

BUDGET REVIEW COMMITTEE

JUNE 1, 2023

A meeting of the Budget Review Committee was held Thursday, June 1, 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 Shoshanna Kelly
Alderman June M. Caron
Alderman Ernest Jette
Alderman John Sullivan

Members not in Attendance: Alderman-at-Large Lori Wilshire

Also in Attendance: Alderman Derek Thibeault
John Griffin, CFO/Treasurer/Tax Collector
Cheryl Lindner, Treasury Management Officer

ROLL CALL

PUBLIC COMMENT - None

COMMUNICATIONS - None

UNFINISHED BUSINESS - None

NEW BUSINESS – RESOLUTIONS - None

NEW BUSINESS – ORDINANCES – None

TABLED IN COMMITTEE

**MOTION BY ALDERMAN O'BRIEN TO REMOVE FROM THE TABLE R-23-125
MOTION CARRIED**

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 FY23 BUDGET FOR THE CITY OF NASHUA

| <u>Dept. #</u> | | <u>Revenues</u> | <u>Appropriations</u> |
|----------------|---|-----------------|-----------------------|
| | <u>FINANCIAL SERVICES DIVISION</u> | | |
| | Revenues | 9 and 11 | |
| 118 | Other General Government | 94 | 95 |
| 126 | Financial Services | 96 | 98 |
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| | <u>CAPITAL IMPROVEMENTS</u> | | |
| various | Capital Equipment Reserve Fund (CERF) | | 236 |

| | | | |
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| 81 | Capital Improvements | | 224 |
| | | | |
| | <u>OTHER PUBLIC SAFETY</u> | | |
| 159 | Hydrant Fees – Fire Protection | | 121 |
| 162 | Street Lighting | | 120 |
| | | | |
| | <u>DEBT SERVICE, CONTINGENCY & INTERFUND TRANSFERS</u> | | |
| 193 | Debt Service | | 226 |
| 194 | Contingency | | 222 |
| 198 | Interfund Transfers | | 223 |
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| | <u>CITY SPECIAL REVENUE FUNDS</u> | | |
| various | City Special Revenue Funds | | 242 |

Alderman O'Brien

For the record Mr. Chairman, Alderman Jette has joined us.

Chairman Dowd

Okay. So this evening we're going to be addressing the Financial Services Division, Department 118, 126. Also in that same vein, Capital Improvements, CERF, and Department 81, Other, Public Safety 159 to 62, Debt Service Contingency and Interfund Transfers 193, 194, and 198, and City Special Revenue Funds various. Appropriations on 242. So Mr. Griffin do you want to provide an overview and dive into.

John Griffin, CFO/Treasurer/Tax Collector

Certainly Mr. Chairman. Thank you for that introduction and members of the Budget Review Committee. John Griffin, CFO/Treasurer/Tax Collector and with me to my left is Cheryl Lindner, key member of the team. She's the Treasury Management Officer. As we did last year, we're going to provide some additional details around bonding. Some of the challenges related to that but I would like to start off kind of a high level from the overall budget perspective and capitalize on some of the comments that the Mayor made when he delivered the budget and the comments that he made in the second night when he offered his proposed budget. So and I'm gonna go through some of the details relative to revenues and appropriations.

So as the Mayor indicated during your Board of Aldermen meeting on May 9th, one of the key challenges this year is revenues. We were fortunate last year to get enhanced rooms and meals tax to about \$1.5 million over what we expected. We got approximately \$2 million, a little bit less for the 7.5% of actual city contributions that we made to the Retirement System for teachers, Fire Department, Police Department. As you reviewed the Fire Department's budget last night and noticed revenues that seemed to be kind of odd, that was the amount of money that we got back from the New Hampshire Retirement System for the Fire Department's share of that 7.5%. So when you review the Police Department budget next week, you'll see the same type of thing and then also education. So it was approximately \$1 million back for the teachers and around \$400,000 to \$500,000 for the police and fire. So as you've learned, that's not coming this year. As much as Alderman and State Rep. O'Brien tried his best from the House perspective, it was not a reality to give that relief back.

The rooms and meals - the jury's out on that because they're still deliberating and still counting the revenues that have come into the State from rooms and meals. So we're optimistic that we'll get something similar but as we budget conservatively, it's going to be in the neighborhood of \$6.5 million as opposed to \$8 million.

The other thing that Mr. Donovan the COO of the School Department could probably elaborate next week is the State Adequacy Aid. That seems to be bandied about every year. As the Mayor indicated that Corporation Counsel Steve Bolton was attending those meetings up in I think it's a Conval case but the dilemma we face is that really doesn't grow much - State Adequacy Aid - unless they do things at the legislative level that provide more relief. So I'm going to show

you what that means from the standpoint of the City of Nashua and what happened last year when they did some things with what's called the "State Statewide Education amounts" that we collect on behalf of the State and use for education.

The other item I'd like to talk about is and we talked at length last year, we had the Mayor here. We had Attorney Bolton on May 5, 2022 and that seems to be a challenging thing every year which is what's called a "spending cap" for the City. So when the Mayor and I were here on May 10th, I indicated that the 2022 inflation rate was 7%. Interestingly enough, the amount for 2022 calendar for the State and Local Government Implicit Price Deflator, that's 9.1. So things aren't going down. We've all experienced inflation of various shapes and forms.

So as one of our residents came before you during the preceding last week and indicated that he didn't really like the way I calculated the spending cap. I can tell you that we're calculating it the way we need to with regard to the City's Charter. We talked in length last year. Would it be great not to include grants, would it be great not to include some of these other things but as Attorney Bolton and I believe, we can't do anything different even if we wanted to. When the Charter was adopted for this particular spending cap, following legislation from an ordinance perspective changed it dramatically. It subtracted things, it added things, and I did in my 13 years here, I did go back and watch. I think it was televised back then the debates that took place on what to include and what not to include. I was actually thrilled when the new State Legislature basically said include all appropriations with few exceptions - County Tax and a few other things. But made it easy. It wasn't like what I had to learn when I first got here in 2010 which is okay what's included Mr. Fredette? What's not included? I remember he said to me, I don't know if any of this stuff is legal because generally you can't have an ordinance change in your Charter. But in any event, I just want to share that I did the best of my ability to provide you folks an adoptable budget. You don't have to worry about what's gonna happen down the road. I know Mr. Teeboom may want to try again. I think that's what he said but whether I testify, the Comptroller testifies, or anybody else, we know how to do budgeting and accounting in the State of New Hampshire. So I wanted to share that with you folks so that's not in the back of your mind and you're worried about it.

So with that Mr. Chairman, I wanted to look at some revenues, get a little more detail if I may. So I believe the revenues in your book pages 9 and 11. So if we look at page 9, I just wanted to share with you the high level numbers most notably General Fund School Special Revenue, City Special Revenue, Tax Incremental Finance that you reviewed Director Cummings when you reviewed the Economic Development group and enterprise funds. You'll notice that the general fund is \$66.6 million proposed where year it was \$74 million. So you'd be kind of shocked that there's that much of a decrease but I'll go into the details in a moment.

Then if we switch to page 11 which is the detail of that \$66 million, in the City of Nashua we don't budget for real estate taxes. Matter of fact in the Charter, it's prohibited but we do have to propose the appropriations and then the revenues to get the Department of Revenue Administration to approve our tax rate setting. But just looking at some of these line items such as Financial Services, pretty flat when it comes to that. Police, Fire - modest increases/decreases. But calling your attention to the Fiscal '23 available budget, you see largely those are the reimbursements for the 7.5% contribution rate reimbursement.

Public works that has that \$1.771 million we got for bridge aid. If you get down to the education, you'll see that we had about \$45 million that was budgeted. Right hand side you see 39, so roughly a \$5 million decrease. What they did last year if you're familiar with that concept of SWEPT, which is Statewide Education Funding. They reduced that dramatically. Our share was generally \$21 million. They reduced it down to \$14 million and what that would have caused is a big shortfall but what they made up with was enhanced state education aid - State Enhanced Education Aid.

So they went back. Governor Sununu and his team said it was a one-year deal. So bottom line is we're going to be about \$2 to \$3 million less in State Adequacy Aid than we were last year. Now some of the key contributors to State Adequacy Aid is the headcount which they call ADM "number of students" and also free and reduced lunch counts. Both of those are going down. So costs go up, head counts go down, you end up with some challenges on that end but Mr. Donovan will definitely speak to that next week or the week after.

So that from a high level, I wanted to just share that the \$66 million obviously is less than the 74 but we know that and we try to plan for how to take this budget and then create a tax rate. I just wanted to kind of reinforce what the Mayor had advised back in on May 9th but that's an issue. I'll get into the appropriations as we go forward. If anybody has any questions on that, I'd be happy to answer at this point.

Chairman Dowd

Just a couple of general things up front. One, I think the way the Mayor's budget was what percent?

John Griffin, CFO/Treasurer/Tax Collector

4.4 approximately on the appropriation side, correct.

Chairman Dowd

Okay. Based on the spending cap calculation if we were to stay under the cap, the cap is what?

John Griffin, CFO/Treasurer/Tax Collector

Well the cap as you know if you look at - the actual Resolution indicates.

Chairman Dowd

I know it's in there. I just want to get the number for the record.

John Griffin, CFO/Treasurer/Tax Collector

Yeah, it indicates that the budget as proposed with all of the other appropriations is \$43.7 million under the cap.

Chairman Dowd

The other question I have is do we anticipate any additional revenues coming in potentially?

John Griffin, CFO/Treasurer/Tax Collector

I'll answer that in two ways Mr. Chairman. One is that we're hopeful that the State Legislature will through their deliberations see if they can provide more in the way of State education funding number one. Number two, that rooms and meals if we can somehow - if this year was as good as last year, and I see all Alderman O'Brien shaking his head from a Representative standpoint, we're hoping but we're not counting on it. People have to convince people to keep us whole.

Chairman Dowd

I know when you do revenues, you're conservative. The one that I noticed that was fairly conservative was automobile registrations. Last year was way over what we anticipated and this year we're under. So we envisioning that if things hold true the way they've been this last year that that'll increase. I think it's quite a bit of money.

John Griffin, CFO/Treasurer/Tax Collector

Yes as I go through the discussion of the Financial Services budget in detail, I'll definitely address that.

Chairman Dowd

Okay. Any general questions? Alderman Sullivan.

Alderman Sullivan

Thank you. Do we have an idea timeline of when the State will let us know how much money we're getting? Are they on the same fiscal year as us?

John Griffin, CFO/Treasurer/Tax Collector

They're on the same fiscal year. Mr. Chairman if I may but they let us know. Believe it or not just before the tax rate setting season which is September/October because I think they debate and discuss as more and more information comes into them. So they're trying to close their books and then the rooms and meals is what we're hoping for is to get what we should get.

Chairman Dowd

I think Alderman O'Brien might have something more to add.

Alderman O'Brien

Yeah basically every single Bill has been filed, been vetted, and has passed the floor. Moved over to the Senate to which the House Bills on what they did not agree with are going to Committee in Conference. They may be totally eliminated or modified at that particular time but there's no cavalry coming over to help.

Chairman Dowd

All set Alderman Sullivan?

Alderman Sullivan

I don't know what that means. Calvary does that means zero or does that mean?

Alderman O'Brien

Yeah, let me put it this way. You know my party's the minority party. We would probably take care of a lot of these things but there's other hidden costs. Wait till you see one where they come up with the funding for how should I say it, private schools. That's coming and that's going to cost us. So we'll see what happens in the Committee of Conference but basically the Committee of Conference may not change the landscape all that much.

Chairman Dowd

All set?

Alderman Sullivan

Sure.

Chairman Dowd

Alderman Jette.

Alderman Jette

Thank you. So when we talk about rooms and meals tax, isn't that set what the room and meals tax is? What's the unknown here?

John Griffin, CFO/Treasurer/Tax Collector

Very good question Alderman Jette. Mr. Chairman, if I may. The rooms and meals percentage is set and then there's a calculation where the State is obligated to provide us with 30% of some number. For the last decade since I've been here, we've gotten in the 20s. We used to expect 40% but never got it so now its set at 30 which is the \$6.5 million and we have a chance to get more revenues like we did last year if the State does better. With regard to the collection of rooms and meals, I believe it's slightly under 9%. I know they were changing it a little bit but it's approximately 9% of the rooms and meal rooms tax. So that part is fixed.

Chairman Dowd

Follow up?

Alderman Jette

Please. So help me understand this. So the tax is 9% approximately and do we get the 9% that is collected from the restaurants and hotels in Nashua? Do we get that 9%? Does that come to Nashua?

John Griffin, CFO/Treasurer/Tax Collector

So Mr. Chairman. I would call us a donor city. We generate much more rooms and meals tax than we get back. So we're funding that whole rooms and meals pot and then based on a calculation - and Miss Lindner has worked extensively with our counterpart up there Miss Heck who's the NHMA person that attends all these meetings and keeps us informed. We provide a lot more. So if we get \$6.5 million back - it could be over \$10 million that we're providing with our rooms and meals.

Chairman Dowd

Follow up?

Alderman Jette

So let's just assume for the sake of argument that the State collects for the hotels and restaurants from Nashua send \$10 million to the State. How is it determined? How much is going to come back to Nashua? Who decides that?

John Griffin, CFO/Treasurer/Tax Collector

Maybe Miss Lindner will jog my memory. Is it the assessed value or is it some other population? There's a mechanism that the City of Nashua will get - and it's 30% of that big pot number based on population. It's a big funding source for the State to dole out all the cities and towns so we're a contributor. I can get more detail but we did this exhaustive analysis when the Legislature was trying to fix it. Fixing it means we always get 20% of something. We thought we were gonna get 40%. But I do have some good statistics that I can provide the Committee to show you that we used to get in the \$3 million to \$4 million range for the decade that I've been here. Then last year fortunately, we got 6.5 base plus an amount additional which helped us. But there is a calculation at the State level. When NHMA was advocating on our behalf of the Legislature, we were able to provide our own unique experience over the last decade to help them come up with a better way of allocating the funds.

Chairman Dowd

Just really quickly when we get this additional aid from the State during the year, can you explain how it gets into the budget because it's not that direct? It doesn't just go into the general fund, does it?

John Griffin, CFO/Treasurer/Tax Collector

It actually does Mr. Chairman. What happens is for example, this year we're putting \$6.5 million into the rooms and meals tax line and I'll show you that in a few minutes. If we'll approve the budget, we'll be well on our way Fiscal '24 and then in and around September-October, we might get a communication from the State saying you're going to get more rooms and meals. They put that on our tax calculation. They literally say the line that had 6.5 is going to have 8. So that's how we get the money and that's how we apply it to the tax rate. It's a revenue stream so it reduces the tax rate other than it otherwise would be but that's how the money comes in. Whenever you get State revenues, they put that on the tax calculation. I don't know if it's they trust us or don't trust us but they literally put the State Adequacy Aid in, put the rules and meals tax in. The only things we can adjust based on what more and better information as to what we call the "local revenue" which would be building permits, hydroelectric revenues, interest income, those types of things.

Chairman Dowd

Follow up?

Alderman Jette

Yeah I'm having trouble understanding. It sounds like there's a man behind the curtain somewhere who makes up numbers out of the air and all of a sudden announces okay this is what you're getting. These calculations must be according to some schedule. There must be some law.

John Griffin, CFO/Treasurer/Tax Collector

There is.

Alderman Jette

Excuse me?

John Griffin, CFO/Treasurer/Tax Collector

Excuse me. There is a funding formula.

Alderman Jette

Okay.

John Griffin, CFO/Treasurer/Tax Collector

What's interesting about State government and local government is sometimes you make up a formula that says the City of Nashua should get 40% of something and then for funding reasons, you get 20. It's classic and they know in Massachusetts but you're right Alderman Jette, there's a formula that calculates.

So my understanding never having spoken to anybody up there that runs this is that the revenues come in from every single rooms and meals tax collected, goes into this big pot of money accounted for properly, and that it's the allocation to the cities and towns that they need to send us. They've underfunded us - before the last two years, they've underfunded us but I will get to the Committee the calculation. A lot of work went into it to try to get the cities and towns a funding formula that they could count on.

Chairman Dowd

So during COVID, the revenues were down statewide but this is all hotels and restaurants statewide not just Nashua. So Nashua, Manchester, Portsmouth were probably the big contributors but when they add it all up if we have a good ski season for instance and there's a lot of room with meal taxes from ski season, or looks like we're gonna have a really hot summer, so it'd be stuff from the sea coast, they get more money in and they also do conservative revenues. So they get a lot more money in, then they'll have to figure out how much the cities and towns get extra.

Alderman Jette

Okay. So I'll take one last stab. So I'm getting the impression that so the rooms and meals tax is collected all the money from all over the State goes to the State and then the State keeps a certain portion of it. Do you know what that portion is?

John Griffin, CFO/Treasurer/Tax Collector

No, I don't.

Alderman Jette

Okay. Then the part that they don't keep, they then distribute among the cities and towns not according to the amount of rooms and meals tax that they've collected but because according to their populations?

John Griffin, CFO/Treasurer/Tax Collector

Correct.

Alderman Jette

Okay. So we've had discussions here about local businesses and one of the comments that was made was that the local businesses contribute - I mean the rooms and meals tax the meals that they sell, they collect that tax, send it to the State, and the State sends it back to Nashua. I think the piece that we've been missing or misunderstanding, at least I've been misunderstanding, is that no matter how much money the local restaurants raise through the rooms and meals tax that does not affect how much Nashua gets. What affects the amount that Nashua gets are the number of people that are living here not the number of people that are eating in the restaurants?

John Griffin, CFO/Treasurer/Tax Collector

That's correct but we'll get you the absolute calculation.

Alderman Jette

Thank you. Thank you for indulging me. I'm sorry.

John Griffin, CFO/Treasurer/Tax Collector

Oh no, it's a big frustration for those cities and towns that have a robust rooms and meals revenue streams.

Chairman Dowd

And if you can provide that data to Donna so she can give it to the whole board.

John Griffin, CFO/Treasurer/Tax Collector

Right.

Chairman Dowd

Any other questions for the general part of this discussion? All right. We're gonna move on to the covered revenues – other general government on page 94.

John Griffin, CFO/Treasurer/Tax Collector

Other General Government is a very interesting set of revenues and expenses. So on page 94, Other General Government captures our cable TV revenues that the City keeps. We have a placeholder for the opioid litigation funds that you actually appropriated into an expendable trust fund. If you go down the list here, there's the traditional rental incomes, income from lease land to include the YMCA. There's a lease revenue from the YMCA. You have your 14 Court Street revenue that's been discussed. Hitting down the vendor discounts, I noticed that today that that needs to be about \$1,500. We'll change that at the local level.

Then the ones that tend to get a lot of discussion, the last two interest income from 201 Main Street Financing Corp. and the distribution from 201 Main Street Real Estate Corp. That's related to the Nashua Center for the Arts. In order to get the New Market Tax Credits, the team had to come up with some sophisticated way of creating an income producing enterprise and that is the Spectacle Management Contract that the Nashua Center for the Arts has to operate for a for profit. So I go through the numbers, so this is the revenue side. We get \$71,089 as interest income from the - there's a few different entities as you folks know from the Main Street Financing Corp. The other thing we get, we haven't gotten it yet because the Center hadn't opened until April 1st, but there's what's called "distributions" to the City from 201 Main Street Real Estate Corp. So there's 201 Main Street Real Estate, 201 Main Street Financing.

So before I answer any questions Mr. Chairman, I'd like to quickly go to the appropriations on page 95. So on the appropriation detail, we actually the City actually leases that building from what has been referred to in the past as "NPAC" and that rent is made up of two components. One is the base rent which for a full year is \$500,000 and supplemental rent which is an amount we pay so the NPAC can pay real estate taxes. So if you look at that \$689,677 appropriation, that's made up of \$500,000 of the base rent and an approximate \$189,677. NPAC doesn't have any money so we have to provide them the funds to pay us back. So the revenues equal the expenses in that regard. Then there's another lease that was created, the team decided to have what's called "an equipment lease" for \$165,000. So by these two numbers totaling \$854,677, you're providing a mechanism for the City to pay their respective entities for these rents and leases. So if we hold tight the 854,677 and we look back at the sum of the revenue, the amount of the \$189,677 is going to be paid to our Tax Department paying the tax bill. When you add everything together on the revenue, everything together on the expense, you have no gain/no loss. But the whole idea here is that the team and the City has created a for-profit entity so you can end up with tax credits because without it, the City of Nashua doesn't pay taxes. Federal income taxes.

That's a simple explanation but as you all know, the Legal Department came up with that omnibus legislation that was - they had three people explaining and great people. Doesn't make sense to the average person because it's like why are you doing this but New Market Tax Credits is a federal program that has a lot of regulation as you know. We decided to put it in Other General Government so annually a person like me can come and explain it. So if there's any questions I'd be happy to answer.

Chairman Dowd

Any questions? Alderman Jette.

Alderman Jette

Yeah thank you. So just reviewing what you just said, we're paying of \$500,000 base rent to NPAC plus \$189,677 as additional rent to cover the taxes, the property taxes, and then an additional \$165,000 for the equipment lease. Then you say that's offset by revenue but I look at the revenue and I only see \$593,911 plus \$71,089. That doesn't add up to the same amount does it?

John Griffin, CFO/Treasurer/Tax Collector

Correct. So if I may Mr. Chairman, those two numbers that Alderman Jette just referenced, those are the checks coming back to the City for what's referred to as "interest income and a distribution". The other \$189,677 is going to be sent to our Tax Collection Department and included in that revenue. So at the end of it, it equals.

Alderman Jette

Okay. Can I ask another question?

Chairman Dowd

Follow up.

Alderman Jette

So our arrangement with Spectacle, do we get any money from them? You know they're selling tickets, they're selling - you know they have expenses of course but I'm assuming that their business plan calls for a profit. Do we get any part of that or not?

John Griffin, CFO/Treasurer/Tax Collector

So Mr. Chairman if I may? We will. Now that we celebrated the grand opening on April 1st, looks like the facility is doing fantastic and the Board has been seated. Part of that agreement with Spectacle Management calls for a fund to be established. It's in that Spectacle agreement contract. A fund needs to be established for monies just like you described to be put into it. In their operating agreement, any expenses like under \$1,500 they take care of. As the building gets wear and tear and all that, I think they call it a "Performing Arts Center Advancement Fund" but we'll be bringing in legislation that you folks will review and approve to bring those funds into that expendable trust fund for lack of a better term. That's where a Spectacle provides those items - \$1 for a ticket, percentage of concessions, things of that nature. It's the way it's structured, it will be closely watched by that Board that you folks have approved. So that's coming. It's not in the budget because it's really not a budgeted item. Its monies going into an expendable trust fund.

Chairman Dowd

All set?

Alderman Jette

Yeah thank you.

Chairman Dowd

Alderman Sullivan.

Alderman Sullivan

Thank you. You're alluded to the average person, that's me, so if I were just looking at this which is open to everybody, we spend 854. We make 665. That's the way I see it but what you're saying is the delta is made up by the amount we don't write for taxes. That's basically the top line of it. So if someone stopped me on the street and said this thing doesn't

make us any money, I would say not yet. It will. Because the other part of my question is we don't have any forecast in here for revenue on the NPAC. That fund you said we were going to set up yet there's no forecast. There's no forecasted budget in here on that, right?

John Griffin, CFO/Treasurer/Tax Collector

That's correct.

Alderman Sullivan

So essentially, it breaks even for right now.

John Griffin, CFO/Treasurer/Tax Collector

Correct. It breaks even from the appropriations that you approve and the revenues coming in for that purpose.

Alderman Sullivan

Yup. Okay.

John Griffin, CFO/Treasurer/Tax Collector

The hope is or the plan is that there's a lot of increased economic activity brought into the City that otherwise wouldn't be realized. But you're right, they had to set it up such that the Spectacle Management was going to take a lot of the risk on their end and try to make a reasonable profit on it. If I remember at the beginning, there was going to be a fund that would pay a portion to have at least break, you know, they fortunately came to us - not me but others and said that we don't need any help from the City to make a profit on the operation. That's why it's important to have that Board that you folks approve that can oversee it putting in statements and all of that. That's an important piece but what I talked about was setting up that advancement fund that will allow the City to get revenues from sales and also, I think, there's an event they have to hold. There has to be a minimum of \$25,000 annually put into this fund but that will all come to light when we very soon put that the establish. If we can get it done, we'll hopefully put it in this June and then the monies will come in. Thank you.

Alderman Sullivan

Thanks.

Chairman Dowd

I've also noticed going to the events I've gone to, the restaurants are full before and after. So hopefully rooms and meals taxes are increased.

John Griffin, CFO/Treasurer/Tax Collector

Right.

Chairman Dowd

Wait an hour to eat. Any other questions for this portion? And by the way when we originally had the people come in and explain the way this works with the tax credits, I think it took the Board of Aldermen a number of meetings before we even had some concept of how it worked. It's very complicated. I think Alderman Jette were you here for that discussion?

Alderman Jette

Yes, I was. I still don't understand it.

Chairman Dowd

It's very complex. All right, so we'll move on to your section on page 96 Financial Services.

John Griffin, CFO/Treasurer/Tax Collector

Sure Mr. Chairman. So having studied some of the questions or having understood some of the questions that are asked, on page 248 is the listing of the Financial Services members - 25 strong. We have two vacancies at this point. You'll recall City Clerk Healey indicated that he successfully filled one of his clerk spots with an individual, a very outstanding individual, and that individual has left us - Motor Vehicle Clerk II. So were in the process of recruiting for a Motor Vehicle Clerk II. The other position as the top one, the Accounting Manager. We lost a long-term employee about a year ago. Wanted to take some time to figure out what we need and that individual has been nice enough to come back and help us out on number of matters. So we feel as though we need that Accounting Manager at that very tactical level to do the accounting for the City to complement the current Comptroller Rose Evans and the Staff Accountant Lisa Carl. So we're going to hopefully post for that position soon.

I wanted to share with you in similar fashion that the police, fire, DPW have talked about manpower. The GFOA, which is the Government Finance Officers Association, commissioned a study, a very much needed study, to figure out who is going to take our place as we retire and as people leave. People leave just like they leave a Police Department or a Fire Department. So they have a very nice study. A very good study saying that the old days have to kind of morph into the new days. There has to be a lot of promoting from within and training. You can't just do the old way of you know requiring like Master's Degrees, and advanced degrees for positions that can certainly be done by cultivating the respective departments from within. So for example, Chief Buxton last night talked about needing an officer to do the type of training that's necessary. I think President Wilshire was very direct in her comments and we need to do the same thing. We have to train from within. You get two things - you get somebody that's excited to take on more challenges and you get somebody to commit to the City because we're committing to them.

So we actually this year promoted our long tenured team of the Accounts Payable Supervisor and the Motor Vehicle Supervisor to Managers because that's what they do. On the Motor Vehicle as Alderman Dowd mentioned, we're budgeting \$11 million, we collect \$15 million. They do a great job because it's heavily State controlled. We have to send up the money we collect like almost when we get it. On the Accounts Payable side, we have a good team there and Ms. Durand has done a great job really helping the City avoid types of fraud that come up so they're always looking at that and making sure they double check everything. So those individuals - and they were so excited to be promoted. It was one of my goals. I didn't list it on here but those two individuals Ms. Martell - Motor Vehicle and Miss Durand - Accounts Payable Manager, they're outstanding. They love doing what they do which is great.

As far as Rose Evans the Comptroller, you met the other night Carolyn O'Connor DPW Senior Finance Manager, and Administrative Manager Janet Graziano. She manages the kind of the financial affairs of Public Health and Community Services as well as Director Sullivan's Community Development and to some degree, the Administrative Services Director Mr. Cummings. So we have 25 people. I think we're in great shape from a manning perspective but we do need that Accounting Manager position filled. What's happened to us is we've kind of made things - I mean I hate to use this word we made it look easy but it's a lot of blood, sweat, and tears. When we brought Treasury Manager Ms. Lindner in, she really rounded out my team because I had a as we all know, Mr. Fredette was tough to replace because he so much knowledge in his head. I'm gonna go over some more things in this budget to tell you that the successes of the team but wanted to share with you that's kind of the team we have. It's good to see people that like to come to work and work hard so thank you very much for that.

As far as what we asked for in the budget, there were no Mayoral reductions from what we asked for. So on the appropriation side, we put forth what we thought we needed. You've heard Mr. Cummings speak to it and a few others. We're trying to what I call "wean ourselves off" not putting things in the budget and trying to get add it through escrow because you're really doubling the accounting quite frankly. I think we're going to be successful this year. We're using that strategy. We didn't have to do a lot of it in Financial Services but I'll point out where we needed to.

So if we look at the revenue, you have your high level revenue summary but on the detail, you'll see at the very top on page 96 you'll see that the property taxes make up the available budget and the year-to-date. So we're pretty much spot on with regard to billing and collecting the \$242 million. We're going to have a similar number next year. It will grow as the budget grows and the tax base grows but that's where it fits in with the available at the year to date. If we go down to the other taxes, we have what's called "pilot agreements" that Corporation Counsel Bolton negotiated with some of the hospitals. So we have that. We have a small one with the Nashua Housing Authority but we're pretty consistent now with the \$1.1 million in pilots.

The other two lines are interesting in that pre-lien. So we bill the homeowners, businesses and if they go delinquent, this is the interest amount that we collect pre-lien before we lien. So that's the interest on costs and taxes. The tax redemption interest is I guess people don't pay us when they should. They pay us before their lien. We lien them and

they come and say geez I don't want that lien. So that's the amount we collect after the lien and we do fairly well. You can see that we collected through March about \$530,000 on interest. The other thing that's happening there and you folks know that we're more aggressively taking ownership of property where the taxpayer is just not interested, or unable to, or not interested in paying us. So we're systematically trying to go after those folks. What will happen with that is when we auction the property off, we'll get the money and that will help this revenue stream too. More importantly, somebody may be interested in buying the properties that want to use it, enhance it, and pay taxes on it. So that's kind of the strategy there.

As far as the next page as Alderman Dowd mentioned, we budgeted \$11 million. Weren't quite sure - we want to actually have surplus of this at the end of the year. This particular line has served as well. Brought it down to \$10 million through the tax rate setting and then we've collected through March the \$10.9 million. So that's heading towards the \$14 million sweet spot. Then there's other types of fees that involve that, that aren't material in the grand scheme of things. We go into the Intergovernmental Revenue - meals and rooms tax. So you'll see that we budgeted the \$6.5 million. We were fortunate enough for the State to let us know before we set the tax that we were gonna get an additional \$1.5 million. So that's that \$8.09 million. As you can see the year-to-date revenue, they actually paid us the same amount they told us they were gonna pay us so that was good. As we conservatively budget, we're putting in that \$6.51 million which is really the 30% of the calculation that I'll send you or send to Donna and she'll send it on to you folks. So that's how that affects us.

Now if there's any more questions. Now to interest income. This is where I want to have a really tip of the hat to the lady on my left here. She has done an outstanding job really managing, pounding, whatever you want to call it the banks. Because as you know, banks loan money. No problem raising their rates but it's been a marvel to see the efforts of Ms. Lindner being on top of these banks to get us the best rate. It's manifested here with \$2.1 million of collected interest income through three quarters of the year and growing. Where that helps us all is that is surplus. So as we search for ways to "buy down the tax rate", that's certainly going to help us. That's not used essentially for, although it could for escrows because escrows are appropriations not spent, this is the revenue similar to the adding the revenue to the excess motor vehicle revenue surplus to help us with that tax rate. So tip of the hat, I didn't realize it was that big but it adds up. They kind of slowly give you the increases. It's kind of like they'd have to be more than happy to jack up your mortgage but they slowly give you the increases. It's been good to see so thank you very much Cheryl for your efforts there.

Chairman Dowd

She certainly brought in more than her salary.

John Griffin, CFO/Treasurer/Tax Collector

Yup. She's not a grant writer but she's pretty close.

The other items here - realized gain and loss and realized gain. We mostly invest in CDs. We're gonna get the money in the CD. It's just we're required to get evaluation of the assets periodically. Unrealized means you haven't even sold the asset but we have to book that. So that don't worry about that too much.

Just one item on the bond premium. When we do sell bonds from time to time, we get premium. If they don't apply the premium as Ms. Lindner described against the bonding, it can be covered as revenue. So that's a reasonable amount for the amount that we sold the 257 so.

Chairman Dowd

Does everyone understand what they're talking about? Okay.

John Griffin, CFO/Treasurer/Tax Collector

So that pretty much covers the revenue. The appropriation at the high level is we have a mixture of unaffiliated staff and UAW staff. The big increase we have is the wages full time. Similar to the other folks that have come before you. Some small increases in items such as the accounting and the auditing consulting services.

The tax deed property, there's a reason for the \$10,000 being gone. As Director Cummings indicated, he's taken that in the Risk area. Historically, we haven't deeded tax deeded too often and we add \$10,000 in there and that cover the lawn

mowing, changing of locks, and things like that but we really hadn't taken it. So as Director Cummings indicated, it would be much more robust amounts needed to manage those assets.

Did want to call your attention to software subscription services. So if you recall when Information Technology came in front of you, there was this budget called "technology maintenance". We came up with that kind of at the 11th hour. So I want to apologize that that \$175,700 it should be reduced to \$25,700. The three subscriptions that are in here were moved to the technology maintenance. So at some point, you could feel comfortable in the wrap up just reducing that number from \$175,700 down to \$25,700.

As far as the other items as I mentioned, employee training and certification, dues and memberships. Postage is a big thing that generally goes up for us each and every year. Getting into the office supplies, we do have a large staff that needs supplies. Only needed a slight increase there and then every now and again, we need some furniture and fixtures so we have that in the equipment section. So the \$2,757,159 will be reduced to \$2,607,159.

Chairman Dowd

We would have to reduce it by a motion at our regular...

John Griffin, CFO/Treasurer/Tax Collector

Correct. You'd reduce it but I wanted to flag that for you that you should feel comfortable to do that.

Chairman Dowd

So if anybody's looking for something to add to the budget, it can be done in this line without increasing the overall budget. Alderwoman Kelly?

Alderwoman Kelly

Can you just repeat the line? I missed it and I just want to make sure I have it. Thank you.

John Griffin, CFO/Treasurer/Tax Collector

Yup. So if we look at 55 Other Services, the third line down. The account number 55620. So it was \$3,600, went up to \$175,700, but the IT team and Director Cummings felt that capturing these software subscriptions would be better served under what they now - not telecommunications, technology maintenance.

Chairman Dowd

Okay.

John Griffin, CFO/Treasurer/Tax Collector

Now just one other point on these subscriptions we were trying out, you know, we've got to keep them and all of that. That's an example of buying things under escrow. Doesn't appear in the budget, then you put in the budget, and its shock and awe. So putting things in the budget that you need operationally is a very good thing to do and that's what we tried to do with this budget. So what will happen as we go through that escrow process, our hope is that there won't be any or limited operational escrows and that saves, preserves more money for putting things into capital projects or expendable trust funds that are designed for those kinds of rainy-day situations. Thank you.

Chairman Dowd

Alderman Sullivan.

Alderman Sullivan

Thank you. I had a question around your headcount. Just looking at last year, I just need clarification please. Last year you had - I'll round up 23 people in Financial Services. This year you have 25. You had mentioned that you added a couple of Managers. I see the Accounts Payable Manager. You didn't have that position last year. You had an Accounts

Payable Supervisor. So that's really no net gain. I'm seeing you added a Motor Vehicle Clerk II, so that's a plus one. Is that Vehicle Registration Manager the other plus one? So I'm just trying to find out where the two came from.

John Griffin, CFO/Treasurer/Tax Collector

Great question. I appreciate the question because I want to explain what we did this year relative to last year. I did send out some communication because it was a little bit of confusion. But historically what we try to do on the headcount is we try to put in the different departments - the pro rata shares of some of these positions. Meaning, I'll take Ms. DeRoche for example. Clearly, she's 50%. You were the one that really got to the bottom of it. She's 50% Hunt building, 50% Economic Development. I didn't get to you on time. You have two people in Economic Development because that's where they're charged. So what happens in our accounting system is we charge them there. That's their HR11 record and then we split fund them. In kind of prepping for this and having a number of meetings with Chairman Dowd, he wanted kind of like what do these people make as the position not where they're charging things. So we got rid of the split fund and stuff. So the accounts aren't going to be apples to apples, or apples to oranges but the two managers were Supervisors. So Miss Martell was the Motor Vehicle Supervisor.

Chairman Dowd

In the past and especially in DPW, it was very hard to figure out what somebody was making because they were a third of this department, third of this department, third of this department, and nowhere did we add them all up. So I wanted the positions and how much they made and who they report to. Some of them are split. So as far as the headcount, it may not really be a full head in that division that's listed on there. It may be split money wise but not reporting wise.

Alderman Sullivan

And then just my other clarification but you've straightened it out. Is it your total appropriations are \$2.607 million? Because we're taking out one hundred and fifty from the software subscription line?

John Griffin, CFO/Treasurer/Tax Collector

That is correct.

Alderman Sullivan

All right.

Chairman Dowd

Again when somebody makes a motion, they do that. Right now it's in the book. Alderman Jette.

Alderman Jette

Yes, thank you. So on that point, you're saying that we can eliminate under 55 the software subscription services of \$175,700?

John Griffin, CFO/Treasurer/Tax Collector

Well what you're going to do was to decrease that number by \$150,000.

Alderman Jette

Okay.

John Griffin, CFO/Treasurer/Tax Collector

But the reason for that is there's \$25,700 worth of subscriptions that they actually need within our department where the other three subscriptions are Cleargov, Workday, and we hope to bring some technology into payables. Payables is a big - it's only getting worse with fraud - fraudulent activities. So we're hoping to kind of get some type of insurance. It's an interesting concept but we'll bring that in once this is approved because we don't have the funding to bring it in so we're thinking of an August. Alderman Jette \$25,700 left, \$150,000 out makes this budget \$2,607,159.

Chairman Dowd

I believe sometime before we wrap up with budget, we're gonna get some kind of an IT presentation on what they want to do but we haven't got that yet. Alderman Sullivan? Do you have follow up Alderman Jette?

Alderman Jette

I did but if you could come back to me. Could you send that to us in writing so that we - send us a memo so we don't forget it?

John Griffin, CFO/Treasurer/Tax Collector

Yes.

Alderman Jette

And I have another question if I could? On page 97, you pointed out that the interest income thanks to Ms. Lindner's great efforts. Year-to-date is over \$2.1 million but you're only budgeting \$700,000. Why aren't you budgeting the \$2 million?

John Griffin, CFO/Treasurer/Tax Collector

It's good question. Once again, this is an area that historically we have budgeted conservative but it's a very good question. I'm gonna ask Ms. Lindner to address some of the communication she's had with regard to interest rates, projections, and so forth.

Chairman Dowd

Could you pull your microphone closer to you?

John Griffin, CFO/Treasurer/Tax Collector

Thank you.

Cheryl Lindner, Treasury Management Officer

Cheryl Lindner, Treasury Management Officer. So "hound" is kind of a strong word. I'm persistent but when I speak with the banks, I am always looking to them to see what they're forecasting. Right now the fed is looking to possibly raise a little - the guidance that I'm kind of getting is the feds looking to sort of raise a little bit more maybe 25 basis points in the fall but then there's no guarantee that once they meet in September that they're not going to either hold interest rates or start to reduce them. It really depends on the financial climate. So we tried to budget a little bit more conservatively this year because we just don't know right now what's going to happen with interest rates come December and March of next year. So it's always better to be conservative with that. I want to thank John for all his guidance too because he's been great whenever I come to him and ask for his opinion.

We've looked at a lot of different things and based on our investing guidelines, we've tried to do some short term investments because those are very good right now - 5% for three months which has been great. So we've been trying to take advantage of some of those short term investments and sort of ladder them so that we have access to our cash but we're maximizing what interest we can get right now in the short term. So we just want to keep it conservative if rates do start to fall, they can fall quickly and we don't know what that pace will be and the fed has given no indication of that yet. So we might be up for a little bump in September but then after that, we don't know what the rest of Fiscal Year '24 is going to look like. So we decided to keep it more conservative much like the motor vehicle revenue. We try to keep it conservative and then, you know, try to what do we say "under promise and over deliver". That's what we try to do but we just don't want to be put in a situation where if rates do drop consistently every time the feds meet next year that now we're trying to chase what we've projected. So we just like to be conservative with that.

Chairman Dowd

Follow up?

Alderman Jette

Please. So when you say you're trying to be a little conservative, I see \$1.4 million worth of conservatism here. My concern is, I mean you know better than I do, that are residential taxpayers got hit pretty hard with the reevaluation. As Aldermen, we've all heard people tell us their horror stories about how much their taxes went in some cases how much the taxes went up and how painful that was. So I appreciate the guidance that you people who are experts in financial matters and I'm not. So I appreciate your wanting to make sure that what you predict is going to happen but I'm concerned about this is just one example, I think, of many in this budget where we're predicting our revenues to be much lower than we hoped they're going to be. In this case this \$1.4 million that you're predicting less than what we've got this year so far and that means we got to raise - maybe I don't understand this but in my mind, that means we have to raise \$1.4 million from the taxpayers. This money ends up in the city coffers. We take it from the taxpayers, we put it in the city coffers, and then at the end of the year, we've got this excess money that we now historically we don't give it back. We give very little back to the taxpayers. Most of it we use for projects that we didn't think we had the money to fund. So that's why I'm concerned about these things. So what are your thoughts about that Mr. Griffin?

John Griffin, CFO/Treasurer/Tax Collector

It's a great question. What's interesting is we buy a little time with the two things: one is the results of the prior year and secondly is as we watch what Ms. Lindner was explaining like what is going to happen at the federal level. So when its revenue surplus, it's much easier to put it against the tax rate. That's why we always hoped that motor vehicle revenue would generate about \$4 million surplus and that's why we anchored to that \$4 million in surplus. The good news here is we're going to have revenue surplus - hopefully \$4 million motor vehicle, hopefully \$2 million plus we'll put it against the tax rate. Then what we'll do is in October/November, we'll have July, August, September, October results and we'll have better projections. We can adjust the revenue. I know its, you know how we don't budget for the taxes, and we kind of just get the tax rate set, and then we collect the taxes with the final bill? We actually are buying ourselves a lot of time to see in the Fiscal '24 what the results are which is different than I think towns or other communities that they have to decide what the tax rate is. They have the same timeline but they almost have to anchor in their revenue so they can buy things that they need. I want to make sure I'm not confusing the situation. But my thought is we're going to probably increase the \$700,000 in our tax rate calculation in addition to using the surplus. We can do that and we'll have almost six months of results that will help us.

I can contrast that to the significant amount of appropriations not spent we had last year. You've already appropriated the money and now we're trying to reappropriate. Well, this is on the revenue side. So I think looking forward, I think we're fortunate that we have a healthy revenue surplus that isn't affecting the tax person right now and isn't shackling you folks to like not be able to appropriate things that you think we need. It looks like you'll take everything into consideration. That's why Alderman Dowd has requested I want to spend a lot of time on revenues. I think when they have like tax caps, and tax levies, and things I'm familiar with Massachusetts. You gotta kind of know what the number is like right when you decide the budget here, we have a little bit of time. But no question it's not gone unnoticed that your concern of leaving right now \$1.4 million on the table and potentially another half a million as we get the numbers in. So hold me to that and then we'll communicate and say here's what the numbers all looking like. They're all on the financial statements that are printed but when we get into the fiscal year, the hope is that the rates maintain. We haven't talked about bonding yet. We hope the bonding rates come down but I don't know if that's going to happen but it's not lost your concern and thoughts. So hopefully that helps but we do have time to do the right thing when it comes to using revenue surplus.

Alderman Jette

Okay. Thank you.

John Griffin, CFO/Treasurer/Tax Collector

You're welcome.

Chairman Dowd

Alderman Sullivan.

Alderman Sullivan

To that point, I went down the rabbit hole last night and I was looking at financial statements. You can let me know if I'm wrong here but I looked through April Fiscal Year '23 through April. I see that we've spent - I understand we still have two full months left in the Fiscal Year but we've spent \$260 million and change and we've made \$324 million in change in revenue. It says here we're, according to my math, about \$64 million over in revenue. Maybe I'm looking at the wrong

sheet. I also had another note here that said we're \$3.8 million over budget for revenue. So I don't know which one I was looking at. So my overall question is do you I guess as an offshoot to Alderman Jette's question, do you or can you forecast how we'll finish the year in revenue for '23 as we as we head into a new fiscal year? Do we have an idea of what type of surplus we'll have?

Chairman Dowd

While he's looking that up, remember we did get \$2 million from the State after the budget was set. So revenues were up. It doesn't look like we're going to get that \$2 million this year.

Alderman Sullivan

No, I understand that. I'm just trying to square away where we are in the current fiscal year. Where we got it I think is immaterial. I just want to make sure that I'm on the same page here.

John Griffin, CFO/Treasurer/Tax Collector

Right. So Mr. Chairman if I may? Through May 30th, I'm going to Lawson Financials and printing this out but we got about almost \$6 million of surplus. Hopefully we grow the motor vehicle and the interest income. So we should have a very healthy surplus. So we're going revenue to revenue not revenue to expenses. So we should have appropriations not spent which creates the escrow but we will have a very good revenue surplus in two specific areas. Well actually three. One is the motor vehicle. Second one's the interest income. Third one is hydroelectric operations. I know Director Sullivan has sent an email through Donna as to the reason why we reduced the tax rate setting process the \$1.178 million down to 778. So that's a half a million there. Two plus million on the interest income and hopefully \$4 million plus on the motor vehicle. Those are the local revenues that we have used historically to buy down the tax rate and also grow the unfunded balance of the City.

Alderman Sullivan

Follow up?

Chairman Dowd

Follow up.

Alderman Sullivan

You mentioned escrows and I know that we did pass a resolution. According to what I saw, there were about \$9.3 million in escrows. Again through April, more current numbers. To-date through April, we've spent about 6.3 of that meaning we haven't used at all. There's about \$2.5 million left against that \$9.3 million. What happens to that money if we don't spend it?

John Griffin, CFO/Treasurer/Tax Collector

So one of the strategies that we had for this year is to, again, wean ourselves off of the best growing for operational costs. Hopefully get this right but Your Voice Your Choice where Director Sullivan put that in his budget. That's an example of historically the usage of - it's a year over year program. The direct answer is if an escrow isn't used as of June 30th it either has to re-escrow or it lapses to surplus. So my hope is unless there's an absolute need to on the operational side to need an escrow, my hope is it just lapses to surplus and it covers the embedding of the former escrow expenses in the budget.

So we're going to have a few things going on. One is the revenue side to buy down the tax rate and the second part is let some of these escrows lapse so that it creates surplus that we can use to help the tax rate as well. But I want to make sure that the mean is that unless they're capital so there's escrows for capital.

Alderman Sullivan

Right.

John Griffin, CFO/Treasurer/Tax Collector

That we generally re-escrow. You've got great questions. You'll looking at - we're gonna get to it when I go over the capital improvements but you're really appropriately honing in on available balance of we budgeted a minimal amount, especially capital improvements, minimum amount. Now all of a sudden, we have \$9 million. You're gonna ask a good question and most of it's the ARPA things that haven't been bought yet. I'll go over all of that but generally speaking, capital we roll over to escrow. Where you folks have to appropriate is re-appropriating funds from someplace to a new place.

Chairman Dowd

All set?

Alderman Sullivan

Actually, I have one more question and it's very pointed. If I vote yes for this budget right now the way it is, how much are taxes gonna go up?

John Griffin, CFO/Treasurer/Tax Collector

Well as the Mayor indicated the first night when he talked about revenue, you're 3% on the tax rate before we even start looking at the budget if those things don't come in. So the next night on the appropriation side, he said he did the best he could to bring a 4.4% increase. So that's on the budget. There's tax things going on. Then he mentioned that maybe the potential dilemma of the County tax going up more than normal. I'm trying to remember everything he said but those are like when he and I get together, it's always those numbers that resonate in our brains. Every \$2.5 million of either savings or spending is 1% on the tax rate.

Chairman Dowd

Two years ago, we projected a 7% tax increase and we ended up 3.9.

John Griffin, CFO/Treasurer/Tax Collector

I think so, yeah.

Alderman Sullivan

So we're at 1807 right now, right?

John Griffin, CFO/Treasurer/Tax Collector

Right.

Alderman Sullivan

So if you add 3% of that I'm at 1861?

John Griffin, CFO/Treasurer/Tax Collector

Yep. Well that's 3% on not having the revenue to shore up what we did last year.

Alderman Sullivan

No, I understand.

John Griffin, CFO/Treasurer/Tax Collector

Yep, exactly.

Chairman Dowd

All set?

Alderman Sullivan

Yup.

Chairman Dowd

Anything else on Financial Services? If not we're going to CERF, not the SURF.

John Griffin, CFO/Treasurer/Tax Collector

I think of the beach days when - not that I'm dating myself.

Chairman Dowd

CERF is on 236 by the way.

John Griffin, CFO/Treasurer/Tax Collector

So CERF is interesting because as we indicated last year during the pretty drawn out appropriately so \$3 million in CERF, you can see that hopefully can shore up our fleet of police vehicles, Park Rec, Streets, Engineering, School, and others \$5.18 million. So this is a process that these teams get together with us and they review their CERF list and they come up with things that they need to replace. They do take a hard look at things that they might not need to replace. So it's a very interactive process. The reason why the Fire Department is not on this is because they're okay with what they were allowed in the Fiscal '23 and certainly Chief Buxton and his team were very appreciative of the two large bonded apparatus that you folks approved. We'll get into that when we go into the bonding. This is a good listing of the items that each one of these departments brought forth last year really hoping that the Board would approve that \$3 million in escrow.

Chairman Dowd

Alderman Kelly.

Alderman Kelly

Thank you. So my question is around the new - I won't call it regulations but the move to wanting to do a lot of passenger vehicles energy efficient wherever possible. I'm assuming that these replacement costs are for replacing it with a gas car currently?

John Griffin, CFO/Treasurer/Tax Collector

So, if I may Mr. Chairman. This takes a lot of work to do. So this was done mostly done well before the ordinance but as Director Sullivan has indicated with the Sustainability team, they plan on looking at the combination of electric vehicles versus fossil fuel driven vehicles – powered vehicles.

Chairman Dowd

Having talked to all the Division Directors, I think the Sustainability Committee needs to meet with each one of them to find out which are reasonable. The other thing that goes along with that is not too many of our sites have charging stations so that added expense. So I think the sustainability group needs to come up with a plan that we could start implementing and it may not be in the '24 budget. Yes, follow up?

Alderman Kelly

By sustainability group, do you mean the Energy Environment Committee?

Chairman Dowd

Yeah, that's what I meant, sorry.

Alderman Kelly

Because there is a Sustainability Department which is something completely different.

I think that we've talked about this at nauseam so I'm not going to go on for a long time but I think that the intent of it was to start thinking about it. That it wasn't going to be an instant rollout and we have had discussions in that Committee about where we can target low hanging fruit and how we get the infrastructure in. I just wanted to make sure that we start to think about it as we look at CERF going forward. I understand that this work was done before the legislation so it sounds like we're gonna be doing a sustainability plan and those types of things but this will get updated at some point in the next...

Chairman Dowd

I know the School Department is willing to go to like they have a lot of cars to people get around. They're willing to go it but at the new McCarthy School, we're paying to put the infrastructure in the ground for charging stations but not the actual cost of the charging stations which is gonna have to come out of somewhere as soon as that group figures out where they're getting the money.

Alderwoman Kelly

If I could reply? I think that, you know, passenger vehicles are the easy low hanging fruits. We, as I'm sure we'll talk about, have an energy efficiency fund that doesn't have a whole lot of money in it and I've been asking how it's been funded in the past and how we might start to refund it for things like this because that infrastructure is going to be really important.

Chairman Dowd

Yes, Miss Lindner?

Cheryl Lindner, Treasury Management Officer

So if I can just add one piece to that. When we were going through the list because we've seen such an increase in the price of the vehicles, this list does reflect - we met with each department and it does reflect the most current pricing that they had available. So you may see during the course of the year, I know the electric vehicles are hybrid sometimes are a little bit more than the fossil fuel but you may not see because we have updated these prices that much of a difference. So I don't know what the anticipated timeline is to go fully to the electric vehicles or if it's going to be possible this year but these prices were updated when we were creating the budget for the department in the spring. We did use an escalator for the pricing as well to cover the time between when those prices were given to us and what they possibly could be with what we're seeing for increases. So we're not working off of old pricing or anything that we thought these vehicles would come in at. This is most recent.

Chairman Dowd

Alderwoman Kelly.

Alderwoman Kelly

Thank you. Question to either of you. Is anyone keeping track of sort of the federal funding and programs that are I feel like they're getting changed every day in terms of you know incentivizing some of this switch over to energy efficiency? I heard there's like 50 page documents dropping every - so is there someone in the City that's keeping an eye on that and is there a way that we can capitalize on anything that might be coming to cities to help with that turnover?

Chairman Dowd

I believe Miss Brown is charged with that.

Cheryl Lindner, Treasury Management Officer

So the Sustainability Department is always looking into those programs. Whenever one of us on one of our listservs or if we get a newsletter from the government, we're all signed up for different email lists. So when we get anything concerning energy or grants, we send it over to Doria and to Pam our Grant Writer. So the City is very good about

sharing information. So if something comes out, we'll send it to them and they're great about looking into it. So I would connect with them to see where they're at with the most recent programs.

Chairman Dowd

The other thing is we used to split a Grant Manager with the School Department. Now the Grant Manager is 100% here.

Alderman Kelly

Yeah, I'm excited about that.

Chairman Dowd

I don't know whether the School Department is adding a grant person or not but we'll see when they come in.

Alderman Kelly

Thank you.

Chairman Dowd

Any other questions on CERF? Yes, Alderman Jette.

Alderman Jette

So this list - okay so I was gonna ask a question and I'm looking at the headline and it answers my question. Fiscal Year 2024 Planned CERF Replacements. So this is what the City is planning. These are the vehicles the City's planning on replacing in Fiscal Year '24, right? So are you asking is there a budget item for this \$5 million somewhere? Where is this money coming from?

John Griffin, CFO/Treasurer/Tax Collector

Mr. Chairman if I may?

Chairman Dowd

Yes.

John Griffin, CFO/Treasurer/Tax Collector

So as you recall last year during the escrow process, you approved \$3 million of this to put into the fund. The fund has about \$5 million dollars in it. What we need to do is two things: we need to buy the remaining vehicles we were planning on buying for Fiscal '23 but through the escrow process, this will be another area that would need some funding. We used to transfer monies in the transfer section that I'll get to when we review it but from time to time, it would be used for other things. So in other words, we have a half a million transfer which is a drop in the bucket. Some of our team, some of the - all of the team members would say I need that for the Fire Department or the Police Department. So what the Mayor and I do is we just use appropriations not spent and ask you to re-appropriate it to CERF. It's just a reality of things because it's not looked at as I don't know what kind of object like a needed object so you just buy it later. It's kind of a tough way to fund this stuff and this is when we talk about capital projects which we will but the team has systemically deferred buying things such that you're butting up against the wall. The capital replacement requirements over the next couple of years is about \$15 million. You're right Alderman Jette where's the money coming from? Fortunately, we started with \$3 million. We have a little bit of a balance from the year before and then we're going to need to put more in the escrow process. Because we're not going to buy all this stuff like July 1st. We'll have enough time to get the money into the fund to buy it.

Chairman Dowd

So there is an overall CERF comprehensive plan which has all the vehicles and when they'll be replaced whether it's '25, '26, '27 and it's all based on the years of service that they were projected. You'll notice most of these track some are way overdue for being replaced because they've been deferred, and deferred, and deferred because we don't have enough

money in the CERF account. There is one that has all the vehicles in it. Everything that's earmarked for CERF is in that plan and they just pick the ones that were going to buy in '24. Follow up?

Alderman Jette

Please. So it sounds like we have what the Chairman is saying we have a schedule. So in '24, we're going to need \$5 million to replace these vehicles and we know in '25 how much money we need to replace the vehicles that are scheduled to be replaced in '25, '26, etc.?

John Griffin, CFO/Treasurer/Tax Collector

Yes. So Mr. Chairman if I may?

Chairman Dowd

Yes.

John Griffin, CFO/Treasurer/Tax Collector

As Ms. Lindner indicated, we did a massive update of pricing looking to the future, working with the Police Department, Solid Waste, Wastewater, Park & Rec., all those teams. So the number like I mentioned, it's like \$5 million a year over the next three years. The same type of vehicles get replaced timely. CERF works from the standpoint of you're quantifying what number you need in the fiscal year that you're replacing. Prior to the 2010 fleet study that Mayor Lozeau did with the team, they used to fund like the percentage used to be a calculation. Every single vehicle had a percentage of how long it was going to last and you'd fund a portion of it. Some of the veteran budget people say that's a great way of doing it. I don't do that like with my personal vehicles. I like say I'm gonna buy the new vehicle maybe three years from now. I'm not amortizing the current vehicle. They both work. They both work effectively but what happened was because of budgetary constraints, especially during the spending cap era, you couldn't possibly fund it enough. So that original funding plan which called for about \$3 to \$4 million annually went down a \$1.7 million, \$1.5 million because we wanted to keep all the people employed that we needed employed and that was an area that we had.

You folks probably recall the old funding of the benefits funds for health care and medical. Couldn't possibly fund that. We had a healthy balance so we just weened our way down from \$19 million down to \$3 million. Same types of things. It's not great but we've been able to get by and I know we're going to talk about capital improvements next but this is another area that needs - it'd be great if we could put \$5 million in annually to start of the budget to budget \$5 million bucks.

Chairman Dowd

So I have a question and I think I know the answer to but I'm gonna ask it anyway. When we have a vehicle, and I won't mention which department that gets totaled, and the insurance outside company pays us in through Risk and we buy a new vehicle, do we update that in the CERF plan?

John Griffin, CFO/Treasurer/Tax Collector

We do.

Chairman Dowd

That's the new position. Okay. I thought that we did and just wanted to make sure.

John Griffin, CFO/Treasurer/Tax Collector

We try to maintain the fleet, try to recognize when we grow the fleet for good reason, try to identify grant funded vehicles that we buy. There're a lot of good notes in the CERF schedule. Thank you.

Chairman Dowd

Alderwoman Kelly.

Alderman Kelly

Thank you. You started to answer one of my questions which is we had this conversation last year around CERF and how it's kind of been funded historically. A question that just came to my mind now that I would be interested in, I don't know if we can do it or not, but maintenance is one of the big things that's kind of on my mind, right? So if we keep these longer than we are anticipating are they costing us more in maintenance and can we account for that in CERF?

John Griffin, CFO/Treasurer/Tax Collector

Mr. Chairman if I may? You wouldn't want to account for it in CERF but certainly when you go through the deliberations of whether to replace or not, especially the Police Department. They keep excellent records on these pursuit vehicles that they don't want to use them for more than 100,000 miles. So they don't want to trade them in too early but they don't want to keep them past 100,000 miles. They'll be in next week which would be great. You wouldn't fund that in CERF. The CERF is a replacement of the vehicle itself, the purchase price. In the budgeting process, you heard it the last couple of days especially DPW, the Fleet Manager came in and said yeah the prices of fixing cars are going up. The price of vehicles are going up. So you handle that through the budgeting process through their operational budget.

Chairman Dowd

Yeah that maintenance fee is in each one of the divisions.

Alderman Kelly

So if I could? I understand that it's in each department but I'm just wondering if there's like a way that we can historically follow it because some things are going up like the Fleet Manager said but also some things could be going down. What if we switch to energy efficient electric cars, you're not doing the oil changes and that kind of thing. So it would be interesting to have a place where we could kind of see it across the CERF or across the fleet.

John Griffin, CFO/Treasurer/Tax Collector

Mr. Chairman if I may?

Chairman Dowd

Go ahead.

John Griffin, CFO/Treasurer/Tax Collector

The Fleet Managers would have that data. Especially the Fleet Manager of the Police Department.

Chairman Dowd

Any other questions on CERF? Alderman Jette.

Alderman Jette

So after hearing what you said, I mean it would seem to me that the City should if we know it's going to cost X amount of dollars, I mean I know some vehicles have a 20-year life. Some of them have a 3-year life or whatever. We ought to be able to determine what that is. We ought to know how much money we're going to need each year. What you said about each year, I mean if you have a bulldozer that's gonna last 20 years and it costs \$200,000 - I don't know what they cost but and then it would seem to make sense that you would put part of that 1/20th of the cost you to set aside that amount each year so that when in year 20 we'd have the money to replace the budget. I know you said that we used to do that and we ran into problems with the budget, the budget cap, and the tax cap but isn't that the right way to do it?

John Griffin, CFO/Treasurer/Tax Collector

Mr. Chairman, if I may?

Chairman Dowd

Yes.

John Griffin, CFO/Treasurer/Tax Collector

A couple of clever tricks were done municipal budgeting decades ago and that's when the funding of an apparatus let's say. To have the Fire Department have a skin in the game, they'd fund some of it in their operating budget. That's what was going on. When I first got here in 2010 and I was trying to analyze some things with Mayor Lozeau, I'm like what the heck? Oh no they used to fund part of the cost of the vehicle. Let the department have the skin in the game. They got rid of that. They did the 1/20th spending cap they couldn't fund. What goes is the vehicle. It's kind of like our own personal life. Would I love to have a brand new car? Yes. Am I gonna buy one? No. Here Alderman Jette, definitely. 20 year life, \$200,000, put X amount away, and fund it. Don't say you're gonna fund it. Fund it. So what Mayor Lozeau and I think Director Fauteux said it last night, they got together and said this is crazy. Like we got chicken wire, and duct tape, and everything else on the old refuse trucks and they did a nice job getting us out of that. But this is up there with - I would say this is definitely up there with the challenges we have with deferred maintenance.

Chairman Dowd

I've had that same question over and over again over the years. We look into it and for us to get CERF in a financial position to do what you want to do, we'd have to bond several millions of dollars because there's not enough money in there. You couldn't allocate that in a one year budget because you can't afford it. But if you analyze all the things in the comprehensive CERF plan to get that amount of money that we shouldn't be putting aside every year including inflation, millions, maybe tens of millions.

John Griffin, CFO/Treasurer/Tax Collector

Correct. I would like to say that when it comes to the fire apparatus, and the refuse trucks, and those large excavators over there at the landfill, the plan was always to bond them. A lot of some people would say CERF doesn't work because you have to bond some of these but you need to bond. I mean the people that are going to build those apparatus for 28 months, they want to get paid like now. They give you a decent discount but Cheryl's not going to be able to invest it because we gave it to them. But CERF has always been a combination of non-bonded vehicles and bonded vehicles. So this big CERF schedule that Alderman Dowd references we know what we're going to bond, and we know what we're not going to bond, and we know - I'm just explaining that you're going to need \$5 million in cash.

Chairman Dowd

It was just gonna say that that plan outlines things that are going to be bonded versus things that will be paid cash out of CERF.

John Griffin, CFO/Treasurer/Tax Collector

Just as far as like looking at it, studying it, is there another way to skin the cat? There isn't. I mean we would have done it if we had to. I'll get into it with the capital improvement stuff but for a City with \$316 million plus operating budget, they have less than a million dollars of capital improvements doesn't quite seem right to me. It seems low. I remember years ago, I looked at the City of Cambridge, MA, which is a whole different animal. They have a \$600 million operating budget and they got like an \$85 million capital budget. So when Alderman Dowd wants to meet with Director Sullivan and figure out a different way of looking at things, and Alderman Jette you and I served on the CIC, it's frustrating to have a myriad of issues that we debate on the merits because it's not on the money and it really can't pick much. Treasury Management Officer Miss Lindner as part of her presentation is going to show you what we're planning on bonding this year and that's a laundry list of stuff. So it is a struggle. It's a challenge. So we have major capital items that are challenging.

Chairman Dowd

So it dovetails into our next section which is capital improvements unless there's another CERF question. Okay. Capital Improvements is on page 224.

John Griffin, CFO/Treasurer/Tax Collector

So I asked Miss Lindner - I have an online version of the CIC report that I'm familiar with these reports and you folks receive a report for the CIC's efforts. It's a lot of great projects but really our budget is somewhere between \$800,000 and \$1.1 million. So what the Mayor decided to do this year if you look at that page 224 on the right-hand side, he's funded

certain items. Those are the nominal amounts that we're budgeting. On the next page or close to it is the listing of the disparate projects that we're recommending. Looking at the Fiscal 2023 available budget, most of those items are the ARPA funding amounts that you folks approve. I mean its Administrative Services, it's got \$500,000 for the back-up servers for Mr. Miseirvitch, the Police \$650,000 that's their new data program that you can ask them next week how that's coming. Fire Department in that amount is the Opticon upgrade and also the alarm systems throughout the stations. Community Development - Director Sullivan provided a breakdown of \$1,887,000 but the big number is \$1.5 million for the Library Plaza to match up with the \$3 million grant they got. The Nashua Airport Authority we all know that whatever these numbers are they're 5% of the total. So if somebody's gonna pay 95% of the bill, it's very difficult not to provide the 5%. So we have \$812,000 and that's what's being proposed.

Chairman Dowd

You missed the one important one.

John Griffin, CFO/Treasurer/Tax Collector

The education?

Chairman Dowd

Schools. \$100,000 is totally inadequate. We have a situation now we've got to replace some elementary boilers at \$300,000. Unless we want to increase a bond somewhere, we're gonna have to fund that. So somewhere along the line, that number is gonna have to grow. It's either gonna come out of surplus or wherever but that number is - I forget how many \$18 million or more in school buildings and \$100,000 deferred maintenance is ridiculous. Just paving at Nashua High South - just fixing some of the pavement, they usually get it out of deferred maintenance. They don't have enough money to do that. If we let it go too long, we'll do the entire school paving and trust me that's a lot more expensive. So any questions on Capital Improvements? Alderman Jette.

Alderman Jette

So do I understand this correctly, we're talking about a total of \$812,778 for capital improvements for the next year?

John Griffin, CFO/Treasurer/Tax Collector

That's correct.

Alderman Jette

Do you know Capital Improvements Committee do you know what the total of their A rated projects was?

John Griffin, CFO/Treasurer/Tax Collector

Just by way of background Mr. Chairman, Alderman Jette and I we serve with a good group of folks that review all the proposals and the departments take them very seriously. A few years, I must admit I was getting a little frustrated and I called Director Marchant and I said do we really need to do this? She says yes John very important for grant opportunities. Plus we need to from the State. You have to have a capital plan. So I said okay. I'll give it the old college try and there I am. The total, because Director Sullivan's group has a nice job summarizing everything, into long term and short term. Let's see what the numbers are.

Chairman Dowd

Some of the things in the plan get bonded because they're large numbers.

John Griffin, CFO/Treasurer/Tax Collector

So there's \$8.1 million worth of A rated projects and A is defined as essential. There's \$11 million worth of short term rated projects that are A rated. So \$19 million total. The desirable items are 187, acceptable is \$51 million, deferrable is \$96 million because it's long term. So when we use the current software and we total up the board, I always point out it's hard to get this all back at once. So the City hasn't figured out a way of not bonding things and investing in the...you heard it last night with the fire folks but it costs money. I mean if we had to get out of jail free card, it would be like we

need \$5 million for the CERF. If we use the City of Cambridge analogy, we'd probably need \$25 million a year budgeted in capital improvements. We're in this because - I mean not to steal Alderman Dowd's thunder but it's like we build stuff and we don't have the maintenance costs on the heavy side. I remember being in one of the municipalities I was in and Governor Romney sent up his Economic Secretary in a Jaguar and he says we're not giving you any money unless you figure out a way to maintain the stuff. They were being capital guys. I mean that's what they were, right? But we haven't been able to find that balance because we've been chasing a spending cap since '94. We've had recessions. When I got here, we were coming out of a recession. I mean the 1 - 2% increases, that's not reality now unfortunately. You can't be signing for 4% collective bargaining agreements for all the right reasons and think you're gonna have a tax increase of 3%. Then you add all this other stuff. It's my little town too. Same thing. You know you let the bleachers go until somebody gets hurt and then you fix them and all that stuff. But not sure what it is but we got to kind of - and the first thing is we're weaning ourselves off of escrows for operational costs. The next thing is to fund things but people have to be on board.

Chairman Dowd

So two years ago, you'll remember Alderman Jette we had \$100,000 in deferred maintenance and they had to replace a pump for \$90,000. Everybody had a concern about a pump \$90,000 and I took everybody on a tour. The pump is as big as a Volkswagen. It has to go up four floors with firewater. So we had to increase that deferred maintenance and we keep getting the same thing every year. Last year, I got questions on last year's but we had a high school that we built and it didn't even last 20 years. When we tore it down to build a new school, we saved one wall and stairwells. In fact if we had to do it over, would have just tore the whole thing down. That's because we didn't maintain it. We had an air handlers in that school that was rusted shut because they didn't have the maintenance money to take care of it. The new schools which are the new high schools that are now 20 years look brand new because we built them to last and they maintain them. So just a pet peeve of mine. Yes, Alderman Jette.

Alderman Jette

Can I follow up on that? So you're the financial expert. I have an economics major but that was macroeconomics. So I can argue about guns and butter. So it just seems to me that the City knows it's going to, for example, we're going to have to buy a fire engine let's say. We know these things have a limited lifespan they give out and at some point in time, you gotta replace it. When I hear somebody say, and I don't mean to I'm not arguing with you I'm just thinking out loud here, when you say well you can't afford to put aside the money each year so that in year 20 you've got the money to buy the fire engine, I'm thinking, you know, if you take 1/20th of that money each year and you give it to Miss Lindner to invest, you know she makes money with that money. So over the 20-year period, you know because you put aside 1/20th of it each year, she invests it, you make money, and so you've got the money you need when it comes time to buy the fire engine. The way we've been doing it is that we apparently we wait until year 20 when you have to buy a fire engine and you go out and you borrow the money for the bond, buy the fire engine, then you're paying back that money over the next 20-year period, plus interest, and plus the other financing costs that go with buying with a bond. So I'm not a financial expert but it seems to me the first way of doing it is more economical than the second way.

John Griffin, CFO/Treasurer/Tax Collector

If I may? Again, very reasonable questions. The reality is there's a lot of vehicles. Just prior to I got here, they did the fleet study. They said heavy apparatus, fire apparatus, refuse trucks that needed to be bought, and some of those large excavator purchases that Superintendent Lafleur talked about. Those were always going to be bonded. What we fell short on is the other 500 vehicles that should have been 10-year life, put 10% in a year, 5-year life. I was here when inflation was sometimes negative but 1%, that's the spending cap. So we had a cap and several members appropriately, you know, whatever they felt their beliefs were but they thought that was akin to an override. Proposition 2 1/2 override like in Mass. When in fact, you're literally abdicating your duty to properly fund the City. I lived through that. I mean I always lived through that and the \$3 million that Mr. Gilbar when he left in 2010 thought we were going to put in, in years '11, '12, '13, '14, '15 never happened. I remember when the Mayor first came back and we were sitting over here and Alderman Siegel's like what are you guys doing? You guys are crazy. You need to fund \$3 million. What are you going to do? Are you gonna override the cap? I don't want to bash all this cap stuff but I'm sitting here saying I got 1% growth and a spending cap and I've got collective bargaining agreements.

Back then, people were getting like .5% increase in their pay and while we're at it, we're going to double your contribution to your health care. Thank you for working for the City. I mean that's what happened. I was part of it. We had unions, rightfully so, they basically said that's not negotiating. I'm just gonna hold out. Interesting stuff but you don't have enough money and you don't even have enough money, right? Then I do some research and back in the early 2000s, I find that the first thing that Administrative Services Director Maureen Lemieux did side-by-side with CFO Carol Anderson was they

said Mayor Streeter we're gonna basically over - we're going to exclude debt and capital items from the spending cap calculation. So that's why you had - I watched last night Chief Buxton. That's why you ended up getting rid of like 20 people at the Fire Department because you couldn't afford to keep them plus you didn't have the equipment. So I found a memo from Maureen Lemieux and maybe Mayor Streeter and it says, we're going to do no CERF purchases with the exception of pursuit vehicles. So when they say 2005 was like the worst year ever, it was. We haven't done that per se but we've tried to - we haven't been able to catch up. Now you've got inflation, heavy inflation, so the cost of things has gone up dramatically. Like a 6% increase now is akin to a 3% increase halfway through my career here.

Getting back to the apparatus, they knew back in 2010 there's no way we're gonna save. If a fire truck is going to be a \$1.5 million for ladder, it's gonna last 15 years. We're not putting in \$100,000 a year in the savings account because you've got all the other stuff. I think I owe it to you Alderman Jette. I'll show you the schedules. It's like big numbers and it's by division. Take it very seriously and just the funding is somewhat - I mean, you can't go whole hog and like say do that one-time correction but you gotta plan. Everyone has to be on board.

Chairman Dowd

We definitely have to take a look at the way we do capital improvements. It's getting late. I'd like to move on to Other Public Safety, Hydrant Fees.

John Griffin, CFO/Treasurer/Tax Collector

Oh sure, yeah we can definitely do that. So the hydrant fees - we pay Pennichuck for that fee. That's for essentially it's making sure that the hydrants are working and if you turn them on, they have water in them. That's a tariff rate. PUC bills us that monthly. So that's what that is. If there's any questions?

Chairman Dowd

Questions on hydrant fees? No.

John Griffin, CFO/Treasurer/Tax Collector

The next - Street Lighting. We made the investment - that that bill used to be \$800,000 to \$900,000 but we made the investment with the LEDs.

Alderman Jette

Could I ask what page we're on?

Chairman Dowd

120.

John Griffin, CFO/Treasurer/Tax Collector

Hydrants are 121 and Street Lighting is 120. We're on the hook for the maintenance part of the lighting.

Chairman Dowd

Any questions on street lights?

John Griffin, CFO/Treasurer/Tax Collector

We can go to 222 if you want Mr. Chairman. I take care of those first and then we'll get into debt. The 222 is the contingency.

Chairman Dowd

Did you say 122?

John Griffin, CFO/Treasurer/Tax Collector

222.

Chairman Dowd

Okay.

John Griffin, CFO/Treasurer/Tax Collector

So a little bit explanation here. We generally budget \$250,000 for general contingency. Historically, we've had that police grant that's funded through here the City match. This is where the Mayor has put in a contingency for cybersecurity for \$300,000. What we generally do is we take the contingency for negotiation - in this case, library and AFSCME and we put that into the contingency from negotiation - into this particular account. When you approve the contract, we transfer it back to the department. I will say that in the Fire Department's budget, I left in the contingency because it would have looked really crazy. It would have looked like you were cutting the Fire Department. I know you didn't address it specifically last night but there is a salary adjustment number that's like \$782,000. So if there's any questions there?

Chairman Dowd

Yes, Alderman Sullivan.

Alderman Sullivan

Please. Thank you. The cybersecurity contingency of \$300,000 seems like a very round number. I don't know if we're gonna get that presented to us on what makes up that 300,000? Is it software security? Is it people? Is it both? Do we know?

John Griffin, CFO/Treasurer/Tax Collector

It's probably a combination of things. As Director Cummings indicated, it could be a staff, could be a contract, something like that. I am part of the team that's figuring it out but I know people are trying to figure it out.

Chairman Dowd

I think that number may have come from their consultants as a ballpark number but until they give us a briefing on it, we won't know if that's the final number.

Alderman Sullivan

Yeah that seems very low.

Chairman Dowd

But 300,000 is in the budget.

John Griffin, CFO/Treasurer/Tax Collector

So if we want to go Mr. Chairman to the page 223 which is Interfund Transfers. This is where you have your Board of Aldermen is appropriating a transfer into these different funds. So starting from the bottom up, transfer to Parking that's where you take the parking enforcement collections, and you subtract the operations of Parking Enforcement, and then you put that into the Parking Expenditure Expendable Trust Fund to spend things like the parking study, and the two garages, things like that.

Just moving up quickly, Downtown Improvement – that's where the Board of Aldermen approved the \$100,000 amount to be put in annually. Police overtime is a zero there because you just approved for final page the 185 from the escrow into that fund. The housing is that traditional 10,000 that comes from one of the revenue streams we get. I can't even remember which one it is. We get the 10,000 from some entity but it goes into that same trust fund. Not sure if there's any other questions. I mean you have your cell tower revenue line to Holman Stadium, Mine Falls, David Deane Skate Park.

I will call your attention to that transfer to City retirement. That \$500,000 is a placeholder and we're getting towards the end of the year where we're trying to figure out if we need more money to put in there. The purpose of that is so each individual department would not be funding their final payouts to all of their employees. One year, I think it was my second year here, that number was \$1.9 million people worth of people retired Police and Fire. Court Street, that's the \$50,000 we talked about last year. So with that any questions?

Chairman Dowd

Any questions on Interfund Transfer? Yes, Alderman Sullivan.

Alderman Sullivan

Thank you. I'm just looking at the financial statement from April again. We started the year in the City Retirement Trust Fund \$180,000. We moved \$500,000 into it. Then we transferred into General Fund of 641, so now we have a closing balance of \$41,081.13. So we tapped into that fund to help offset your retirement?

John Griffin, CFO/Treasurer/Tax Collector

Yes.

Alderman Sullivan

Okay. Then we're just going to bolster that back up again.

John Griffin, CFO/Treasurer/Tax Collector

Yeah but we may need some additional funds in there with some end of year retirements.

Alderman Sullivan

Okay. Thanks.

John Griffin, CFO/Treasurer/Tax Collector

So it's a kind of a try to ballpark it but sometimes we have to spend more than half a million. Thank you.

Alderman Sullivan

Thanks.

Chairman Dowd

Any other questions? All right. Debt Service.

John Griffin, CFO/Treasurer/Tax Collector

Debt Service - if it's alright Mr. Chairman, Miss Lindner has prepared a slide deck that she'd like to review with you folks and kind of set the table for some debt service discussions.

Chairman Dowd

Miss Lindner?

Cheryl Lindner, Treasury Management Officer

I just wanted to go over a little bit. I know we usually give you a bonding presentation in May. We decided to combine it with our budget presentation this year and just change our presentation just a little bit. So the State has a debt limit for municipalities which is actually higher than what we have in our Charter. So I just wanted to show that RSA first. So the State has an RSA that has municipality debt limit for non-school not to exceed 3%. For school not to exceed 7%. So those are the debt limits per the State.

If we look at our Nashua Charter, and it's Chapter 5, sub chapter 1 in the Charter, Municipal Indebtedness, our Charter actually has stricter limits. So our Charter says that we can't go above 6% for school debt and we cannot go above 2% for City debt.

So what I wanted to show here is where we're at with the school debt. We wanted to do a five-year timeline. Now this timeline does go through the end of the year - end of Fiscal Year 2022. We did do a bond sale early in Fiscal Year 2023 so I'll go over that but I did just want to show that where we are currently is the lower line, the blue line. We're about \$700 million below what we could borrow for schools based on our base valuation. So you'll see there's a bit of a rise in 2020. That's when we started to borrow for the middle school project. Before that, we were pretty flat with just doing some school repairs and bonding as needed but then when we started the middle school project, we had to start to borrow in significant amounts to cover the costs for that.

So this one, you'll see on the City side we're a little bit closer but we're still about \$100 million below where our debt limit is.

So this is our plan to borrow in the fall. We're going to try to get the bond sale done before the fed meets in September. So our estimated timeframe is going to be August at some point either late August/early September but we want to get in before the fed meets because as I said before, we don't know what they're going to do with interest rates. So working with bond council, that was the recommended timeframe. If we look at the list, there's about \$40 million for school improvements and those are school improvements. These are all resolutions that were passed last year. It's a combination of the middle school, the middle school project, and then there's the improvements to Birch Hill and Main Dunstable. There're some safety improvements and then the Franklin Street School. So we end up borrowing as we need them for those projects so we get the approval first and then as the funds are needed along that timeline, we borrow when we need to. So that's what's going to be in there for schools.

You'll see a couple items for the Fire Department below that. So the Fiscal Year '23 apparatus was approved. Then the bottom two for Fiscal Year '26 and '27, Chief Buxton was here talking about that new motor that's going to be coming and we want to stay with the older one just to avoid any issues with the first series motor. So those were approved to bump up to this year.

The radio communications that Mr. Mansfield came in to talk about to replace all the radios, we're going to borrow for those.

The police command center vehicle, the mobile command vehicle, that's going to be borrowed.

The hydroelectric improvements that Director Sullivan was talking to you about, we're going to borrow those.

And then on the DPW side, we have a dozer that we're going to be borrowing for and the remaining cost of the DPW building.

If you look ahead to Fiscal '25 based on speaking with Alderman Dowd and his projected timeline of when those school improvements are going to be done, we're going to borrow half this year for the safety improvements and for the improvements at Birch Hill and Main Dunstable. Then we're going to borrow half in Fiscal Year '25. Those projects are going to be done over the next two years and so we're going to be able to spread out that borrowing. So hopefully when we do the second half, interest rates maybe will have come down a little bit. For right now, we're just going to borrow half for those two projects.

The bottom section are we put in a placeholder for projected projects. So we've been averaging the last few years between \$40 and \$60 million a year for borrowing that includes our paving program. It also includes any sewer improvements that we need to do as part of the paving program or for maintenance, and then just other capital projects that come up that need to be done, or any large vehicles that we need to bond for. So we try to put a placeholder in there. It may not be \$40 million next year but on average, we just want to be conservative in what we put aside so that we kind of have an estimate. Are there any questions so far?

Chairman Dowd

All those ones on the top that you talked about, they've already been approved by the Board of Aldermen.

Cheryl Lindner, Treasury Management Officer

They've already been approved and all of the Resolution numbers are in there. Yeah, so that is the plan for borrowing right now for the August-September timeframe. Those first payments won't come due until Fiscal Year '25. So we do get a year grace period with them. Depending on what we get for premium, some of that may be rescinded.

So I spoke about the July 2022 which was the beginning of Fiscal Year 2023. We did do a bond sale right at the beginning of it. Those numbers were not included. I didn't include Fiscal Year '23 yet. We're still in it. So we did borrow these amounts. It was \$40 million non-taxable. Most of that was school projects. There was about \$6 million on the City side. So we're still way under that that debt limit. We borrow \$7.5 million a year to continue the paving plan of action. The sewer infrastructure was \$5.4 million and then we did have a taxable bond that we sold as part of the School Street Project. We sold that as taxable because in the future if we make any revenue off of it that was the way we do if we make revenue we sell it as taxable. If it's just a straight improvement, we sell it as non-taxable but bond council recommended we sell that as taxable.

Then as I spoke about September 2023, we're going to be selling non-taxable for \$51,000,000. \$1.5 million is going to be taxable which is the hydro. We'll borrow another year for paving and then the Riverfront Project, Director Cummings has told us that that is going to be starting so \$21 million was approved overall. We are probably going to borrow a third of it unless he tells us that he needs more. So we'll probably be borrowing a third each year for the next three bond purchases.

So just in closing, our AAA rating allows us to get the best rate possible when we sell our bonds. Our bonds are very attractive to our bidders. We usually end up with premium for that reason. Our audits continue to have unmodified opinions which helps with our credit rating. As you can see from the graphs overall, we're below the debt limit that's allowed by both the State and the City Charter. So we're in a good shape with our debt.

Alderman Dowd

Questions? Alderman Sullivan.

Alderman Sullivan

Thank you. Thank you, great presentation.

Cheryl Lindner, Treasury Management Officer

Oh, thank you.

Alderman Sullivan

So I just want to make sure that I understand. First of all, I want to dive in a little bit to the law and understanding it's 6% of what? It's 6% of the assessed valuation of the schools.

Cheryl Lindner, Treasury Management Officer

No, it's 2% and 6% of our base valuation. So that's the total value of our property. So it's \$15.1 billion.

Alderman Sullivan

Okay.

Cheryl Lindner, Treasury Management Officer

Yep so that was our last valuation as of 2022. We don't have the 2023 number yet.

Alderman Sullivan

So it really has nothing to do - because I was running numbers. I went ten years back last night. It has nothing to do with the general fund. It is not in relation at all to how much we spend. Like my home budget, I don't budget it that way. I budget to cash flow and all that to say okay I've got to pay this amount on my mortgage, and credit cards, car payment, whatever.

Cheryl Lindner, Treasury Management Officer

I do the same.

Alderman Sullivan

Right. But here, we hold it against the valuation of the property.

Alderman Dowd

Actually, the State does.

Alderman Sullivan

Huh, okay. Because when I ran the numbers last night, and it was funny because you were saying 6% and I had to reread it, because it is 6% of our budget. It's nowhere near the valuation as the law reads.

Cheryl Lindner, Treasury Management Officer

Right. We base it off of the valuation which is the \$15.1 billion.

Alderman Sullivan

Interesting. Okay.

Chairman Dowd

Alderman Jette?

Alderman Jette

So following up on that on the graphs that you have showing the first one, the School Debt Schedule?

Cheryl Lindner, Treasury Management Officer

Yes.

Alderman Jette

You've got the red line is the 6% and the blue line is the current.

Cheryl Lindner, Treasury Management Officer

Yes.

Alderman Jette

Okay so what percent is that current number?

Cheryl Lindner, Treasury Management Officer

Percent is the current. I can figure it out and get it to you. It's below the debt limit we have.

Alderman Jette

That's fine.

Cheryl Lindner, Treasury Management Officer

No, I have it from a spreadsheet. So I don't know if it says particularly on the spreadsheet. I have how much we have to give. Yeah unfortunately, that's not the calculation that we have but I can get that for you.

Chairman Dowd

And give that to Donna.

Cheryl Lindner, Treasury Management Officer

Yeah, I will. I can do that for both. I'll do it for City and School.

Alderman Jette

That was my next thing. So I have one more.

Chairman Dowd

Follow up?

Alderman Jette

So you talk about taxable and non-taxable.

Cheryl Lindner, Treasury Management Officer

Yes.

Alderman Jette

Other than one being taxable and the other being non-taxable, what's the difference? We don't pay taxes. I mean the City doesn't pay taxes, right? What does that mean?

Cheryl Lindner, Treasury Management Officer

So the interest rate on the taxable is just a little bit higher and it just means that it's something that we're bonding that we can potentially make money off of. So when we're bonding for a fire truck, we're buying the fire truck. If we're bonding for parking garage, we could make money off the parking garage. So they're going to tell us if we have to bond improvements to something that we can earn income from then they would sell that as a taxable bond. It would be a higher interest rate.

Alderman Jette

And to whom is it taxable?

John Griffin, CFO/Treasurer/Tax Collector

Mr. Chairman if I may? It's the investor. So the investors generally like to buy non-taxable municipal bonds. We're just being a little bit conservative. The \$2.5 million is the garage that we put underneath a for-profit enterprise. It's not the parking garage and then they're going to charge people things. It's not that. There's a profit motive. It's like when we came up with the Performing Arts Center, we sold that as taxable because we knew we tried to make it a profitable enterprise. So we always go with the bond council and their review. They're very diligent. I mean even putting solar panels on top of schools and other buildings, you have to go through this analysis to see if the for-profit aspects are de minimis relative to the total cost. It's a little bit tricky but it's the investor that's buying the non-taxable because it's non-taxable to them. If it's taxable, they're gonna want a higher interest rate. That's why the rates are different but they're not too different but they are more expensive.

Chairman Dowd

We're not paying any money for the solar panels. That's a public/private partnership that doesn't cost the City anything unless we decide to buy them.

John Griffin, CFO/Treasurer/Tax Collector

Correct but what happens is we're putting - somebody's making money and the calculation that we have to go - this used to drive Treasurer Fredette crazy because they'd ask every time we put solar panels. It's the company that's selling us the solar panels are making money on a municipal building. That's where the taxes come in but we don't we don't any taxes.

Alderman Dowd

The bond is actually taken out by that private company.

John Griffin, CFO/Treasurer/Tax Collector

Correct. They're buying our bonds. They're giving us money for the bond, correct.

Chairman Dowd

The bonds nor part of the city bonding. Alderman Jette, follow up?

Alderman Jette

Yeah, just to clarify. So the taxable bond - so if I buy a bond, so I'm getting interest from that bond. I pay a tax on the interest. That's a taxable bond. It's nontaxable. I get the interest tax free.

John Griffin, CFO/Treasurer/Tax Collector

Correct.

Alderman Jette

Okay. Thank you.

Chairman Dowd

And by the way this year '23, we just finished paying off Nashua High School North. It's off the books. Next year, you notice that we're paying off South. So that \$170 million project is off the books. We should have dovetailed that with the middle school but the middle school is nowhere near as expensive as the two high schools.

Alderman Jette

Just in time to make start making repairs on the high schools.

Chairman Dowd

Yeah but they're in great shape. There are minor things that need to be fixed from time to time yes. It's a pretty large building. Yes, Alderman Sullivan.

Alderman Sullivan

Thank you. Would you mind going back to the bond schedule slide?

Cheryl Lindner, Treasury Management Officer

Sure.

Alderman Sullivan

Thanks.

Cheryl Lindner, Treasury Management Officer

Of course.

Alderman Sullivan

That was a bad question. Your clicker broke.

Cheryl Lindner, Treasury Management Officer

It did. Oh no what happened? Oh, wait.

Chairman Dowd

I'm doing it up here. So which one do you want to go to?

Cheryl Lindner, Treasury Management Officer

Let's go to the grid.

Alderman Sullivan

There's an eye chart.

Cheryl Lindner, Treasury Management Officer

I tried to make it bigger this year. I don't know if I succeeded. How did I do? I don't know.

Alderman Sullivan

If that's bigger, then I'd hate to see smaller. In our previous discussion about capital improvements, correct me if I'm wrong, \$8 million was in Schedule A. Is there Schedule A improvements in there? Why don't we just bite the bullet and just put it in there?

Chairman Dowd

I've had that question before.

John Griffin, CFO/Treasurer/Tax Collector

Mr. Chair, if I may. That's what happens. When Director Cummings comes into the Infrastructure Committee and tells you that you can get by with \$5 million but you really should spend \$10 that can be bonded. That's in the bottom part of Ms. Lindner's analysis. What we're trying to portray to you folks is the thing about bonding is you got to pay it back.

Alderman Sullivan

I would much rather bond a capital improvement than I would a vehicle. I mean we've had this discussion before. You bond something that loses value, depreciates as opposed to property which appreciates. I mean I'd rather do that but I guess that's a discussion for another time.

John Griffin, CFO/Treasurer/Tax Collector

Great question but we don't have money for either. That's the problem. We don't have cash. So \$812,000 capital improvements on a City 91,000 people, significant amount of buildings, and infrastructure. We don't have the cash to do either. So we're bonding the fire apparatus plus the garage. What we're trying to show here is you're going to have to "ration", if that's the right word, your bonding choices. We're recommending that you do the schools because they're already under construction in '25 and then for the out years, you have like \$40 million. That's probably reasonable depending upon your choice but you've got a lot of choices. What Alderman Jette and I ranked as a significant amount of...

Chairman Dowd

So last night I mentioned that as of September of '25, lord willing the creek don't rise, we're done with building and modifying schools for a while but we have to look at fire stations, repairs, and maybe a new station to make sure that coverage is within the time limits associated with their specifications. So that's things to come but not tomorrow. Yes Miss Lindner?

Cheryl Lindner, Treasury Management Officer

I have your answer. Okay so schools, we are using 18.1% of our debt limit and for the City 68.9%.

Alderman Jette

So I guess what I was looking for the limit on school debt is 6%. What's the blue line?

Cheryl Lindner, Treasury Management Officer

The blue line? Yep, the blue line is for schools 18.1% of the 6%. So we're at almost 20% of the 6%.

Chairman Dowd

So the 6% by City Ordinance not the 7% allowed by the State.

Cheryl Lindner, Treasury Management Officer

So the percent of the legal debt limit used for schools is 18.1% of the 6% and then for City is 68.9% of the 2%. I can also send that in an email.

Chairman Dowd

The good thing is when we build schools now, they're gonna last more than the 20 years of the bond that's for sure. We build them the last 50 at least and Elm Street is in its 99th year.

Alderman Sullivan

Miss Lindner are you gonna email this as well?

Cheryl Lindner, Treasury Management Officer

Yes. Donna has a copy to include and I emailed it to Donna as well. Yes, so I can absolutely do that.

Alderman Sullivan

Thank you.

Chairman Dowd

I have a couple extra copies.

Cheryl Lindner, Treasury Management Officer

I have a couple extra here too. I didn't know how many to bring. Yes, absolutely.

Chairman Dowd

Alderman Jette.

Alderman Jette

So for the City debt limit you said we're at what percent again?

Cheryl Lindner, Treasury Management Officer

We are at 68.9% of the 2%. So almost 70% we've used up. I'll email it to you. I'll send it out so you have it.

Chairman Dowd

And the number fluctuates as we pay off the debt and as we add new bonds.

Cheryl Lindner, Treasury Management Officer

This is as of the end of Fiscal Year 2022 so I'll have a new calculation as we get to the end of Fiscal Year 2023.

Alderman Jette

Thank you.

Cheryl Lindner, Treasury Management Officer

You're welcome.

Chairman Dowd

Any other questions? Any other questions for Finance in general? Seeing none. Alderman O'Brien?

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

GENERAL DISCUSSION

Chairman Dowd

One thing I'd like to point out is and I want feedback on this. Probably not tonight but for the public hearing. Last year, we got into people back and forth, back and forth. I think this year I'm gonna get let people come up and ask the questions they have for that particular Division but when they're done, they're done until the next Division. They can ask questions at the next Division but not the back and forth like we ended up last year. If anybody has a problem with that, let me know. I think that's the way we're going to run it this year. Doesn't mean you can't ask questions. They can ask them for that Division. They can come up once, ask their questions, and if they have any leftover at the end, they can add them at the end of our presentation. That way we're not having 75 city employees sitting there for hours - not that it was that long I don't think. Anyway as each Division gets done, their employees leave. So it's not restricting anybody from asking questions. Yes, Alderman Jette.

Alderman Jette

Yeah I'm not sure how I think about all of that but the question that comes to my mind is if somebody asks a question and they get an answer and it doesn't answer their question. They don't have a right to follow up?

Chairman Dowd

No, no, they can ask another question. I'm not saying they get only one question. I wouldn't do that. If they have a follow up question, they can ask it then but once they've done asking their questions on that Division, they sit down and they don't come back up for that Division again.

Alderman Sullivan

So if I have a question about the Fire Department, I can only ask questions about the Fire Department.

Chairman Dowd

That's always been true.

Alderman Sullivan

Right but what you're saying is if there was a leftover question from General Government, then they can't ask it at that point once it goes?

Chairman Dowd

Not while we're going through the other Divisions. They can ask it at the end before we wrap up.

Alderman Sullivan

Hmmm. I need to noodle on that a little.

Chairman Dowd

Alderman Caron.

Alderman Caron

Thank you. I just want to thank you both for your presentation tonight. I appreciated the handouts because that really helps. All the information that you'll send to Donna to send to us is really going to help because in all my years as an Alderman, this is my first time on the Budget Committee. So it's a lot to process. So thank you I appreciate that.

Alderman O'Brien

Will you be back?

PUBLIC COMMENT - None

REMARKS BY THE ALDERMEN

Alderman Thibeault


Yeah, thank you Mr. Chairman. I just want to say thanks for having me. It was great at least hearing the bonding part of that. So I came and got your presentation early so I could read it while I was snoozing up in the Planning Board. Thank you.

ADJOURNMENT

**MOTION BY ALDERMAN O'BRIEN TO ADJOURN
MOTION CARRIED**

The meeting was declared closed at 9:37 p.m.

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



City of Nashua City Debt Limit Analysis



RSA 33:4-a Debt Limit, Municipalities

I. Cities shall not incur net indebtedness, except for school purposes, to an amount, at any one time outstanding, exceeding 3 percent of their valuation determined as hereinafter provided.

II. Cities shall not incur net indebtedness for school purposes to an amount at any one time outstanding, determined as hereinafter provided, exceeding 7 percent of said valuation. Any debt incurred for school purposes by a city under this or any special statute heretofore or hereafter enacted shall be excluded in determining the borrowing capacity of a city for other than school purposes under the 3 percent limitation in paragraph I.

Source. 1955, 329:1. 1957, 120:1. 1959, 209:3, eff. Sept. 27, 1959. 1998, 72:1, eff. July 18, 1998.



NASHUA CHARTER AND RELATED LAWS

CHAPTER 5. FINANCES

SUBCHAPTER 1. MUNICIPAL INDEBTEDNESS

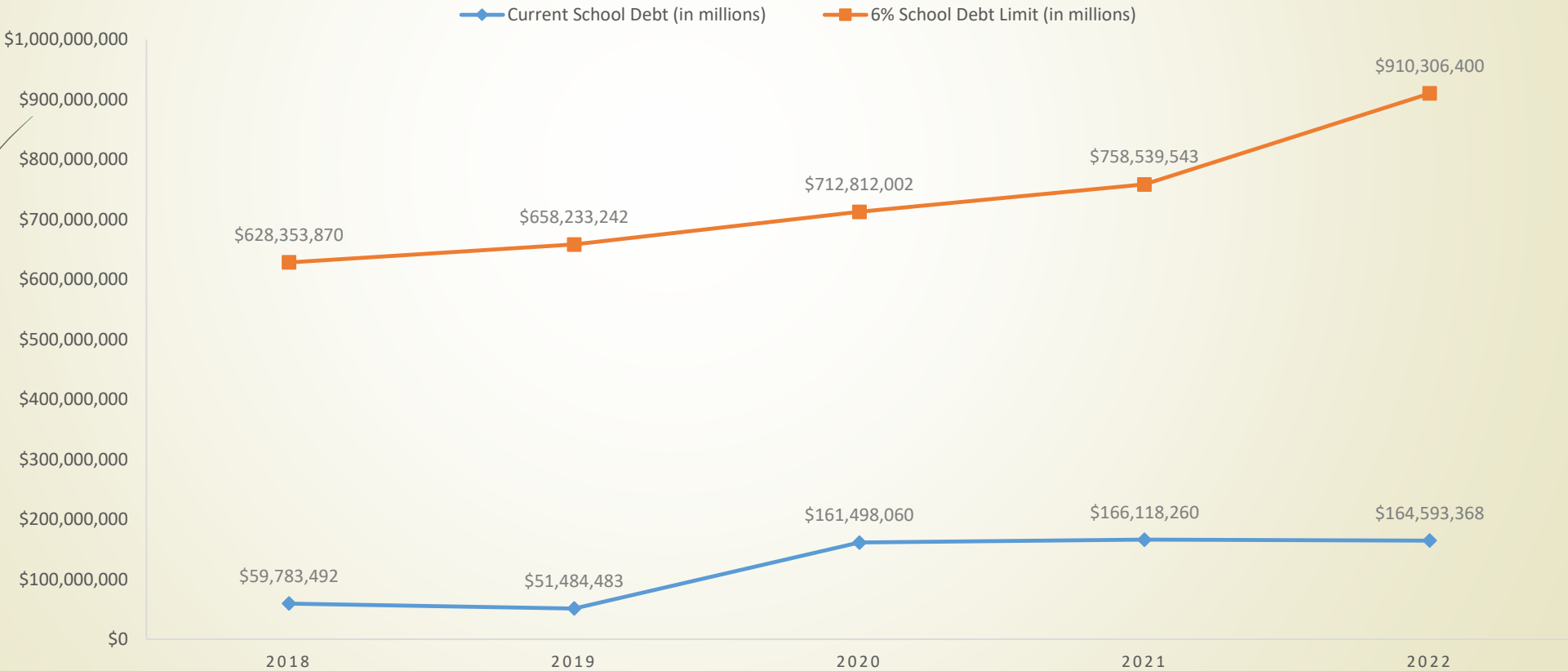


§ A-441. Amount of debt authorized⁹²

Notwithstanding the provisions of RSA 33:4-a, the city of Nashua shall not incur net indebtedness at any one time outstanding for **school purposes** to an amount exceeding in the aggregate **6 percent** of its last assessed valuation as computed under RSA 33:4-b and **for all other purposes**, to an amount exceeding the aggregate of **2 percent** of its last assessed valuation as computed under RSA 33:4-b, provided, however, that in ascertaining the amount of such debt so it be compared with said 6 percent and 2 percent, indebtedness lawfully incurred outside of said debt limit shall not be considered.

City of Nashua Current School Debt Limit Analysis

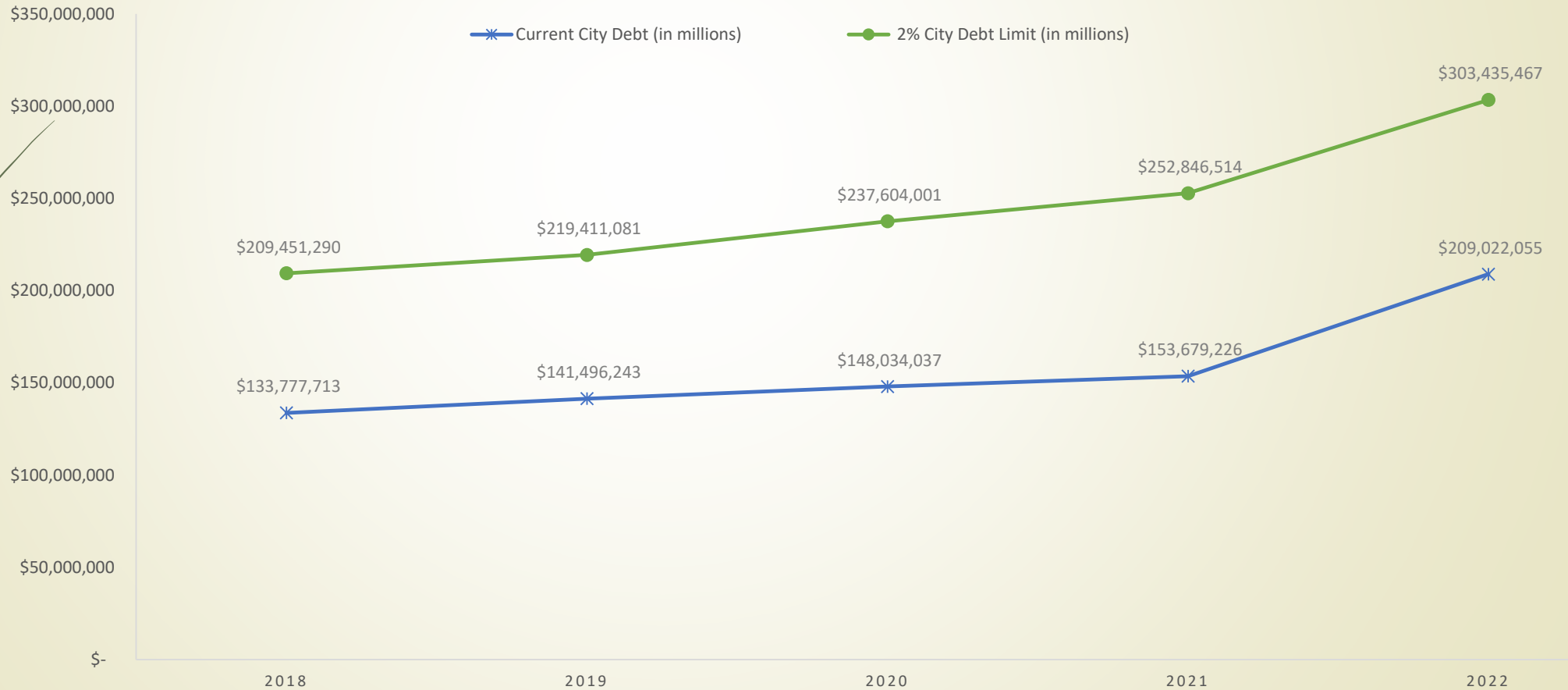
SCHOOL DEBT SCHEDULE FY 2018-2022



City of Nashua

Current City Debt Limit Analysis

CITY DEBT SCHEDULE FY 2018-2022



General Obligation(G.O) Bond Plan (bonds supported by the General Fund)

| General Fund G.O. Bond Plan | | | | | | | | | |
|---|-------------------|-------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|-----------------------|
| Bonds supported by the General | | | | | | | | | |
| | | | <u>FY 24</u> | <u>FY 25</u> | <u>FY 26</u> | <u>FY 27</u> | <u>FY 28</u> | <u>FY 29</u> | <u>FY 24 - FY 29</u> |
| <u>Authorized</u> | <u>Resolution</u> | <u>Term</u> | | | | | | | |
| Middle School Contingency | R-23-098 | 30 | 10,000,000 | - | | | | | 10,000,000 |
| New Mid School and 2 Mid School Renovations | R-19-191 | 25 | 15,000,000 | 16,600,000 | | | | | 31,600,000 |
| Elementary Schools Birch Hill and Main D. (50%) | R-22-066 | 20 | 8,000,000 | 8,000,000 | | | | | 16,000,000 |
| Elementary Schools (2) Safety Vestibules | R-22-068 | 20 | 2,000,000 | | | | | | 2,000,000 |
| Renovations/Improvements Franklin St. School | R-22-016 | 20 | 5,000,000 | | | | | | 5,000,000 |
| CERF FY23 Pierce Pumper Engine # 2 | R-22-064 | 15 | 867,367 | | | | | | 867,367 |
| CERF FY26 Pierce Pumper Arrow XT Chassis | R-23-104 | 12 | 925,000 | | | | | | 925,000 |
| CERF FY27 Pierce Arrow Ariel | R-23-103 | 15 | 1,700,000 | | | | | | 1,700,000 |
| Radio Communication | R-22-027 | 7 | 3,700,000 | | | | | | 3,700,000 |
| PD Mobile MT55 Command Center | R-22-070 | 15 | 675,000 | | | | | | 675,000 |
| Hydroelectric repairs and improvements | R-22-074 | 30 | 1,500,000 | | | | | | 1,500,000 |
| PW 850L Dozer | R-23-087 | 7 | 525,150 | | | | | | 525,150 |
| DPW Admin Building #2 | R-21-192 | 20 | 3,000,000 | | | | | | 3,000,000 |
| Subtotal Authorized | | | \$ 52,892,517 | \$ 24,600,000 | \$ - | \$ - | \$ - | \$ - | \$ 77,492,517 |
| | | | <u>FY24</u> | <u>FY25</u> | <u>FY26</u> | <u>FY27</u> | <u>FY28</u> | <u>FY29</u> | <u>FY24-FY29</u> |
| <u>Potential Bonding</u> | <u>Resolution</u> | <u>Term</u> | | | | | | | |
| Various Projects | | 20 | | \$ 20,000,000 | \$ 40,000,000 | \$ 40,000,000 | \$ 40,000,000 | \$ 40,000,000 | \$ 180,000,000 |
| Subtotal Potential Bonding | | | - | \$ 20,000,000 | \$ 40,000,000 | \$ 40,000,000 | \$ 40,000,000 | \$ 40,000,000 | \$ 180,000,000 |
| Grand Total General Fund (Lines 15 +) | | | \$ 52,892,517 | \$ 44,600,000 | \$ 40,000,000 | \$ 40,000,000 | \$ 40,000,000 | \$ 40,000,000 | \$ 257,492,517 |



Bond Authorization Timelines

July 2022 Bond Sale:

- \$ 40,242,000 Non- Taxable
- \$ 7,500,000 Special Road and Highway Fund
- \$ 5,408,000 Sewer Infrastructure
- \$ 2,495,000 Taxable

Anticipated September 2023 Bond Sale:

- \$ 51,392,517 Non Taxable
- \$ 1,500,000 Taxable (Hydro)
- \$ 7,500,000 Special Road and Highway Fund
- \$ 7,000,000 TIF-estimated-(Riverfront Project – 1/3 of total authorized)



In closing

- ▶ AAA Rating
 - ▶ Unmodified Audit Opinions
 - ▶ Overall, below the debt limit allowed by state or city charter
- 