. Their defined benefit plans. You have to fund them. You can't - what we chat with the Mayor and I, we go up there and testify we're saying why is 2038 the day you need 100% of the liability? Why have you reduced consistently the attain rate of return? That's going down from \$7 to \$6 billion.

The other thing is on the benefit side, you just have to reduce benefits which is unpopular. What Alderman O'Brien is

saying is, you know, we live on the border. He knows better than I but I'm not sure what the pension is like for the City of Lowell but they may be better than us in the benefit section. This is a discussion so feel free to ask.

Alderman Sullivan

Yeah, thank you. But you know when I look beyond it, I think okay if there's a 32 year old teacher, firemen, policemen that that comes to the City and beyond let's look at the end of a contract. So let's say it goes out another five years. At what point do we look at this and just keep banging our head up against the wall? At what point do we say you know what let's try something different. Let's try something where we might be able to say we could give you - if you were to talk to that 32 year old employee or possible employee and say would you rather have a higher salary, more vacation time, whatever benefits, or this salary, and a pension? I'm wondering at what point and again, I'm naive because I don't live in that world. But at some point, I see the problem, and I see the contracts go out, and then I see every you know this is only my second budget go around but I hear about it all the time about pensions, and I think at what point do we start getting out from under this? These are human problems that have human solutions.

John Griffin, CFO/Treasurer/Tax Collector

Well the first problem is you can't get out. You cannot get out police, and fire, and teachers. If you were able to get out with the regular employees, you have to pay them the unfunded liability. You'd need to buy your way out so there's no benefit. We are so locked in with this program. You can't. Really it's Hotel California. You can check out anytime you want but you can never leave. I mean you can't get out. We've studied this. I mean Attorney Bolton - the Mayor came back 2016 and the first thing he did was call Attorney Bolton what can do we do and they end up with nothing.

Now we've had them - certainly President Wilshire, Alderman Caron we've had them down here. You don't even get a sorry. You get like this is how it is. When we go up and we try to talk about extending 38 and make it 48, the Mayor gives a speech about whenever. If we all go out of business with a nuclear attack, then you're not going to get a pension anyway. They've got this artificial target that's now crippling and it's going to get worse. It is going to get worse. So we kind of embed that. Like I come up and I say okay, it's \$34 million is put in. That's the cost of doing business, right? The benefits you can have can toggle. You know you can kind of bargain. You can kind of do things. The FICA Medi is federal.

Now I remember Alderwoman Kelly asked these great questions last year and they sent her a bunch of things. There's an HMA has all of these articles that are written that talk to your specific issue. The younger folks, and you know I spend a lot of time with Chief Buxton and Chief Rourke, the new people take the money and run. Right that's a good song, right? They take the money and run but they're locked in. They sign up. You hear Chief Rourke. Some of these people think it's a 40 hour week job, right? You hear Chief Buxton you call them to come in and they're at Killington. They're not like it was when Alderman O'Brien. So the whole - when that may be gets to like 75% of thinking more like in the short term than the longer term, you might be able to change it but then you can't come out. Then what happens is we've got less. What happens with the pension plan is we get more people taking out than putting in. Social Security, right? I remember I didn't study it too much because I was younger but I think second President Bush wanted to take like 15% of your potential value and give it to you and so you invested in a 401K and that went nowhere. So very difficult situation.

Now I've been up there testifying and some of Alderman O'Brien's colleagues up there are blaming us for the problem. They're saying you knuckleheads down there increase everybody's salary to the point.

Alderman O'Brien

It has nothing to do with it.

John Griffin, CFO/Treasurer/Tax Collector

So I mean north of Concord maybe or - and I love the North Country - but they're like we're not going to change any of this. They think they've already done the work. And you're right, it's around the country. So Massachusetts for example is in a worse shape because not only do they provide salary, they provide health benefits. What they're doing down there in some of the cities, they've actually bonding the future liability amount. So we'd come in to you and say, would you guys mind if we sent \$75 million bond to pay the unfunded liability? I mean it's a big problem of ultimate proportions because people came in my dad's generation, they came in with their long term.

Now what corporate America has done, they've like bought out of it. They like we're done - Raytheon, General Electric, and all those places. They have a little bit of leverage but they're actually more on the hook from their subject to ERISA

rules the federal level. I'm a Keyspan Energy delivery pensioner. I get these I can't even understand it but I know I get a certain amount every month. It's a difficult situation and it's no wonder everybody's talking about it because a lot of younger folks they don't want to be tied in anything. So some of the problems with the staffing levels, they're not going to another fire department. They're going and doing something else, right? So we need the amount of members we have paying. It's an obligation you can't get out of. Our payroll department if they don't like within an hour after we pay people, get the money up there that they're fining us, they're chasing us down. It's really a closed loop. It's like locked. You get pensionable wages times the rate. The rates are incredible at 33% - 34% for the safety officers. Teachers go up 1% and you got a lot of teachers. The number is significant. So we've seen it grow. As the Mayor would say, it was \$8 million in 2007 now it's \$34 million.

When I worked for Mayor Lozeau three things: pension, benefits, and wages. Those are the three points that she'd bring up this and that hasn't stopped. But I'm going on and on but the points are relevant. We tried to get out and they're like no. When they come down they kin - the previous Executive Director Mr. Lagos, great guy, he's like we go testify and they come in and testify against us on rate of return, expanding the when you want to get to 100% funding. If they don't weigh in on the State paying us what we deserve but they know the State doesn't have the money sort to speak so it's been a very challenging and very difficult from a budget perspective.

Chairman Dowd

So I've got Alderman O'Brien, and then Alderman Wilshire.

Alderman O'Brien

Thank you, Mr. Chairman. I just want to say Mr. Griffin what a great explanation you know what I mean of it. There's only a couple of points I would like to add. State law RSA 100-A which is basically research it. In other words, any community can pull out of the pension system. You want to spend a pretty good dollar for each employee that you're going to yank out of the pension system, you won't be able to afford it. The taxpayers would hang you down on Main Street. It's an awful lot of money. In other words, you have to pay all unfunded liability. The thing is like I say, I was able to get \$2 million back and that was a big coo. But the other thing is trying to meet the unfunded liability.

In 2011, the pension system and still to this day, believe it or not folks is \$9 billion. We can actually close up shop and it'll fund itself for about 20 years. But somebody came up and it's along partisan lines, unfortunately, it seems like whenever one particular group gets in charge of the State House they kinda of screw the pooch for lack of a better term. What ended up happening in 2011, they came up and cut the benefits to the point right now cities and towns are complaining to the State. Some of the items that they were taking away in 2011, they're trying to reinstate them that were coming back because chiefs, teachers, principals, schools boards, everybody involved. They're coming up and say it's because recruitment and retention. It's one of those entitlements that people look for when they look at this type of career in the municipal. To say it's the unions is a fallacy. Not every member of the New Hampshire Retirement System is in the union. Basically the majority are but it's not a requirement to be a member of the New Hampshire Retirement System. It has nothing to do with unions or anything else. No union can ever renegotiate.

I use in the summation, the real problem with the pension system is 400 State Legislators. The thing is people got to be very careful who you elect because that's what got us into this hole. Now the thing is you look at the employees, I used to pay John will verified 9.75% for the majority of my career. But then the State doubled and took away my spending power and raised me to 12.3% or something like that to make up their loss that they created. It came out of my pocket and I had no control over that. So it's a hard fight. I'm fighting it up there. Right now some of the Bills are in the Senate. From what I hear in the rumor mill, I'm shocked. It's going right down partisan lines. You got to remember it's a knee jerk reaction to some of the things that has far ranging consequences right here to the municipalities and they look at it.

To define benefit, you got to keep in mind 401K's was invented somewhere around the 80s or something like that when companies no longer offered or wanted or employees didn't want to stay for 30 years and work at the shoe shop, or the pin shop, or whatever. They wanted something in their briefcase that they could take from job, to job, to job, to job. The only ones that are left that are choosing a career are the teachers, policemen, firemen, State workers. They're the ones that have the longevity that end up doing a whole complete career. That's why the benefit, wider defined benefit program exists. I guarantee you at one time your grandfather had a defined benefit program. There was nothing wrong with it. The thing is there was a lot of mismanagement that went on up there. I hate to play the D in the eye game but the thing is, it has a lot to do with it too. I mean why are they fighting? I mean they know our troubles and all I could get out of them and they fought it hard was a 7.5% to what used to be paid 35% and they brought it down to zero. How can the City of Nashua and the taxpayers survive when the State used to compensate the City at 35% going to zero? How does that work out? Yet the State of the Hampshire has one of the largest surplus, am I correct John right now? So what was the win?

You got to look at municipalities such as the two economic generators in the State is Manchester and Nashua and they don't care up at that State House. You know other communities, they don't have really a full time - they might have a volunteer force, two or three policemen, couple of teachers in a combined co-op or something like that. So their money is smaller. Nashua and Manchester seems to be the number one contributor - the big burden with it and yet we get the very least out of them. So I hope that kind of explains a little bit. I'll be willing to sit down opine what little knowledge I have in it because it's a lot of moving parts to it. On the immediate horizon, there is no real solution.

I just want to say at this particular time, the City has another pension system and that's the one with the Board of Public Works. I am very proud to serve on that particular Board and we're doing a great job at that. Doing a great job. I think what we are over 80 something percent funded. You know, fantastic. I mean and you got to keep in mind with the State Pension System, there's people up there in Concord yelling and screaming. You tell me when New Hampshire is going to vaporize. It ain't going to vaporize. We've gonna stay here forever and ever. We can go through this but they try to make it a front burner issue. But you look at the City, we're running our DPW Pension System appropriately. Why can't they do it up in Concord? People be choosy who you elect. That's all I can basically say. Thank you.

Chairman Dowd

Yes, Alderman Wilshire?

Alderman Wilshire

So Alderman O'Brien did bring up a couple of points that I was gonna raise. But what I really don't understand I really have a hard time understanding why 2038 the pension has to be 100% funded State. Why? They're not going to pay it all out at once. Everybody's not going to stop working in 2038 and they have to pay. I just don't understand that. I'm aware there was some mismanagement and that was costly.

I also was going to bring up the DPW pension which seems to run very efficiently and very well. I have a family member who works in Massachusetts and pays 9% of their - in any union pays a professional union pays 9% of their pay into the pension, collects 80% of their pay when they retire. I mean it's a good deal and Massachusetts is very generous with their benefits. What I really don't understand is the 100% by 2038. I just don't get it.

Alderman O'Brien

If I may Mr. Chairman, you bring up a very good point. It's one of the points that I argue. I think Mr. Griffin could probably say and I'm sure the financial wizards have what they classify the breakpoint of what is a healthy pension system. Like I say within the BPW, we consider ourselves fairly healthy at the 80 percentile. But the thing is you got to keep in mind it's not like nobody's paying to keep the lights on. Every single week somebody is making a contribution into the State Pension System as far as our police and firemen. So it's not like it's a lack of funding or anything else like that. It's like some of the sins that were kind of in the past but I agree with you. That's why I use the phrase "New Hampshire is not going to vaporize". If we do vaporize in a nuclear attack, we're not going to worry about a pension system. So the thing is I don't understand why one particular group up there running around like the skies falling. It ain't.

Chairman Dowd

So very shortly, I'll keep it brief. I had the same issues that you have Alderman Sullivan when I came on the Board. Several years ago, I don't know how many years ago it was, we had the people that run the pension plan down here. They sat right over there and Treasurer Fredette and I were sitting over here and we ripped them a new one. They had no answers. They said well it's the Legislature. First of all, these people don't work for anyone. They only take direction from the Legislature. So if the Legislature said you only need to fund it to 85%, that's what they'd have to do. But they're under marching orders 100% and whatever the other one is and they can't change. The year we were in here, they were saying that they were anticipating 7% increase when they were recognizing 21% increase. They were making tons of money. It's just like beating your head against the wall. There was no answer. They said they blamed it on a Legislators. So it is the Legislators. Unless you get a Legislature up there that's going to change the rules, it's not going to happen.

Alderman O'Brien

If I can add Mr. Chairman? As more than the casual observer, I think why the fast tracking of coming up with the unfunded liability (UAAL) I think it's the ultimate goal of one particular party to get into the 401K. They can't do it by RSA 100-A until the system is completely leveled and it all is paid off. So why are we as a taxpayer when we have a pension system that works, everybody seems to be content with it, want to jump into the 401K and we're going to pay to the year and be

prepared Alderman Sullivan because the way they came up with it is 2039. They hope by the year 2039, we'll meet the 100% funded which I don't think we're going to be able to do that. That's a moving target year. Maybe 2042 but we're going to be paying from now today 2023, to 2030, at least to 2039. Correct, Mr. Griffin?

John Griffin, CFO/Treasurer/Tax Collector

It's either 39 or 38.

Alderman O'Brien

39 to meet that unfunded liability. Why? That's a big hunk of change to this municipality. A huge hunk of change and it was created by one particular group.

Chairman Dowd

All set Alderman Sullivan?

Alderman O'Brien

Please allow me my passion on the matter but you can see why I give the good fight up in Concord.

Chairman Dowd

Alderman O'Brien do you have a motion? And it's not to adjourn.

John Griffin, CFO/Treasurer/Tax Collector

Mr. Chairman, can I talk about a couple of other matters?

Chairman Dowd

Oh sure. And by the way, that wasn't to adjourn that was to put the thing on the table.

John Griffin, CFO/Treasurer/Tax Collector

So a couple of items. The Mayor mentioned the 4.3 budget increase, the 4.4. He mentioned 7% last year. It's probably down to 5 or 6% but we use a three year average. So it's probably going up to 5.5 next year because you're kicking another 1.7 and adding the you know what I mean.

But you also need to know about what's called the "State and Local Government Implicit Price Deflator" that we use as the metric for the spending cap. You do have a spending cap and I included the analysis in the Resolution. The three year average is 5.9% which is significantly greater than it was last year. 2022 State and local government spending was 9.1. So the cap isn't gonna go down next year because you're at a 9.1 to a 7 and then the previous year so just wanted to share that with you. So and simply put if you took the general operating budget of \$303 million last year and multiply that by 1.059, you get \$321 million. This budget that you're going to be seeing is \$317 million. The cap includes all spend. So it includes the general fund. It includes the enterprise funds, it includes the special revenue funds, grant funds so that number is about \$412 million. It's \$43 million under the cap. I know everybody was worried about grants and things like that but through testimony over at the courthouse, on one our citizen's lawsuit against the City. Attorney Bolton did a great job explaining like everything is an estimate. Grants are no different than estimating if he can hire a third or fourth attorney. So we prevailed in that but the reality is we're trying to manage the cost of the City as best we can with a reasonable tax rate increase.

You're going to see the budget book soon. I'll go into that. I apologize as the Mayor did. We are moving our legacy system data. We still have Lawson financials but we're moving to a company that specializes in a bunch of things relative to municipal budgeting. It's called "Cleargov". They're investing in their product. Their founder, a Massachusetts individual, went to a budget meeting in his hometown and was absolutely appalled with a lack of transparency so he created the company. What we struggled with was like the final half a yard to get it in the end zone. I mean I watched that Bruins game in horror when Marchand ran out of time and couldn't score in time in game five but you'll see a nice book. It's going to be online. It's going to be printed. It's going to have the ability to add charts, graphs, and so forth. What I found it pretty good what the founder did with his team is he went to the GFOA, the Government Finance Officers

Association, and said what ingredients do we need in a budget book to get the kind of this gold star rating? Now we have the gold star rating with what's called the "ACFOR" - the annual report but the budget book is going to be very helpful because you're going to be able to select what you want to print. You're gonna have a table of contents. We struggle with that. I remember talking to Alderman Sullivan last year. I said we kill ourselves like at this time getting a book and the adding of a PDF narratives and stuff is a struggle. So we'll hopefully tomorrow, we'll print. We're gonna finalize it tomorrow morning. We'll print it but you will see the capability over time as we grow with it.

The old days is we used our accounting staff and a few other folks and said hey can we get this thing together. Miss Evans the Comptroller, she's been here since 2007, she's done a great job. I want to just also say that Miss Caron - Megan Caron she really took to it. She has a Public Administration degree from Suffolk I believe and she really likes the transparency aspect and the proper messaging. I found her to be a great person to work with. So we've got a good team. So today Miss Evans, Miss Caron, and I were kind of locked in and trying to get all the data. I squeezed in a meeting with Alderman Dowd but it's going to be good. It's going to be transparent. You're gonna have a lot of questions but it is a step in the right direction. It's another software. Its cloud based so it's not on our servers or anything like that. We have control of our data. They onboard the data and then we have control to make it. So I wanted to share that with you. It wasn't like, you know, we didn't try our best but sometimes when you invest in something new it does take a little bit of time so I appreciate your patience.

Chairman Dowd

Also a few years ago when I get my budget book as Chair of Budget, I would take it up to Staples, have the binder cut off, and have it three-hole punched, and I had a big book. This year, all the members of the Budget Committee will get the three-hole punch notebook so you can add to it, make notes, put whatever in you want. The rest of the Board will get the bound but you will have a book you can use.

John Griffin, CFO/Treasurer/Tax Collector

The other thing you know if you have laptops that you bring, you can web-based so you can queue it up if you want to.

Alderman Sullivan

So we'll have both a binder and a soft copy?

Chairman Dowd

Oh yeah.

Alderman Sullivan

Great.

MOTION BY ALDERMAN O'BRIEN TO TABLE R-23-125

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

Yea: Alderman Sullivan, Alderman Jette, Alderman Caron, Alderman Kelly, Alderman O'Brien, Alderman O'Brien, Alderman Dowd	7
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Nay:	0
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MOTION CARRIED

NEW BUSINESS – ORDINANCES - None

TABLED IN COMMITTEE - None

GENERAL DISCUSSION - None

REMARKS BY THE ALDERMEN

Alderman Jette

Thank you. So when the City Clerk was here we kind of skipped over these. I skipped over the Revenue portion for his budget. So if we have questions I know in the past you've sent out a protocol. Could you tell us what that is?

Chairman Dowd

So if you have questions of any of the departments or divisions as we go along, I suggest that you ask them through Donna so that when the response comes back it goes through Donna and she can give it to the entire Board. That way we don't have any particular Alderman have more information than others. This is the way it should be done. So if you have questions of a particular person or division, send that to Donna. She will get it to that person. We'll get the response back and everybody will get a copy of the response.

Alderman Jette

Okay, thank you.

Chairman Dowd

Alderman Sullivan?

Alderman Sullivan

Thanks for bringing that up because I'm not good at that.

I just wanted to say thank you for the explanation behind the budget books and I think that at times, all the time, email is not a good communicator. I know that I might have sound a little huffy. I was just - I was eager to get my hands on it, do a little bit of homework, and so if my frustration came through it was a little real but I appreciate you saying it and I'm looking forward to a three ring binder. That's gonna be fantastic.

Alderman O'Brien

Wow, that's easy.

ADJOURNMENT

Chairman Dowd

Alright, Alderman O'Brien you have another motion?

Alderman O'Brien

Yes, I do Mr. Chairman. I'd like to make the motion to adjourn and it has to be by roll call.

MOTION BY ALDERMAN O'BRIEN TO ADJOURN

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

Yea: Alderman Sullivan, Alderman Jette, Alderman Caron, Alderwoman Kelly,
Alderman Wilshire, Alderman O'Brien, Alderman Dowd 7

Nay: 0

MOTION CARRIED

The meeting was declared closed at 8:51 p.m.

Michael B. O'Brien, Sr.
Committee Clerk