

BUDGET REVIEW COMMITTEE

JUNE 2, 2022

A meeting of the Budget Review Committee was held Thursday, June 2, 2022, at 7:00 p.m. in the Aldermanic Chamber and via Zoom which meeting link can be found on the agenda and on the city's website.

Alderman Richard A. Dowd, Chairman, presided.

Let's start the meeting by taking a roll call attendance. If you are participating via Zoom, please state your presence, reason for not attending the meeting in person, and whether there is anyone in the room with you during this meeting, which is required under the Right-To-Know Law.

Members of Committee present: Alderman Richard A. Dowd, Chairman
Alderman-at-Large Michael B. O'Brien
Alderman John Cathey
Alderman Ernest Jette
Alderman-at-Large Shoshanna Kelly
Alderman John Sullivan
Alderman-at-Large Lori Wilshire

Also in Attendance: Alderman Thomas Lopez (joined at 7:16 p.m.)
Alderman Alex Comeau
John Griffin, CFO/Treasurer/Tax Collector
Cheryl Lindner, Treasury Management Officer

ROLL CALL

PUBLIC COMMENT

Fred Teeboom

Okay, my name is Fred Teeboom, 24 Cheyenne Drive. I've sat on this Budget Committee for many years. You have to look at this Budget Committee is kind of a kabuki dance. You're being misdirected and misled while the trivial things, while the really important things are passing you by. (inaudible) the spending cap.

Chairman Dowd

Excuse me, that's not on the agenda this evening and you cannot speak about it until the final public comment.

Fred Teeboom

Specifically, the spending cap. There has been no discussion about the spending cap in his Budget Committee.

Chairman Dowd

I just told you, we're not talking about the spending cap at this meeting. If you keep speaking, I'm going to have them escort you out. You can speak about it on the next public comment. The description of the spending cap is in the legislation and this Committee has absolutely no control what the spending cap is. That's from the administration.

Fred Teeboom

Let's talk about the city special revenue funds, which is part of your agenda and that makes up a significant portion of the calculation in the spending cap. This has NEVER - these funds have NEVER been part of the spending cap calculation. In fact, they've NEVER been part of the annual budget. This is the first time in 25 years - I've tracked - that this special revenue funds have ever been discussed as part of annual budget. The reason they're not part of the annual budget, these special revenues are called grants. These are grants not extended special revenue, these are grants. If you look at them, they're unspecified pending application of hydro. Pending application. Nobody knows what that number is - 3.9 of a million undetermined. Unanticipated public health care for \$1 million – undetermined. Unanticipated transportation funds - \$1 million – undetermined. CDBG money - 1.4 million is always been some \$700,000 in the last number of years.

Alderman O'Brien

One minute

Fred Teeboom

This is a gross misrepresentation. This is a lie, it's a deception, and you can look. If this doesn't change in the spending cap calculation, then you don't change the resolution for the annual budget. Mr. Chairman, I've asked you this before to get the spending up (inaudible) on the table or I'm going to see you in court, again. This time, we're going to have a high price attorney and the city's gonna pay some really big bucks because it's negligence and deliberate fraud.

Chairman Dowd

Anyone else public comment?

Laurie Ortolano

Laurie Orlando, 41 Berkeley Street. In looking at the Finance Department budget, there's a couple things I want to note. I got those Right to Know requests that were filed to different departments and the Finance office had about 37 Right to Knows submitted to it since January. I noticed this department isn't requesting a Right to Know paralegal. Ms. Kleiner's ten departments had 55 and we're funding a Right to Know paralegal for an office. It looks to me like his office needs it a heck of a lot more than hers but he had the common sense not to ask for that position because it's ridiculous.

Secondly, I'd like to talk about the promotion of internal people. Miss Lindner moved into the Treasurer Management position this office. We are constantly promoting from within and we are constantly promoting from within people who are not necessarily competent or the right people. We did it with Ms. Kleiner out of Assessing Chief of Staff. We did it with Sue Lovering. I objected last year. Sue Lovering is leaving. I said we're going to do all this training for four years to certify her and she's going to retire. In fact, she's retiring after three years. Why because her salary went up to about \$110,000 for three years and now she can draw a big retirement. We just moved another lady out as Chief of Staff - \$70,000 - \$72,000 position to \$110,000 position. Why because the Mayor can call in all his favors, can set all his conformists up to hack the budget. We don't look for qualified people and we have to do a better job at that. This promoting from within is killing the city and the same thing happened with Miss Kleiner.

Chairman Dowd I have a question for you. When will you be discussing the cap? Ernie Jette asked for that. You said it will be put on the agenda at one of the budget meetings. When will that be discussed?

Chairman Dowd

I was advised the cap determination is in the legislation. It's not under the control of this Committee. It's determined by Administration.

Alderman O'Brien

One minute.

Laurie Ortolano

The fact that you were advised and didn't share it with your board.

Chairman Dowd

If you want to bring it up at the public hearing on the budget, you may.

Laurie Ortolano

So Mr. Dowd, Alderman Dowd, you were asked about presenting this to the Committee by a standing Alderman. You said you would address it in a budget meeting. So is your answer today that is not going to happen because it doesn't belong in a budget meeting? Is that your answer?

Chairman Dowd

I just told you what my answer was.

Laurie Ortolano

Well you didn't convey that to the people who asked in a public meeting. You did not convey that to Attorney Jette in the public meeting.

Chairman Dowd

This is public comment not debate, so please (inaudible) 20 seconds left.

Laurie Ortolano

It's not debate. Your policy says that questions can be asked and you can answer those questions if you so choose. You can also refuse but I'm asking because I've sent you emails repeatedly and you've blown me off and I don't appreciate it. I want to understand it and if it's in the special revenue fund, I want to understand it. How can you vote on it?

Alderman O'Brien

Madam, time, please.

Laurie Ortolano

Thank you.

Alderman O'Brien

Thank you.

Alderman Jette

Mr. Chairman, I have a matter before the Planning Board so I'm gonna run up there. He's taking it up now and I'll come back as soon as I can. You're okay on a quorum?

Chairman Dowd

Yeah, we're in quorum.

Alderman Jette

Thank you.

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-22-035
MOTION CARRIED**

R-22-035

Endorsers: Mayor Jim Donchess
Alderman-at-Large Michael B. O'Brien, Sr.
Alderman John Sullivan
Alderman Patricia Klee
Alderman Thomas Lopez
Alderman Alex Comeau

Alderman Richard A. Dowd
 Alderman John Cathey
 Alderman Derek Thibeault
 Alderman-at-Large Lori Wilshire

RELATIVE TO THE ADOPTION OF THE FISCAL YEAR 2023 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>Revenue</u>	<u>Appropriations</u>
	<u>FINANCIAL SERVICES DIVISION</u>		
118	Other General Government	32	107
126	Financial Services	33	111
	<u>CAPITAL IMPROVEMENTS</u>		
various	Capital Equipment		306
81	Capital Improvements		217, 218
	<u>OTHER PUBLIC SAFETY</u>		
159	Hydrant Fees – Fire Protection		137
162	Street Lighting		138
	<u>DEBT SERVICE, CONTINGENCY & INTERFUND TRANSFERS</u>		
193	Debt Service		210
194	Contingency		214
198	Interfund Transfers		215
2508	Special Road and Highway Fund	249, 250	249, 250
2510	Pennichuck Acquisition Bond Fund	251, 252	251, 252
various	City Special Revenue Funds Funded by Grants	257	257

Chairman Dowd

This evening we will be covering departments 118 Other General Government, 126 Financial Services, Capital Equipment, and 81 Capital Improvements. Other Public Safety is 159 and 162. Debt service, contingency and interfund transfers is 193, 194, 198, 2508, and 2510 and then various under city special revenue funds funded by grants. First is Other General Government. Is there someone here to present? Revenues on page 32, appropriations on 107. Please state your name and title for the record.

John Griffin, CFO/Treasurer/Tax Collector

Thank you Mr. Chairman, members of the Committee. For the record, John Griffin, CFO/Treasurer/Tax Collector. If I may Mr. Chairman, I'd like to address the Committee and give kind of an overall status plans for the Financial Services Division.

Chairman Dowd

Okay.

John Griffin, CFO/Treasurer/Tax Collector

So the Financial Services Division, Department 126 ever since I arrived here was always a kind of a single entity. You're not going to see multiple department heads, things of that nature in there. So when I arrived, I became the CFO/Comptroller. So I was the Chief Accounting Officer for the City in addition to the Financial Services Director. So

reporting to me at that time was the Treasurer/Tax Collector David Fredette; Accounting Manager Rose Evans; Finance Manager Janet Graziano; Finance and Administrative Manager for the DPW Carolyn O'Connor and a number of other departments underneath there.

So for the first 11 years of my tenure, I had the pleasure of working with a great team. I didn't hire any of them. I inherited them and just a great team. Working with Treasurer Fredette and participating in bond rating calls, cash management, seminars, and procedures, and all of that, I really gained a pretty good understanding of the treasury function. I actually am a firm believer of promoting from within when possible. I've had the pleasure of hiring people, seeing them grow through their careers, and having them stay in touch with me. It helped me when I needed the help. As Alderman Sullivan queried Direct Kleiner, the things that happen in government you have a lien bench. You don't have multiple layers in city government, especially this city. So you have to be very careful in hiring people and go through that vetting process. As I mentioned, I inherited Dave Fredette, Carolyn O'Connor, Janet Graziano, and Rose Evans. We have been together - Carolyn, Janet and Rose have been together with me since August of 2010. We've done great things.

When Treasurer Fredette announce his retirement, I worked with the Mayor. Didn't know exactly what I wanted to do but it became apparent for a number of reasons that I'll get into when we can get into sort of the proceeding here is that stability is a very important thing, especially in accounting, especially in finance, especially in a growing city like we have where we have to go into the market for bonding annually to find our projects. The first question we get when we go out to bond from our rating agencies is who has left the organization. So with that in mind and knowing that I had that solid team that I've worked with for a number of years, I knew we had a very excellent Comptroller candidate in Rose Evans. I communicated that to the Board and the internal staff. I knew we had a very competent, capable, Finance and Administrative Officer who reports to me but really works hand in hand with Director Fauteux. That was a promotional opportunity.

I was looking for someone to help me from the treasury management side of the house and we advertised. We got one candidate. It was Miss Lindner and extremely impressed with her. We're kind of attached at the hip. If you see us around City Hall, etc. She wasn't able to make it tonight, but she has been attending the Finance Committee meetings for a reason. That reason is as we know, most if not all in the purchases go through the Finance Committee. So what you have to do is you have to understand what the purchases are. You have to acknowledge how they were purchased through our procurement law, but also understand the budget impacts, the fiscal impacts, the cash management, etc. So as I mentioned, I haven't had the ability which I've had in prior jobs to hire people and I'm very proud to say that that this hire is a good hire.

Furthermore to address specifically Alderman Sullivan's question on succession planning, that's just what I did. Unfortunately from an age standpoint, I'm running out of a little bit of time. I think I'm still on the back nine, but I might be heading towards the 19th hole. So I committed to the Mayor and the city, and Miss Lindner in particular that I'm going to be here for a while. I also committed to you folks when I went through my confirmation hearings, because I really like what we built here financially. I appreciate the fact that we have unmodified opinions on our financial statements. We have triple A ratings from Fitch and S & P. We were called, as I mentioned one of the last times I was here, Moody's actually reached out to us to upgrade us to A, large A, small a1 and they did that because some of the things we've done have been quite impressive. We've purchased a utility water company and Pennichuck and it's gone without a hitch. I'll talk about that a little bit more in the special revenue funds.

I also wanted to let some of the new Aldermen know that you folks are asking some great questions. You're asking about payroll, and personnel, and so forth. I wanted to tell you that my reorganization of the Financial Services Division is still in transition. Don't have all the pieces and parts together but we have key individuals at the CFO, Treasurer, Tax Collector and the Comptroller. You're going to see an accounting supervisor in there. That's because we need an accounting supervisor. Just as Director Kleiner said with her Payroll Department, her Human Resource Department, and our Benefits Department, you need that succession planning. If you were maybe in corporate America and you had that in a 1, 1, 1, it might not work that great but it might be looked upon, frowned upon actually but in this case, you need the capability for these individuals to step up when ready. I've committed to my group that we're not going to put anybody in a position to fail. We're going to give them as much as we can with respect to training but good training. Good training in the sense that spending a lot of time with the employees and going through some of the challenges we've had.

So when you look at the Fiscal '22 roster of employees and you look at Fiscal '23, what the heck's going on. A lot of it is we've lost the Treasurer/Tax Collector. We've lost the Senior Financial Analyst. We've decided not to hire a Treasury Analyst. Instead, yet a Treasury Manager and Miss Lindner. It's working out great so far. I think we're well positioned to get through the budget process, well positioned to as we discussed on May 5th with the Committee, sell the bonds competitively. We need to keep watching the market with our financial advisor Hilltop Securities and our bond counsel Lockwood.

So as I go through the numbers, I also want to say if there's any confusion on any numbers, if there's any things you don't understand, feel free. You've noticed over the last few months I didn't want to - with regard to the finance, the record of expenditures, those monies are already gone. I wanted to make sure that you didn't think you were in a position to stop or spend. You can stop a contract but if it's an expenditure on the record, it's already spent.

With regard to some questions with the other departments that are here, if there's a question on wastewater, and solid waste, and other things, we have the answers to that. So I appreciate the opportunity to address that. And, again, if there's any questions you folks would have during the course of the budget process or after, we're always interested in helping and making sure the right answer gets out there so you can go into the community and explain things. I know Alderman Cathey he was appreciative of the bonding because people think bonding might be a bad thing. But in our case, it's a necessary thing with a situation wherein some cases like Department of Public Works, Wastewater, Solid Waste, very capital intensive operations in addition to the personnel. So with that, Mr. Chairman, thank you for your time.

Chairman Dowd

Okay. The first item on the agenda is Other General Government revenue on page 32, appropriations on page 107.

John Griffin, CFO/Treasurer/Tax Collector

So page 32 - high level as you can see in the top, that's the cable TV franchise fees for the city portion.

In the miscellaneous revenue items to note would be item 45103. That's the sale the Sanders lot. That's a historical sale. As you know or may not know, \$750,000 was put into an expendable trust and \$250,000 was put into an expendable trust for BIDA.

The other item to note is 45208. Definitely the construction of the Performing Arts Center got a little bit complicated with the pursue of new market tax credits and this is an example. This is a loan that was made to Main Street financing pool and they pay us. It was a \$7.1 million loan and they pay us 1% a year. That was from the start of the program. So that's what that revenue is. Some of the other ones, you know, rental of 14 Court Street, waste land is a YMCA. They leased the land from the city as well as a company called "ASBG". They're the company that leases the land to put the compressed natural gas filling stations over at Riverside.

We are budgeting distributions, as I mentioned that new market tax credit and the ongoing agreements. That's what we expect to receive in revenue by way of a distribution from those companies that were set up to effectuate the building of the Performing Arts Center.

And one final point, the \$800,000 – those are for the air rights for the developer to be able to build apartments above the School Street parking garage. So my objective here was to give you a little bit of a feel for what's been happening in the budget going forward.

Chairman Dowd

Are there any questions relative to what was just discussed on the revenues for Other General Government?

Alderman O'Brien

Thank you. Mr. Griffin this is an if. As you know, I introduced the Bill into New Hampshire House to try to get the State to meet their initial 1967 obligation to pay 35% of the tax which entice municipalities to belong to NHRS. It had no sunset to it. It was supposed to be for perpetual but however, it got yanked and 12 years ago if you remember and we've been paying to last 12 years. This partisan house unfortunately did not - even know I won it on the floor - the Senate disapproved it. But it seems to be still have some life of a one-time shot of perhaps maybe \$2 million. The Governor has not signed it so we are talking a little bit of hypotheticals. We're deco into the NHRS Reimbursement Account?

John Griffin, CFO/Treasurer/Tax Collector

Typically or historically when there was a subsidy and I was fortunate to be here for the last year of the subsidy so I knew kind of how it worked. It would be a reduction in the city's rates. So depending on how they fund it would depend on where it would be it could be a reduction in our NHRS rates. "Employer rates" they call it. I don't envision them maybe sending us a check. I think it would come off the rates because it would be - you're talking about a 7.5% one-time reduction. So I would think they would want to have the NHRS provide that benefit by adjusting their working rates.

Alderman O'Brien

I think your explanation is more fiscally sound and in doing that correct. Thank you, Mr. Chairman.

Alderman Cathey

Thank you, Mr. Chair. Could you explain the new market that you talked about for 4528 and 4585? Could you explain that for me or for us?

John Griffin, CFO/Treasurer/Tax Collector

I'll try but I'm also going to share with you that there was a comprehensive what was referred to as "omnibus piece of legislation" that some of the members of the current Board reviewed. I can get you that but essentially new market tax credits are designed to do just that. Create new market, profit oriented efforts. So a lot of things have to happen. We had to sell. So we purchased the Alec Shoe Store and then we had to sell it because we couldn't own it as a municipality and be able to get the credits. If you think about it, it's a tax credit. Someone's buying that to save on their taxes. So you know definitely worth a read and an understanding. What's happening here, what I'm trying to show here are the transactions and that's why Miss Evans and I put them in Department 118 because there was really no other place to put it on the revenue side. I'm gonna go into the expense side as well but that's kind of how that works but it was a complicated set of transactions that took a number of months to get together.

Chairman Dowd

So by the way when that went through, there were numerous meetings of the Board of Aldermen to explain it because it's kind of complicated but maybe possibly we could get them a copy of the presentation that was given?

John Griffin, CFO/Treasurer/Tax Collector

Yup.

Alderman Cathey

Quick follow up. Are you then saying that, I think I understand it, you couldn't own that building so you loaned to who was going to buy the building the money to buy it and then they pay us back from that loan?

John Griffin, CFO/Treasurer/Tax Collector

Mr. Chairman subject to check, again, very complicated. The construction cost of the facility was \$25 million. Part of the construction costs included that \$2 million purchase of the building. They took the building and through this corporation that was created called "NPAC", they're in charge with making sure the building gets constructed and have all kinds of contracts with the management company, the oversight management construction management company, etc. It's definitely worth a better than what I can do here and as Chairman Dowd mentions, there's a lot of reading material, and there's tapes of meetings, and it was a few years ago that that was approved.

Chairman Dowd

All set Alderman Cathey?

Alderman Cathey

Yeah I am, thank you.

Alderman O'Brien

Thank you, Mr. Chairman. Just for a little housekeeping for the clerk. We welcome Alderman Lopez who joined the meeting at 7:16.

Alderman Sullivan

Thank you, Mr. Chairman. Could you please review line 45103? You said it was the sale of the Sanders lot and you

mentioned that the proceeds from the sale went into a couple of trust funds. Could you repeat what the trust funds and how much please?

John Griffin, CFO/Treasurer/Tax Collector

Certainly, Mr. Chairman. I know \$250,000 went into the BIDA Expendable Trust Fund. That's an organization that's helped work on projects that are important to the city. Renaissance - I think that was the project, the Renaissance apartments. The \$750,000 - that's at the end of your book Alderman Sullivan, and that is an expendable trust fund. But essentially that \$750,000 was to help the East Hollis Street area to create some type of either athletic or some type of area for that location to have some recreational activity, but I will get you the setup of that particular expendable trust fund.

Chairman Dowd

Wasn't it also part of the redevelopment of a circle there at the end of the bridge from Hudson which hasn't happened? Follow up Alderman Sullivan?

Alderman Sullivan

Yes. Are you looking for that now? I didn't want to fire another question.

John Griffin, CFO/Treasurer/Tax Collector

I'm looking for it. I remember seeing it and I just have to look a little bit longer.

Alderman Sullivan

Anywhere that I see 201 Main Street Real Estate Corp, that's essentially the Performing Arts Center?

John Griffin, CFO/Treasurer/Tax Collector

That's correct.

Alderman Sullivan

I know you explained it but the way I understand from what your explanation was is that we anticipate \$289,402 in revenue from the PAC in Fiscal Year 2023.

John Griffin, CFO/Treasurer/Tax Collector

That's correct.

Alderman Sullivan

And then also we anticipate about \$71,000 interest from the loan that that organization made to the city or impact or?

John Griffin, CFO/Treasurer/Tax Collector

That loan started the day we lent the money in December of either 2019 or 2020 in that account. That \$71,000, that's guaranteed. That's going to come in every year. The estimated revenue for the other items – the distribution depends on when the Performing Arts Center opens and it becomes operational. But just to kind of tie the loop between expenses and revenue, NPAC does not have cash flow unless we pay them - and this was kind of a something that people didn't quite understand but I'm going to tell you that if we operated that on July 1st of this year, we would pay \$500,000 on what's called "base rent". We would also pay the tax bill, which lets estimate that at \$150,000 subject to check. Then there's another agreement for the furniture, and fixtures, and equipment to run it. So we need to pay those first and that gives them the cash to pay us through what's called "a distribution". It's not a one for one, but pretty close. So we hired an individual – Neal Cannon. Mr. Cannon was an expert at new market tax credit design and he appeared before the Board of Aldermen and explained it, but there's a flowchart that if you haven't seen it, I'll certainly send it to you. It has like the four items that I'm speaking about. It's got base rent, it's got equipment, property taxes, and this loan.

Alderman Sullivan

Okay. Yeah, I would anxiously await to review that.

Chairman Dowd

It's a very complex financial situation. It's done with the new market tax credits. So there's also recorded, I assume, presentations that it could go through. We went through several of them.

Alderman Sullivan

I've had three different people try to explain the PAC to me and after every meeting, I've left with an ice cream bag.

Chairman Dowd

That's why it took several meetings before we understood what they would do.

Alderman Sullivan

So if that's out there, I would appreciate it.

Alderman O'Brien

Mr. Chairman - Alderman Sullivan explained it well. We did too. I would review if you possibly can. Mr. Cannon was brilliant in his presentation that took a very complex subject and was able to get it down that this Board could completely understand it. So it's well worth the review. It's well worth for the public to review if they have any additional questions because he did a fine job in explaining it.

Chairman Dowd

Any other questions on the revenue? We'll go to page 107, which is the appropriation.

John Griffin, CFO/Treasurer/Tax Collector

Yes, Mr. Chairman. This particular set of line items is for the rent. So the rent, as I mentioned, is going to begin at \$500,000 a year and the taxes are called "supplemental rent - additional rent". So I'm estimating \$400,000 to be roughly \$250,000 of base rent opening without knowing much more than just saying it – a January 1st opening and then the tax bill. The total tax bill needs to be paid. I'm just putting a number in here of \$150,000. These items need to be appropriated by the Board of Aldermen to be able to spend them. The one below is half of year worth of the amounts committed to purchasing the equipment, and the fixtures, and things like that. So if I started with this page, it might have been better because then this gives them the money and then the revenue, the pain is back. We have to work out the timing.

Chairman Dowd

Probably not helping with the ice cream setting but I think the presentations go a long way. All right. Anything else on page 107? All right, seeing none. We'll move on to Department 126. Revenues on page 33; appropriations on 111.

John Griffin, CFO/Treasurer/Tax Collector

So this particular page has a number of financially driven revenues. The first one of note is the payments in lieu of taxes. So the payments in lieu of taxes is going up because we have agreements with Dartmouth Hitchcock and Southern New Hampshire Medical. We also have agreements with the Hunt Community and Nashua Housing. So I think subject to check, I think those are the four and they'll total this amount in Fiscal '23.

The next set of income is the interest on the taxes. So 41300 is the interest that we receive prior to the leaning process. The next line below is the one people have been leaned and they come in and say oh my god I got a lien on my property for the first time in my life. They come in and pay. They pay us the interest. So that's, you know, it can be volatile but we put in 275 on the first one and 550 on the second one. If you have any questions, you can ask me along the way.

The next grouping of income for a city is licenses and permits. The lead dog here is if you own and operate a vehicle in New Hampshire you know what that's all about. So we collect permit fees and the 11 million is a very conservative

number believe it or not. In the recession - I came here in 2010. It was down around 9 million, but it's grown to about 15 million. We don't want to overly and aggressively get used to that amount but what we do with the money is we generally the Mayor has proposed to the Board of Aldermen to use about \$4 million a year to what they call "by down the tax rate". Every 2 million or roughly is 1% on a tax rate. So as part of our planning, we traditionally have used 4 million of motor vehicle revenue to apply down the tax rate. The other thing we do with motor vehicle revenue is we - and you'll see this later when I go over the highway paving program special revenue account - is we take about a million one of motor vehicle revenue and put it to fund the debt service associated with that bond plan. I'll go into that but I wanted to - you're going to see, you're going to ask a good question, you know, we're through April and we've already got \$12.1 million. So if you add a couple more million, we're going to be up around the \$13 - 14 million range by the time we end the year. The other fees, just nominal fees to process the permits.

Rooms and meals. That's another one that I know Alderman O'Brien is always looking at. But last year we were fortunate to get about \$6.5 million in loans and meals tax, which is a significant increase. They've done some changes to the legislation up there. They've also reduced, I think very subtly, the meals and rooms tax itself. But this is what you'll learn through the tax setting processes, this is a number that the Department of Revenue actually puts in our calculation. We can't change this particular number. We can change some local revenue numbers and be conservative, but they get their information from the State. They put it in our tax calculation. So that's 6.5, we're looking forward to getting.

Interest income. That's always a tough one. We do have sizable investments, but we can't be aggressive in in our investments. They're more in the nature of like a term like a one year CD or things like that, We budget a number there, try to reach it, We may be seeing a situation where the interest rates go up a lot more than they have in the past. So we put \$700,000 in there. Nothing else of note on that front. So with that if there's any questions on this page, I'd be happy to answer them.

Chairman Dowd

Any questions?

Alderman Wilshire

Yeah the \$48,000 in motor vehicle reclamation admin fee. What is that \$40,000?

John Griffin, CFO/Treasurer/Tax Collector

That's a fee that we're able to charge that we had never put in the budget before and this year Ms. Evans and I said let's put that fee in the revenue.

Alderman Wilshire

Where does the fee come from?

John Griffin, CFO/Treasurer/Tax Collector

Oh the fee is a charge to a part to of registration. I think it's a \$3 - I'll get you specifics but I believe it's a \$3 for registering a vehicle.

Chairman Dowd

All set?

Alderman Wilshire

Yeah, I was just curious why we hadn't done that before.

Chairman Dowd

Any other questions on this page?

Alderman Sullivan

Thank you. Mr. Chairman. Could you please explain, again, the payments in lieu of taxes aka the pilot?

John Griffin, CFO/Treasurer/Tax Collector

Okay, I'll give it a shot. Some of the operations in the city are able to indicate that they're charitable in nature. So specifically, the hospitals. They're nonprofits but I've been hospitals and I pay the bills. Not sure they're too charitable but that being said, they don't feel as though their charitable operations should be taxed. They should be exempt from taxation. So our city attorney works with the hospital's team and comes up with a payment in lieu of taxes. So they're not gonna get a tax bill. They're gonna get another type of bill.

Chairman Dowd

These are agreements done by our Corporation Counsel office were these different groups and to come to an agreement on an equitable payment to the city in lieu of taxes.

Alderman Wilshire

So with the redevelopment of the Bronstein property, does that change the pilot for the Housing Authority? I mean there's more density right? There's more?

John Griffin, CFO/Treasurer/Tax Collector

Yeah let me make sure I can answer that and if I can't answer it here, I can follow up. They actually - the Housing Authority dating back to I believe 1947, they calculate their own payment. They have to submit to based on their rents and there's two forms. One check is larger than the other. I believe we get like \$143,000 on one form and \$12,000 on another. The team over there actually calculates it. There's a form. So it's a little unique. Not sure how the construction and then the eventual habitation of the Bronstein would affect it but former Treasurer Fredette would be working with the Housing Authority and the lady over there. We get the money, but it's not sure about how Bronstein would affect the value of the check coming to the city.

Alderman Sullivan

Thank you. So why the original budget in '22 was 420 and in '23 it's two and a half x. What's driving that?

John Griffin, CFO/Treasurer/Tax Collector

Very good question. So the recently negotiated agreements with Southern New Hampshire and Dartmouth Hitchcock, we have billed them full taxes. So last year going into this Fiscal '22 budget, we didn't know that there would be payment in lieu of tax agreements executed. So what we need to do now is abate the bills we rendered and then recognize the payment in lieu of taxes revenue in this fiscal year. Next year, we're planning to bill them according to the agreements that they signed.

Alderman Sullivan

Okay.

Alderman Lopez

I'm not sure I understood response in terms of the vehicle reclamation fee. How is that being accounted for in previous budgets? You said it wasn't in the budget but there was revenue being generated.

John Griffin, CFO/Treasurer/Tax Collector

There was revenue. It was captured but not budgeted.

Alderman Lopez

Can you explain the difference?

John Griffin, CFO/Treasurer/Tax Collector

Well the difference is it would not be included in the revenue. It would be included in another - not budgeted. We do have accounts that the funds are not budgeted but they produce revenue and there was expenses against them. But I'll get you a better answer on that Alderman Lopez.

Alderman Lopez

Yeah and also maybe a list of the different areas because I didn't even think in the years of budgeting I may have missed that section or something. But I know that there's some departments that generate revenue that is for a certain purpose or is necessary to their operation and I think that's what you're describing.

John Griffin, CFO/Treasurer/Tax Collector

Right.

Alderman Lopez

But I definitely want to, I would like...

John Griffin, CFO/Treasurer/Tax Collector

It would be more of a form of a special - I'm sorry to interrupt. They're more on the form of a special revenue type of fund.

Alderman Lopez

Okay, thank you.

Chairman Dowd

Any other questions?

Alderman Cathey

Thank you, Mr. Chair. Correct me if I'm wrong. Isn't the School Street project don't they also have a pilot for the parking garage where they're paying us a payment instead of the property taxes on actual parking structure of the project or was that for another project?

John Griffin, CFO/Treasurer/Tax Collector

Certainly, Mr. Chairman I can address that. As you recall, Tuesday Mr. Cummings presented the TIF - we call it a special revenue fund for the TIF for School Street. So what's going to happen there, there's going to be value created from really nothing taxed at the rates, the property taxes per 1000. Those dollars are going to be captured as the revenue stream going into that TIF to pay for the expenses associated with the TIF to include the debt service associated with the construction of the parking garage and other maintenance types costs in that school Street area. So in summary, it's not a payment in lieu of taxes. It's a capturing of taxes in a tax increment financing fund.

Alderman Cathey

I understand that TIF part. I just thought we also had a pilot with that building as well, but I'm probably mistaken in that so thank you.

John Griffin, CFO/Treasurer/Tax Collector

You're welcome.

Chairman Dowd

Any other questions?

Alderman O'Brien

Thank you, Mr. Chairman. Just additional clerk housekeeping. We are joined via zoom, Alderman Comeau has joined us.

Chairman Dowd

Okay. So the next area is on page 111. It's Financial Services proposed budget General Fund.

John Griffin, CFO/Treasurer/Tax Collector

Certainly so as I mentioned at the outset, this change is within the makeup of the personnel in the Financial Services Division. At the end of the process, the line 51100 is 2.29% more than last year. So we tried to be cognizant of a reasonable budget that has the right people in the right spots to provide the services that the Financial Services Division is in charge of.

In the budget book itself, I tried to articulate the different areas within the Division but essentially under my direction, we have my CFO office, Comptroller, Treasury, tax and billing, and motor vehicle registration. Those are the main areas that we focus on. We have as far as personnel, we have unaffiliated. You folks had questions on that and I suggest to Chairman Dowd that Direct Kleiner handle those questions, which she did last week. We also have the UAW. We have a combination mostly clerical and technical. As you know, there's a professional and then a clerical technical. We mostly have those and those are your clerks. There's items in the actuals because of the transition and time of things with our Trust Accountant retiring, Treasurer Fredette retiring. Retirement and separation - that's where you would see the costs associated with some of these retirements in the Fiscal Year 2022.

Going forward, we need the wages full time, the overtime. I'm not sure if anybody has explained to you what the last line is but let me see if I can do it - 51990. That's a partial week chargeback. Sometimes there's 53 weeks in a year for payroll purposes. So you try to recognize the expense annually and then in the seventh year, you somehow are able to fund the budget without needing a special appropriation to take care of the final commitments to the workers. This line is going to be in most budgets.

Going down, I'm going to go through each one but if you have questions, fine. Slight increase in the accounting and auditing services, the external. This group does a lot of billing and mailing, which will result in sending tax bills out timely and so forth. Then the other services, you have the postage and delivery. We've got a lot of pieces of mail. We seem to be mailing out more pieces. So \$88,000 is the budget for that. I'd be happy to answer any other questions.

Chairman Dowd

Any questions on Financial Services?

Alderman Sullivan

Thank you, Mr. Chairman. The cell phone bill - \$600 to \$2,400.

John Griffin, CFO/Treasurer/Tax Collector

So I was the individual that got the cell phone at the request of the former Mayor Lozeau because she wanted to call me. But in any event now in all seriousness, some of my other more senior position team members, they're always being called by me and others. So we thought it best to fund their allowance. I don't know if anybody's explained it, but it's not the complete cost of a cell phone. It's an allowance.

Alderman Sullivan

Okay.

John Griffin, CFO/Treasurer/Tax Collector

So it's a \$50 allowance against the cost of the phone. It doesn't get into you know, iPhone 15 or whatever the latest version is. It's really a modest expression of trying to compensate city workers for using their personal phone.

Alderman Sullivan

Okay, thank you.

Chairman Dowd

Follow up?

Alderman Sullivan

This is more specific to the personnel in your department and I appreciate the discussion that you had leading into this but I did notice that you did add an accounting supervisor. So the way I understood it is that is a way for you to build the bench on the Financial Services team because essentially you have about one less part time employee year over year yet the wages went up. So I kind of circled that to be the accounting supervisor position. So if you could just talk through that a little bit, I'd appreciate it.

John Griffin, CFO/Treasurer/Tax Collector

Sure, I'd be happy to. Thank you. Mr. Chairman the Accounting Supervisor - well let me back up. We had a long term employee that was a UAW Senior Financial Analyst. That person did great work for the city for over 20 years. She retired end of the year and Miss Evans who became the Comptroller and I were talking about additional bench strength to someone that we could groom to possibly be the next Comptroller. So what we're doing is we're not going to hire the Senior Financial position. We're going to hire an unaffiliated accounting supervisor person. There was some moving parts in the process. So the Senior Financial Analyst in '22 retired. The Treasurer/Tax Collector retired. Treasury and budget a system, we never filled it.

The other thing we did was through the pandemic, it became pretty clear that we needed to do something in motor vehicle registration and what we found was having a Resource Coordinator out front would be very helpful. We have an appointment setting system. We also allow walk ins. So this particular resource who was a contracted for a number of months, we brought that person in and reduce the headcount in the motor vehicle clerks themselves. So if you can imagine, you have an individual that's right for the position does a great job is very helpful as opposed to opening that area and just walking in and trying to navigate the new designed motor vehicle area and we've gotten tremendous feedback. People like the queuing up and a human being actually talking to them. So that that's been helpful. So when you put everything in the meat grinder, we're slightly over the last year's budget for wages in this particular department.

Alderman Sullivan

Thank you very much. I was surprised to see is more of a comment but a question. I was surprised to see the Comptroller was not a full time position.

John Griffin, CFO/Treasurer/Tax Collector

Mr. Chairman if I may. Where you see what you think is a full time position, your instincts are correct full time. Part of her salary is charged to wastewater and solid waste. Our Deputy Treasurer Tax Collector same thing. She's responsible for the billing of the wastewater bills and overseeing the function of billing solid waste when necessary, but that's - Chairman Dowd urged us to put in the back of the book the team members that have charged in more than one area so you'll see that at the very end of the book. We've done it a number of different ways but you'll see it at the very end of the book.

Chairman Dowd

It used to be difficult when people were charging different departments, different divisions, to track down their salary and so we put in the book.

John Griffin, CFO/Treasurer/Tax Collector

So specifically on starts on page 301.

Chairman Dowd

Any other questions on Financial Services? All right, seeing none. We'll now move on to Capital Improvements, Capital Equipment on page 306.

John Griffin, CFO/Treasurer/Tax Collector

So, Mr. Chairman, if I may. We have and have had for years a Capital Equipment Reserve Fund. That is where on the city side, and actually we added the school to the list that is where equipment is staged to be purchased in a fiscal year. So for Fiscal '23 working with the team members of the Fire Department, Police Department, Public Works, school, and other departments that need vehicles. This is the array of vehicles that we are requesting the Board of Aldermen to approve to the budget process. When I first arrived, there was a CERF Committee, couple of members from the Board of Aldermen, the member from the outside public, and it just became overly burdensome to find someone to attend the meeting. So late Alderman McCarthy made this presentation to the Board of Aldermen probably six or seven years ago and it's worked well. What happens here is once you approve this, that fund does not lapse.

I just had a communication with Chief Buxton. He's having a heck of a time getting a C4. You might know what that truck is but parts and everything is backordered so it's difficult. So what you're doing here, just like it did last year, you're approving the schedule of purchases. What will happen is each one of these divisions will communicate with the Purchasing Department, properly procure the vehicle, and come before the Finance Department and get it approval. So you're approving kind of the amount or the type of vehicle, etc. and then you'll see notations. According to the CERF schedule, the funding is there and this is how it works.

With pricing going up to the extent - there's a 10% increase over what was expected that Dave Fredette used to do it but I will be communicating with the Finance Committee and the Board of the price increase and why and to the extent those funds, the savings, and other areas of the CERF but why you should move forward and purchase the vehicle.

Alderman Cathey

Thank you, Mr. Chair. Thank you Alderman Sullivan. I appreciate it. I appreciate the list here. Just from my perspective, I would love a bird's eye and I was wondering if we have a list of all of the trucks or vehicles that the city has with mileage, life used, or life left, or whatever the case may be so we can get sort of a larger scope of what we have. I think that would be helpful to know if we have that inventory list of what the city has in the mileage and different information. Is that available?

John Griffin, CFO/Treasurer/Tax Collector

Mr. Chairman, if I may. So just before I arrived in 2010, Mayor Lozeau conducted a comprehensive review of the fleet and did a nice job determining what was not salvageable, what should go forward, and work with all the departments. So we've got a pretty good system down now but we have all the vehicles cataloged. So we have just what you're asking. Prior to that, my predecessor Mr. Gilbar, prior to that as Chairman Dowd knows and Clerk O'Brien, they used to like set aside a certain amount every year. Kind of like, you know, the vehicles in last 10 years, they put 10% in. Prior to that, municipalities would have - they tried to have the department put skin in the game so they'd fund half of it through their operating budget and make up the other half in the CERF. Mr. Gilbar said you know it's too complicated. So let's figure out how much life is left on these vehicles and determine the amount necessary when you want to replace it.

So in this particular case, we need from the general fund, we need from the CERF account, we need like \$2.2 million to buy all these vehicles. So it works well. People understand it but you're asking for a lot of information that we have.

Alderman Cathey

Okay, great.

John Griffin, CFO/Treasurer/Tax Collector

Chairman Dowd has been - we've just never been able to put it together but it is – Mr. Fredette and I had a presentation I think back in '12 or '13 and it gets pretty complicated. You're going to see the array of vehicles and this is a small subset of the vehicles. You're going to see the fire trucks, the ladder trucks, the pumpers. You're going to see the police vehicles. You're going to see the command vehicles. DPW as a lot as well as you can imagine.

Chairman Dowd

If the capital improvements program was working correctly you would list all the vehicles; you would figure out how long they had left, and you'd put divide that number by the replacement costs, including some for inflation, and you put that kind of money aside every year. We haven't done that. It's quite a sum of money. We also buy most of our vehicles via

cash. The more expensive ones lately we've been buying with a bond because the bond so loads. It's better for us. The way we do it now is they come to an agreement with all the divisions of what needs to be replaced and then it's funded via this page. We've got a whole bunch of people with questions. Do you have a follow up?

Alderman Cathey

I do. Yeah, real quick. I appreciate that and I understand the list. I just would like the whole list of all the vehicles if it's available, number one.

Number two - curiosity with the market being the way that it is. Let's suppose that they think there's a certain replacement cost to a vehicle, and we approve this list, and then they go out to the marketplace and they find out that that vehicle is indeed a little bit more expensive given the marketplace. Would they then come to us and ask for an appropriation through budget or finance higher than that amount and then that money would have to come from somewhere else rather than this approved list. How would that work?

John Griffin, CFO/Treasurer/Tax Collector

Mr. Chairman, it has happened from time to time. We anticipate more because of inflationary pressures but in that ordinance that was passed about CERF, it has the ability for the Board of Aldermen to approve any increase that's greater than 10%. But what former Treasurer Fredette had done and what I'm gonna do is we need to let you know that that we have funds available. The CERF is a - it has more in it than just what's listed here.

Alderman Cathey

Oh, okay.

John Griffin, CFO/Treasurer/Tax Collector

But what you need to know is we've been unable to fund CERF in the way that Chairman Dowd's indicated and we've been through - we've, you know, presented a budget here with no money going into CERF. You're gonna see that there's zero when I get to the transfer page. But what we do is we're fortunate to have appropriations not spent at the end - and I know there's questions on year end things and I'm happy to answer - but we have to fund - like the first thing we do the Mayor and I we get together and say how much do we need in CERF for next year? So we're kind of a year ahead but that's the process. You'll get a communication by me working with any one of these departments and explaining the situation.

Alderman Cathey

Thank you.

John Griffin, CFO/Treasurer/Tax Collector

You're welcome.

Chairman Dowd

Are there times that Divisions when they talk to the Mayor, Mr. Griffin, and it may be slated for purchase this year but in order to keep that money at a reasonable rate, they push it off a year or two. Also there are other things that happen like the Fire Department was able to get a deal with two pumper trucks. They were going to replace one, one year and one another year. They got a package deal and save several hundred thousand dollars. So it was advantageous to do that.

Okay, you're all set?

Alderman Cathey

I'm all set. Thank you.

Alderman Sullivan

Thank you, Mr. Chairman. Before we buy new vehicles, the vehicles that we're going to replace, do we take that use vehicle - do we try to resell it? Is there a marketplace to resell it? Can we use it as a trade in to help offset the cost?

John Griffin, CFO/Treasurer/Tax Collector

Mr. Chairman, we can do any of those things. If it's really junk, there's a statewide program to get rid of vehicles. A lot of times they trade them in because they do have some value. We tried kind of outright sales when Purchasing Manager Gabriel was here. It's a lot of work so a lot of it, especially the police vehicles, the pursuit vehicles, they're traded in. So you're gonna see that. Each vehicle is assigned a life expectancy. So when you look at the list, we try to give the age of the vehicle but the pursuit vehicles on the Police Department, it's 100,000 miles. They have their own fleet maintenance and they've determined that anything more than 100,000, you're paying a lot of money on the fixing up and keeping it in top shape. As Alderman O'Brien knows on the fire side, they have a life expectancy on the apparatus. Front line, back line, and then if the vehicle still has the wheels on it and it runs, might be another city – I'd probably say a town might have interest in buying it. The fees are quite nominal. It's just like you'd expect if you went and bought a car and you trade your car in, you're not going to get as much as for it.

Alderman O'Brien

I know there's others but indirect to what Mr. Griffin said, an important piece such as a piece of fire apparatus, you need headlights. You need warning lights and electronics fail so the truck is out of service. It will definitely get into some form of chaos or havoc. The apparatus that is no longer frontline pieces is put into reserve status. The mechanic will take that truck and find out what, in my example, what the electrical problem is and the reserve piece will become the frontline piece. Therefore no district is left uncovered.

Another thing you got to keep in mind, insurance rates are established by the ISO and they look at the life expectancy of the apparatus. Now you can cheat but that means the taxpayer is going to pay higher insurance premiums in the city if the apparatus does not meet the qualifications. So this is it. At the end of the lifecycle, sometimes they are traded off and I think what Mr. Griffin was looking for is the famous white farm, which is run by the State, I think, in Concord to where some of the apparatus – but you've got to look at Public Works in the example. They spread salt and what we all know about salt in the back of any vehicle eats away. So, you know, these vehicles go through you know for the citizens, they are getting the bang for the buck. Thank you, Mr. Chairman.

Chairman Dowd

Just to simplify what he said, when we buy a firetruck a new one, the one that is replacing goes into reserve and it's there to be used. Like for instance, we had a new ladder truck that is totally electronic. Trust me the whole thing and they had a problem with it had to go back to the manufacturer. Well we didn't get rid of the old ladder truck so that replaced it for quite a while. When the new one came back, that one went back in reserve. The one that's in the reserve, that's when we sell it and that goes into the general revenue fund, I believe Mr. Griffin.

John Griffin, CFO/Treasurer/Tax Collector

Right, correct.

Alderwoman Kelly

Just wanted to say thank you to the department's and what we've seen before. They do make a lot of concessions and help us in this area.

I'm sort of interested in new technology and how often that's evaluated and weighted with what's put on this reserve list. Do they look at it every year? Obviously, for example, the Police Department looked at hybrids a couple of years ago and determined it was a little too new. But are we looking at that and also are we looking at it from a financial perspective in terms of you know, gas is high, electric vehicles has lower maintenance, that kind of thing.

John Griffin, CFO/Treasurer/Tax Collector

Mr. Chairman, that's looked at quite frequently now. The Police Department is going to have some hybrid vehicles that they're going to purchase. We have compressed natural gas refuse trucks. Really a tough sell back about 10 years ago. For those individuals that like diesel, now it looks like whatever you need for diesel, you might not be able to get. But we've looked at that technology back when I first came on. There was a task force made up of a few of Mayor Lozeau's

staff, including Director Fauteux. They brought on those vehicles - those compressed natural gas vehicles. So I think they look at them almost as - especially the cars. I know Director Fauteux looks at combination, electric, gas, natural gas. Those types of things. So it's at the forefront. And then with the Energy Manager, Ms. Brown, it's very helpful to have a person that with that type of knowledge of what's out there not only on electricity, hydro, but also those ultimate vehicles.

Alderman Kelly

If I can follow up, please.

Chairman Dowd

Yeah one other thing. I was a DPW this afternoon. The only thing they would look at right now for electronic or hybrid is cars. The technology is not at a place where any of their trucks or major vehicles will be replaced. The technology is just not there yet.

Alderman Kelly

Thank you. I understand that the technology is emerging but my question, again, to them would be as these technologies come out, would it be appropriate to put some level of funding in CERF for infrastructure for those types of technologies?

John Griffin, CFO/Treasurer/Tax Collector

Mr. Chairman it would be, for example, a prime example was the police vehicles are going to be \$3,000 more than the alternatives. So in CERF, we put the extra \$3,000 in the vehicle. You might be asking, you know, is there a more comprehensive carve out a couple of \$100,000 for looking at things and trying things.

Alderman Kelly

If I could clarify. More like infrastructure - like say for example the Police Department went all electric. We would then have to have a place for them to charge. So the infrastructure that would be required to run these new technologies would it be appropriate for us to start thinking about that and concluding an answer?

John Griffin, CFO/Treasurer/Tax Collector

I would say that it would be appropriate as a funding source.

Alderman Kelly

I mean, we're not funding this yet but.

John Griffin, CFO/Treasurer/Tax Collector

Right.

Chairman Dowd

That's something probably should be worked out with the Energy Manager Doria Brown and see what your plan is going forward.

Alderman Lopez

So I'm not going to ask about the eagle compressor. So many questions. But the CERF we've been talking mostly about vehicles and I understand that's its primary purpose. But I know there was some discussion last year about purchasing a backup server using CERF as a vehicle for that - no pun intended. I know we just purchased a whole bunch of radios. Is CERF restricted to vehicles or is that just traditionally what capital expense means a big charge?

John Griffin, CFO/Treasurer/Tax Collector

I don't think it's restricted, but that's how it's been used.

Alderman Lopez

Okay.

John Griffin, CFO/Treasurer/Tax Collector

Usually on the IT side, they fund it and either bond it or they budget it through a specific purpose. But we funded things like revaluations in here. I believe it was duly allowed from several decades ago because they needed a funding source for the reval. at that time but we haven't really put IT servers in here at this point. Doesn't mean we couldn't but.

Alderman Lopez

But this year's priorities are basically...

John Griffin, CFO/Treasurer/Tax Collector

Correct. Follow up?

John Griffin, CFO/Treasurer/Tax Collector

I just needed the confirmation. Thanks.

Alderman Cathey

Thank you, Mr. Chair. Let's say that a department like the Police Department, they're looking at eight interceptors. Let's say that they decided that they need a ninth interceptor for their department. Could they purchase a vehicle out of their own budget outside of the CERF or is that the vehicle that they - no pun intended, again - that they need to use in order to purchase those vehicles or can they use their own budgets or come ask for an appropriation from the Board of Aldermen?

John Griffin, CFO/Treasurer/Tax Collector

They could do all of that. I don't think there's any restriction, but they tend to use CERF to buy their vehicles.

Alderman Cathey

Thank you.

John Griffin, CFO/Treasurer/Tax Collector

I just say that from time to time, there might be an accident unfortunately and the vehicle is totaled. They need to buy a new one, which is made up of a combination of insurance proceeds, subrogation on the person that hit them, or other things but they generally like to have or plan to have these amounts of vehicles. They generally purchase every year a setup for some.

Alderman Cathey

Thank you.

Chairman Dowd

The Police Department usually doesn't have an extra \$45,000. And by the way, these prices are when they buy in bulk. They're buying eight cars, getting an eight car price and not one.

Alderman Cathey

Right.

Chairman Dowd

So it would be more than \$45,000. Because the Fire Department they definitely don't have the funding to buy a new replacement vehicle no matter what it is because those are expensive.

Alderman O'Brien

Thank you. You did tickle something that I would like to say and Alderman Cathey as these things pop up, you'll probably see something like on the City of Boston, you know, coming up and purchasing police inceptors and you say what does Boston have to do with Nashua? They do search for combined buying power with different counties, different municipalities, including the State trying to get the best bang for the taxpayers buck into doing that. So if you're on the Finance Committee, you'll see these oddities drift in, but that's what they're actually doing. Let's just say what is Boston has to do with a police cruiser from Nashua but has a lot to do. Boston bought six; we bought the seventh one.

Alderman Cathey

Oh, great. Thank you.

Chairman Dowd

Any other questions on this list? Okay, we'll go to Capital Improvements on page 217, 218. Whenever you're ready, Mr. Griffin.

John Griffin, CFO/Treasurer/Tax Collector

So Mr. Chairman, we have about a million dollar budget for capital, which professionally speaking is extremely low for the amount of assets that we have. Unfortunately, this is the number that we have and we try to respect the Capital Improvement Committee and put things in that makes sense given the budget constraints.

Now several years ago before we had the paving program, we'd have a \$2 million budget and \$1 million would be paving. So we've come a long way with regard to that. So the capital improvements page - work on that - what's interesting is the top of the list is the airport. You might say why the heck are we funding things for the airport? This is like 5% of what the total bill is. So there's 90% federal, 5% State, and the other five. So to construct an apron off ramp \$200,000, that's a big project. So these are the two that the leadership at the airport came before the Capital Improvement Committee and we fund this.

Chairman Dowd

As former Chairman of the Airport Authority, we've done this for – I hate to say it - decades. The last two years, though, the federal government did 100% but they're back to the 95.5. So the State kicks in five, we kick in five, so it's a good return on investment too because it's something we ought to do and again, because we haven't done it for a while. It's amazing when you hear the revenue generated to the city by the airport being here. There is a number of companies that have aircraft that come in and out of here. So maybe we ought to arrange that later, but not part of the budget per say. Any other questions?

Alderman Cathey

Two questions. One - and maybe Chairman Dowd could answer this question. What makes the determination for capital improvement? How does something get used or how do we use capital improvement money for a particular project rather than it coming out of another line item of the budget? How does that process work?

Chairman Dowd

There's a capital improvements group and they go over all the division capital requests, and select, and ranked them in ABC, and then numerically under that, and then they sit down with the Mayor and Mr. Griffin and they come up with a list that would be funded this year. If you look at the - I think everybody got a copy of the Capital Improvements Committee. There are a lot of things that aren't funded this year.

I can tell you one change I'm gonna make is the last line, which is the capital improvements and the deferred maintenance for the School District. We have over a billion dollars in replacement costs for 18 schools and \$100,000 in deferred maintenance does not cut it unless you want to be replacing school buildings a lot more often.

Alderman Jette can attest that two years ago, I think, the School Department had to replace a pump at the high school - \$90,000. There were a lot of questions - a pump \$90,000? No, the pump as Alderman Jette can attest was as big as a Volkswagen. It had to pump water up four stories. So that's a deferred maintenance cost. Maybe sometime after not too long we can take all the new Aldermen on a tour of the different HVAC and the systems in the high schools because they're amazing.

Alderman Cathey

To that point if I may and you would probably be best to answer this because you've handled out of the school stuff, why would this deferred maintenance be a capital improvement rather than be a part of the regular educational budget?

Chairman Dowd

Because the city finance and the Mayor decided that's where it should be. It's not in the school budget. You'll see all the deferred maintenance for the Fire Department. I think its Fire and Police are both in here, right? Yup. They're all in here. Police Department - well that was body cameras \$350,000 but in 2003, the deferred maintenance for the Fire Department is \$50,000. I can tell you that just about covers the minimums and he'll tell that when he comes in.

Alderman Cathey

So is it typical for deferred maintenance of different departments to come out of the capital improvements project rather than their own operating budget?

Chairman Dowd

Yes.

Alderman Cathey

Okay. Thank you.

Alderman Lopez

Yup just with regards to the Capital Improvement Committee doesn't there a requirement to have that come from the city's Charter?

Chairman Dowd

Yes. I can't remember who's the liaison to that Board of Aldermen.

Alderman Cathey

Clemons maybe?

Chairman Dowd

Maybe?

Alderman Jette

I thought you were asking who the liaison is and it's me.

Chairman Dowd

By the way just so you know, can confirm the \$90,000 for the pump that we went in – remember we did that tour? That was one big pump. Anyway.

John Griffin, CFO/Treasurer/Tax Collector

Mr. Chairman if I may, some of the Directors have already been here but I would encourage on the CERF schedule if you have questions or this particular array of capital, you'll have to ask them. Director Sullivan, Chief Rourke, Chief Buxton, DPW Director Fauteux – they're the other ones that the Mayor and I work with to create the (inaudible) the intimate details of what they're trying to accomplish with this amount of funds.

Alderman Cathey

Oh, sorry I have one more. Thank you. Mr. Griffin from a budgetary standpoint if I want to understand more about accounting and budgeting is there a difference between let's use the deferred maintenance for fire or schools, is there a difference or advantage or disadvantage for having that money come from a capital improvements budget that is decided between the Mayor and Capital Improvements Committee rather than coming out of line items from those specific departments? Does it make a difference because it's all the same money, it's all going to the same thing or is there a reason why it's broken out like this from an accounting perspective?

John Griffin, CFO/Treasurer/Tax Collector

There isn't a difference. You're gonna see when Mr. Donovan who's the Chief Operating Officer of the school comes in, he's going to have a lot of lines that are large that are fixing things. This was just a tradition. This is something I think we all inherited and as a Chairman Dowd says, it's nominal. They've got millions of dollars of deferred maintenance at the school. Fire they try to do the best they can. City buildings - you've seen the expendable trust fund there. Since I've been here, we've retrofitted, recreated a bunch of schools.

As I mentioned Alderman Jette and the colleagues on the CIP, it's hard to start now. Prices are high. I'll give an example and this is from memory. City of Cambridge, Massachusetts, has an \$800 million operating budget and an \$85 billion capital budget. It doesn't kind of make sense to me but I mean it's a funding thing. \$302 million operating and a \$1 million capital. So that's why that bonding presentation that we did is critical but you have to replace things. Fortunately on the school side, you're going to have all of this federal ESR funds that are going to help.

Alderman Cathey

I wasn't concerned about necessarily the expenditure or the money. It was more a curiosity about budgeting, and accounting, and presentation of the numbers. If it's all the same, then I understand that if there's no disadvantage or advantage. You're just presenting it in a different way out of a different account. Money is still the same so that's really what I was getting at. I'm not really necessarily against the actual amounts.

Chairman Dowd

I believe it was set up by ordinance and I think the front of the capital improvements book explains a little better.

John Griffin, CFO/Treasurer/Tax Collector

It does.

Alderman Sullivan

Thank you, Mr. Chairman. General question about the capital improvement project. This is funded through the general fund?

John Griffin, CFO/Treasurer/Tax Collector

That's correct.

Alderman Sullivan

Is it possible that any of the funds that you lay out here can be funded through a trust fund?

John Griffin, CFO/Treasurer/Tax Collector

So let me make sure I understand that. Could there be a trust fund that could pay for one of these items?

Alderman Sullivan

Yes, Sir.

John Griffin, CFO/Treasurer/Tax Collector

As Chairman Dowd mentioned on numerous occasions, we have a lot of expendable trust funds and they're pretty specific with what you can spend the money on. Generally, those are set up because something happened. We ran out of money in welfare. We had excessive snow events. We've got a lot of things that created all of those and are very specifics. So at the back of the book, there's some pretty good descriptions on who the agent to expand is and what the purpose of the fund was initially.

Alderman Sullivan

Well, let me please.

Chairman Dowd

Yeah I was just gonna say we're hoping to sit down and go through that entire list and consolidated or get rid of some of the ones that are in there and narrow it down. But as he explained, there is specific ways you can spend that money and there's also specific spending authorities.

Alderman Sullivan

Yes. Thank you. Specifically, and this gets my attention, Court Street. Court Street \$50,000 to pay for a strategic plan. In the '23 budget, there is a request to fund the newly minted trust fund that we just created for \$50,000. So my ask is can we take the \$50,000 that we've set aside for Court Street Trust Fund to apply to the \$50,000? That matches the amount matches, it all matches. So my question is are there any other projects in here that we can tie to a trust fund to either pay for these to help offset the general fund?

Chairman Dowd

I would guess it will depend on the spending authority and the one you just mentioned is the Mayor. So he could do that.

Also, a lot of things in capital improvements get funded by bonds. The bigger ones you don't see in here because if it's something that's going to last more than 15 - 20 years, it can be bonded. So there were some of the capital improvements that get bonded.

Alderman Sullivan

Okay.

John Griffin, CFO/Treasurer/Tax Collector

So the direct answer is I don't see any others that would have a kind of a similar expendable trust fund that would offset this.

Alderman Sullivan

Okay, thank you.

Chairman Dowd

Any other questions on deferred maintenance? Seeing none. Now to hydrant fees, fire protection on 137.

Alderman O'Brien

I know where everyone is.

Chairman Dowd

Probably shovel it out if...

Alderman O'Brien

Well I did - 35 years.

John Griffin, CFO/Treasurer/Tax Collector

So Mr. Chairman in this particular department 159 hydrant fees, this is tariffed charges by Pennichuck as approved by the Public Utility Commission of New Hampshire. They communicate with us, working with the Fire Department, they add hydrants, they subtract hydrants. They do a pretty good accounting annually and then they bill us based on the rates. So we're thinking we're going to see – well we know we're going to see an increase and Pennichuck is a regulated water utility. They have varying ways of getting revenue. Some are just traditional rates. The others are their investments and capital that they need recovery and some are more immediate than others. But if you ever wanted them to further explain how the ratemaking works, you have that Special Pennichuck Water Committee. I'm sure Mr. Goodhue or Mr. Ware would be – Mr. Ware is like an expert in this no question. I asked him a question once I got like a page answer and a lot of it was analytics but no a great, great person.

Chairman Dowd

So we get a fee for each one of these hydrants, but they're maintained and painted and everything else by Pennichuck. You can see where they're all at because if you go in the GIS, there's one page that has where all the hydrants are. I wouldn't stake my life on the exact location being right on there because we saw a couple are in the wrong place but its pretty close.

Alderman O'Brien

But we find them.

If I may on that too? Not to be the ultimate hydrant expert but the insurance company, as I mentioned before the ISO, the homeowners rates are determined their proximity to the hydrant. You probably remember when you went to get your homeowners insurance. So the Fire Department looks at that and the developments that request hydrants in certain locations but Pennichuck needs to get paid. But the end result even though looking at this number, you must remember regardless of the size of the fire, the city does not get a water bill from water use by the Fire Department at a time of emergency.

Now the flushing toilets in the fire station is a different venue. You know, that's part of the costs but as you would in any domestic home but if there's an emergency, that's basically free water to the municipality. It comes out of this basic fee in a way.

Chairman Dowd

We just recently found out as part of working with the DPW that Pennichuck got involved on a separate issue and we found out that DPW has ever been charged for water. That's not allowed by the PUC. So we had a meeting and I implored upon them that they couldn't stick it in the '23 budget. It would be too late. So they're going to collect usage for this coming year in 2023 and start charging in 2024. So water is used to wash out vehicles. Water is used when they do the pretreating in the winter or the streets and a number of different uses of the water out there but now they're going to be charged. Any other questions on hydrants? We're moving on to street lights.

John Griffin, CFO/Treasurer/Tax Collector

Yes, Mr. Chairman. Street lights are on a good note. This number used to be \$800,000 and Mayor Donchess under his leadership and direction, Director Fauteux changed all the lights to LED lights. Very interesting project because one person's bright light is another person's dull light. It was an interesting process, but the result is that our electric bills for light, street lights have been much lower than they were in the past.

Subject to check and you can certainly ask Director Fauteux but we're on the hook for carrying the bulbs. So this street light maintenance when necessary the way I understand it is we have the bulbs but we don't have the expert people that can actually go up with kind of linemen changing high voltage lights. So we meet them there. We meet them with the

bulb and they go up. I don't know if Eversource has outsourced that. I have no idea but they're the ones that have to replace the bulbs and I think they've worked very well these bulbs.

Chairman Dowd

I forget how many years ago it was now but we replaced all the city lights with LEDs and I guess they're adjustable in two different intensities. We're on the lower intensity in most places anyway and that's why a lot of the savings in electricity.

Alderman Cathey

Thank you. I see that the budget is well under for 2022 but then we're expecting almost a two-fold jump for 2023 on electricity. Is there a reason why there's a disparity there?

John Griffin, CFO/Treasurer/Tax Collector

One answer is this probably only includes nine bills. So we're gonna get a bill - like through April would have been through like basically bills through March.

Alderman Cathey

Okay.

John Griffin, CFO/Treasurer/Tax Collector

And then the other answer would be to the extent something happens, you don't want to be under so it's a reasonable budget that's been pretty consistent. The question that you normally would ask is what happens if there's appropriations are not spent here. That's part of the end of year wrap up that we'll get into soon.

Chairman Dowd

Anything else on street lights?

Alderman O'Brien

Yeah thank you, Mr. Chairman. I would just like to take the opportunity of a public service plug. If you have street lighting in front of your house and it doesn't come on, nobody really knows it. So it's up to each individual resident. We pay for it and so I would appreciate it - I say this every budget here but if the residents can see if their street lights aren't working, it is coming out of the municipal budget. Please report it to Energy North so it could be fixed. It could be something as such as the light sensor or something like that but it gives us for what we're paying for. So that's enough of my public service announcement.

Chairman Dowd

Okay, next item is debt service on page 210.

John Griffin, CFO/Treasurer/Tax Collector

Yes so Mr. Chairman this is the debt service related to the general fund. So for city and school, we plan on paying approximately \$11.2 million in principle and \$6.2 million in interest. We intend to issue in 2023 so we have issuance costs. To the extent there's other analyses that need to be done, that's the other debt service costs.

So pages following 210 show by issue, by date of issue, the ingredients of creating the principle payments on the page that I just reviewed in interest payments separated by city and school.

Chairman Dowd

Does everybody understand what debt service is the payment against the bonds? Any questions?

Alderman Sullivan

Thank you very much, Mr. Chairman. So if we could just - I want to make sure I understand it. Page 211 let's just do the top one - Broad Street Parkway. In the year 2013 we borrowed \$1.469 million for the parkway and then as I go to the right through all of the columns, how do I find out the total payment on that bond? So we borrowed 1.4699, how much did we end up paying for that? How do I get to that? How do I get to that variable?

John Griffin, CFO/Treasurer/Tax Collector

So if the question is to date at the end of Fiscal '22, you take the 1.469 and you subtract the 1.150. That would have been the payment to date.

Alderman Sullivan

Okay.

John Griffin, CFO/Treasurer/Tax Collector

We're planning on paying \$100,000 principle and the associated interest \$209,000 - I'm sorry, the \$43,700. So those would be the debt services associated with that particular bond.

Chairman Dowd

Any other questions?

Alderman O'Brien

Thank you. Mr. Griffin does it really matter – if you remember, infrastructure did vote to change the name of the Broad Street Parkway. A rose by any other name is still a rose but I don't know if that matters. But it is formally now known as "Veterans Memorial Parkway". When you say Broad Street Parkway, I think we all completely understand what you're talking about.

John Griffin, CFO/Treasurer/Tax Collector

Right and furthermore Mr. Chairman if I may, when we got approval from bond council, it specifically talks about this name. So I can imagine other municipalities where they're changing names – the Carl Yastrzemski Way, or Jim Plunkett Way but dating myself but we could put an AKA in here. I mean, it's...

Alderman O'Brien

Duly noted.

John Griffin, CFO/Treasurer/Tax Collector

But thank you.

Chairman Dowd

Mr. Griffin, I noticed the high schools aren't on this list. Are they paid off now?

John Griffin, CFO/Treasurer/Tax Collector

So great question. If we look at page 213 and we look at the refunding, Treasurer Fredette refunded these bonds to get a lower interest rate. You see the refunding high school? So you'll see a \$2.2 million principle payment on a \$4.4 million balance. I would imagine that'd be a two year pay off. So by '24, it should be paid off.

Chairman Dowd

That's why I was thinking it was '24. It dovetail with the high school coming off and the middle school going on.

Alderman Lopez

With regards to the 2015 radio communications bond and my suspicion that that's coming back again with the new upgrades. Can you roll a bond paid it off and then into new ones? It looks like its due 2023.

John Griffin, CFO/Treasurer/Tax Collector

This schedule will prevail. I know that Mr. Mansfield was in front of you looking for radios and if you look at – there's a few radio - those of us that were here back then - we needed to build the infrastructure at the police station, fire station, then we needed the radios. I guess you're asking, should we pay that off?

Alderman Lopez

There's one for 2013 that expires in 2023.

John Griffin, CFO/Treasurer/Tax Collector

Yup.

John Griffin, CFO/Treasurer/Tax Collector

Subject to our planning, we're going to basically borrow that money in July or August of '23 and the first payments are going to be in '24. So there shouldn't be two payments for radio, especially the radios that don't exists. But as Mr. Mansfield indicated, radios got a lot going on. A lot of moving parts, a lot of technology, and vendors are captive. So it's like you have to go with what they have to a degree.

Alderman Lopez

So it's gonna go away anyway because radio from 2013 is going to be over when we start the move.

John Griffin, CFO/Treasurer/Tax Collector

Yes.

Chairman Dowd

Just to reiterate, when we pass a bond from the Board, it doesn't get purchased right away. It only gets purchased when the city needs money to pay for what the bond was purposed. The bond could be let depending on the amount of it over several years. Any other questions?

Alderman Sullivan

Thank you. In general I think maybe you've answered this question for me before, the city of our size with our operating budget, taxes that we take in what is considered healthy debt?

John Griffin, CFO/Treasurer/Tax Collector

Mr. Chairman, I recall a 10 percent number and I think we kind of talked about that on May 5th. We're under that but we're moving towards it with the investments we're making and the middle school projects, DPW, building, performing arts center, and those types of projects.

Chairman Dowd

Were you here the night we talked about the different percentages for bonding, what's allowed by the State, what's allowed by ordinance here in the city which is less?

Alderman Sullivan

Yes, I wasn't recalling it. I just needed a refresher. Thanks, I appreciate it.

Alderman Cathey

Thank you, Mr. Chair. I might know the answer to this question but I'm going to ask it anyway. I see here two bonds for Broad Street Parkway now the Veterans Memorial Parkway. One is, you know, not labeled the other ones labeled Series B. Is it my understanding that that's us going back out and getting more money for the same project and then just labeling it B?

John Griffin, CFO/Treasurer/Tax Collector

Yes, Mr. Chairman. The Broad Street Parkway took a number of years to build and Treasurer Fredette in the fashion that he liked to pursue selling bonds broke it apart based on the needs. You can't sell too early. You have arbitrage problems. We talked about that but you can't really use - you can't borrow money and make money off of it. So you want to time it properly. So that's why you're gonna see three or four sales, I think, totaling I think it was \$33 million we borrowed.

Alderman Cathey

Mr. Chair, can I get a follow up? Thank you. I see here there's a line item for Mine Falls damn series a taxable. What is that taxable designation mean because I figured all bonds we pay taxes on?

John Griffin, CFO/Treasurer/Tax Collector

Mr. Chairman most of the bonds we sell are non-taxable because they're for a public good. When we bought the Mine Falls dam and we needed the bond that, there was a notion of us capturing the electricity and selling it. Bought an ocean, that's what we do actually. We sell and it's in the hydroelectric budget. We couldn't get bond counsel to give us a clean – okay that's a non-taxable use of that bond and we wanted to be conservative and sell it taxable, which at the time it was good timing because the difference between a taxable bond and a non-taxable was close.

Alderman Cathey

Okay, thank you.

Chairman Dowd

Okay. Any other questions? Seeing none, we'll move on to contingency on page 214.

John Griffin, CFO/Treasurer/Tax Collector

So Mr. Chairman, contingency Department 194 is made up of three items - general contingency is in case there was an unforeseen, unbudgeted expense or something up more than you thought of? So that's the \$250,000 that we've been pretty consistent with. Since I've been here, we put this contingency for police grants. I believe this I think this might be the HOPWA – not HOPWA that's a public health but it's a violence grant.

Alderman Wilshire

VAWA - Violence Against Women Act.

John Griffin, CFO/Treasurer/Tax Collector

Right. So we put this in here and the city's match is the amount of the proposed appropriation. So we work very closely with Karen Smith who's the Business Manager at the Police Department. And then finally, this is important to the extent there are contracts that are not settled, going into a particular fiscal year. We work with the departments that are responsible for the negotiations and we put a number in this area to pay for a cost in Fiscal '23 for that contract. It's interesting. It seems like an extra step but it was thought that if you put it in the department, kept it there, and we've done that from time to time that the union kind of knows what the number is but the reality is that there's a lot of a lot of knowledge out there on the part of both sides. So in this case, the contingency fund, I believe, it might be all school that 548 going into next year.

Chairman Dowd

Yeah they have two unions still coming before us – Paras and Secretaries.

John Griffin, CFO/Treasurer/Tax Collector

Yup so I mean it could be another one in there too but we know what the number is. When you're asked to approve the contract as always and related transfers. So that gives us the ability to move the money from this line item into the budget, into like a Police Department budget, into a School Department budget. It's a little clunky when you look at some analysis, especially with the teachers. They were out most of the year and then you look at the budgets and it looks like that way down but the money is contingency for negotiation. So you've got to ask that. We can get the numbers or Mr. Donovan and get the numbers for you but that's kind of how it's been done for years.

Alderman Cathey

Thank you, Mr. Chair. I believe in a previous meeting we spoke about - I might botch the name - but money that was unallocated, an unallocated fund of money. What would be the difference between that particular monies and this contingency because from what I understand, you're saying if there's money that we overspend, we can pull from the contingency to pay for that but we also have this other fund? Is there a specific difference? Could we use either or? Could you walk me through that?

John Griffin, CFO/Treasurer/Tax Collector

Certainly. So the first line item you used the other day. There was an interest, the resolution that moved \$25,000 from that line over to what's referred to "the elder center". Whatever the name was but the Senior Center. Former Alderman Caron was here. It was a great meeting and you approve that. That's been done for several years but that's the type of expenditure not budgeted but comes out of the general contingency. That's how that's used mostly for unanticipated, unforecasted, you know, something happened. The third one, that's basically money that was in a budget - Police Department, School Department, Fire Department is moved here for the purposes of showing that it's a contingency for negotiation. You can't use it for anything else. You're trying to do the best you can when you're forecasting like a Mr. Donovan or Ms. Smith and you do the best you can. That's the only money that's moved there is the money that's put in here. So to the extent it's less expensive or more expensive, they have to manage that.

Alderman Cathey

So I understand it. Thank you. So in a pinch, could we then, and this is more for my own edification, we could pull from that fund that has money that has been unallocated as well if we needed to. There's no sort of stipulations or certain requirements on that monies.

John Griffin, CFO/Treasurer/Tax Collector

So Mr. Chairman, if I may I want to make sure you understand what I might have meant. There's an unassigned fund that's got \$31.6 million in it. That's unassigned meaning it's not earmarked for anything. But to the extent you want to use it, you need an appropriation.

Alderman Cathey

Okay.

John Griffin, CFO/Treasurer/Tax Collector

So sometimes over the next year or two, you're gonna see we want to use money from assigned fund balance to shore something up or unassigned. But we have assigned fund balance that we use to pay for that teacher contract and that was an effective use because it was a one-time payment and the follow on years, Mr. Donovan has budgeted accordingly.

So there's unassigned - that's a real good value \$31.1 million that our rating agencies look at sign of fiscal strength. The assigned is money that we've not spent through escrow, not done anything with but we've assigned it for liabilities. Years ago, we thought we were gonna have a hell of a problem with pensions, which we did but we got our way out of that and then health care, we get our way out of that. Now it could be another item at this point. Thank you.

Chairman Dowd

We have to approve those when they come forward from the Mayor.

Alderman Cathey

The undersigned ones?

Chairman Dowd

The Board of Aldermen approve.

Alderman Cathey

Right.

Alderman Wilshire

Yeah, I had a question about the Nashua Senior Center and why we don't just budget that line item. I mean they come asking for it every year and we give it to them every year. Why should we take it out of contingency and why wouldn't we put it under community and civic activities as a line item?

John Griffin, CFO/Treasurer/Tax Collector

That's a great idea. When it came back again, I said the same thing. The accounting ask and the practicality of it, it was interesting because it would come every year. I get surprised and it's not but you're right.

Alderman Lopez

We have seniors.

John Griffin, CFO/Treasurer/Tax Collector

Yeah, the snow, the seniors but it could be done. We just have to plan for it. It could be in the transfer section. I'm gonna get to in a minute.

Alderman O'Brien

Thank you. With that stated Mr. Griffin, Mr. Chairman I do have a couple of questions. But that stated, so one of us need to provide legislation and to make that happen correct would be the procedure? In other words to include the Senior Center on a line item, its own separate line item?

John Griffin, CFO/Treasurer/Tax Collector

I think the quickest answer would be in that civic and community activities area where your budget. You just budget \$25,000 to go to them. If you look at that civic and community activities grouping of expenditures, there's significant money going to nonprofits. There's some monies that go through that CDBG process so. You would need to - I don't think you'd need to submit a resolution for yourself.

Alderman O'Brien

Legislation to create it but it sounds like Alderman Wilshire brilliant idea.

Alderman Wilshire

Well I don't know about that.

Alderman O'Brien

No, I'll give you credit.

Alderman O'Brien

I do have another question Mr. Chairman if I may. Mr. Griffin as you know we are still suffering from COVID hangover you know and what's going on. So can you just tell us the general consistency is \$250,000 and you say like in the past we haven't really peaked on that? Alderman Dowd and myself are both involved with building projects that are going on and that doesn't work out a contingency. We understand that but the point is we are getting hit with unanticipated, you know, what's happened with COVID in getting supplies and other things. I'm sure that's going to happen with the city what we

budgeted for X amount of dollars may in the future go up in the price. So do you feel that compared to past years the 250 is adequate with the COVID hangover that's going on?

John Griffin, CFO/Treasurer/Tax Collector

Mr. Chairman, if I may. The 250 is adequate for this purpose. What we did do as you folks recall is we allowed the operating departments to carry over things that were normally operational costs for 2021, 2022. So one of our objectives as closing out this year is to work with the departments to see if they need though what's referred to as the escrows. So we covered it that way instead of needing appropriation from you folks. So it was a pent up demand for training, licenses, and certifications. Basically, the whole State was kind of shut down so we allowed that. Before I came up here today, there's a sizable amount of escrows that I would recommend we don't re-escrow. That's why when the Mayor, and I, and others met with the departments, this this budget should be the budget you need for Fiscal '23 because otherwise you get into on the accounting side, you're reaching back taking money from two years ago to pay for something you're doing this year.

The answer to your question Alderman O'Brien is we covered it that way because we didn't know what was gonna happen. This 250 is for something that went up and you didn't expect it or there was an expense that happen. I think Alderman Wilshire is saying the \$25,000 is like clockwork. I know Alderman Caron was very respectful and would say because work with the Chairman, the Mayor, and Treasurer Fredette say is there not enough money in there for us and that type of thing. If there is a need there, you want to fund things operationally and not have to go through an extra step to get them the right money to the right spot. Thank you.

Chairman Dowd

Any other questions on contingency? All right, we're gonna move on to interfund transfers page 215.

John Griffin, CFO/Treasurer/Tax Collector

So this is an area where by your approval of this budget, you are allowing the Financial Services Division to make these transfers. Let me skip over the first one - solid waste and I'll get into that a second. But you have the 14 Court Street. The city retirement expendable trust fund – let me explain that. Historically we put \$500,000 in and the reason for that is it's worked effectively in the past. It's to avoid the need for city departments, DPW, police, fire, financial services administrator. It avoids us from having to identify a retirement and fund it. Now what this is, is the final payment. This is the vacation that wasn't taken and the sick time according to the sick time rules of pay out.

So my second year here, I was horrified. This number was \$1.9 million. I think there was a run - I think you might remember a lot of police, a lot of fire left probably because of the changes that were made in 2011. But the \$500,000 is the amount we keep but from time to time we asked the Board of Aldermen, and we might have to do it this year, to move money from an assigned fund balance for future liabilities to this to shore it up because this is the way this has to be funded to get the money to the division in which the person we tie in. So that's a sizable amount but very important about.

Alderman Cathey

Thank you Mr. Chair. So as I understand it instead of the department tracking down, or keeping track of, or having to pull this money out of their operational budget for you know, paying off vacation time or sick time, they just come to the budget and say we need X amount of dollars to cover so and so's retirement rather than, you know, running around trying to figure out where the money is going to come from after budget?

John Griffin, CFO/Treasurer/Tax Collector

Right, so mechanically how that works is person retires final payment. That communication comes from Payroll, to Financial Services, and Financial Services moves the money from city retirement ETF into the department and you folks actually get communication monthly. This \$500,000 this year was spent by January. So what we're trying to do now is the people in the divisions that had retirements can they fund it themselves and the answer is no. But that's on the city side.

School side as we know, they could have a situation where things change contractually NHRS related and not the typical 30 teachers retire but 100 of them retire. That's a problem because the School Department funds their retirement. So what they've done - a smart thing - is they request to the best extent possible the teachers to notify them by a date in February if they're going to retire because there's a liability that they have to pay out. So the School Department has a similar challenge and sometimes COO Donovan is able to fund that with attrition. Now they might have 50 to 100 open

spaces and they have the budget for it, they pay that but it's always a work in progress with them and we work closely together.

Alderman Cathey

Thank you, Mr. Chair. I see here that there's a trust fund for the police overtime. Wondering why we have that rather than the overtime being in their operational budget?

Chairman Dowd

I think I can address that. They have that fund because they never know when there's going to be a major crime, a killing, shooting and requires a significant amount of overtime with detectives and things. This account had money in it and they've had a couple of major crimes that they had a lot of investigating and a lot of expense. So this is replenishing it into that account so they'll have that if there's – from what I've seen with the reports lately, it probably is going to be needed.

Alderman Cathey

Okay. Thank you.

Alderman Sullivan

Thank you, Mr. Chairman. I did not see a transfer into the CERF - the Capital Equipment Reserve Fund. Is that something that we should be doing annually?

John Griffin, CFO/Treasurer/Tax Collector

Good question. We used to fund CERF just to put funds in and we found that good, bad, or indifferent it might be used for some other expenses. So what we do, we decided to not fund it and use the escrow process to replenish it. So, what's needed? I mean if you recall, we need about \$2.2 million of cash. The fund - you're gonna see if you look at - you're gonna see like \$4 million something and you'll say wow that's good. As I mentioned once you approve the purchase of the vehicle, they don't have to buy it that year if there's supply chain issues, etc. So it's earmarked. With the \$3 million we put in through escrow last year, we've got about \$1.5 million I think is going to remain so we're chasing the difference between the 2.1 and a 1.5. Sometimes we've put in \$1.7 million. Sometimes we've put in nothing but at the end of the day when you folks see these multitude of spreadsheets put together, you'll say wow, there's a lot of these.

What Alderman Dowd is saying is when the Mayor and I and others not really negotiate, we just say can you live without this one more year. All we do is just move it to the right and the numbers like \$5 million. We know it's not going to be \$5 million, it's going to be something less but you keep moving things out. We want to have vehicles that operate as efficiently and effectively as possible. When I got here, the refuse trucks look like the non-city refuse trucks. It was bad but the city made a great investment in these assets and will continue to do so but they're expensive and they bonded. We talk about the fire trucks being bonded. You need to bond the \$650,000 refuse truck CNG pilot.

Chairman Dowd

Just like your refuse equipment up at the landfill but we've had some things in the past. When the repair expenses outweigh the cost of buying a new one, that's when you have to buy a new one.

Alderman Jette

Yeah, I noticed that we have a transfer to Downtown Improvements. We transferred \$100,000 last year. I kind of remember Alderman Clemons making the motion to do that in view of the fact that the money from the parking meters I think it is was less than anticipated. In order to support the Downtown Improvements Committee, he made a motion and we passed a resolution to give them a \$100,000. I thought that was a one-time payment but I see you've got another \$100,000 scheduled for next year. I don't remember voting on that.

John Griffin, CFO/Treasurer/Tax Collector

Yup no your memory is accurate. Matter of fact, I was searching high and low for what I thought was a resolution but it's an ordinance. Deputy Corporation Counsel Clarke helped me - Dory Clarke very helpful. So you're absolutely correct. So when I got to there, I was gonna say I was not thinking properly. It is a one time. Matter of fact, I listened intently to your

meeting on Tuesday and Chairman Dowd properly said this is a one-time thing. So I put this in inadvertently. But what I did do is I reached out. I haven't heard back but I reached out to Alderman Clemons. I don't know if he's coming back in or not. What I did tell him, it has a \$247,000 balance so he might be okay.

Back when he made that proposal that that piece of legislation last January, we didn't know what was going to happen with the pandemic. We're not bad as Economic Development Director Cummings said the other night, he's optimistic but you got a bunch of things happening simultaneously with the studies and everything. It's definitely unlikely - well it didn't happen this year. The monies collected for parking so it's the entire amount did not come close to \$728,000 which is the threshold. As Director Cummings said, usually it's 828 to 900 and that money goes in. That's not going to happen. But he's optimistic that it will happen next year and it will revert. The way the ordinance reads, it's reverts back to normal. But you're absolutely correct. So that that number could be zero or used for some other purpose.

Alderman Jette

Thank you.

Alderman Cathey

Thank you, Mr. Chair. To piggyback off of Alderman Sullivan's question, if we're funding the server approving the CERF, how can that money then be used for something else, one? And two, how do we make sure that that money does not get used for something else? If I want to buy or I don't want the city to buy, you know, 10 police cars, and fire trucks, and you know all the other things how do we ensure that that money is used for those vehicle purchases rather than something else and then those cars don't get funded?

John Griffin, CFO/Treasurer/Tax Collector

So you're approving the slate of purchases for Fiscal '23. That money is in there. We can't use it for anything else.

Alderman Cathey

Okay. Once that list is approved, they're gonna go buy those trucks, or cars, or whatever for those amounts on that list period.

John Griffin, CFO/Treasurer/Tax Collector

Well they're hoping to buy it for less than those amounts but there might be more and I explained the process and there is more. Those are locked in. It can't be used for any other reason. What's happening with the supply chain and vehicle purchase, it's backed up. Fiscal '21 vehicles that haven't bought yet - Fiscal '22, Fiscal '23. We know what's funded so when you take a look at the spreadsheet, you'll see okay these are committed. As I mentioned if all you're doing is moving things to the right column, the number is gonna be big. It's gonna be like \$5 million. There's no way we're going to buy them all. So you take something that was going to be replaced in '24 and you move it out or you can decide not to buy it. Fire Department, for example, a couple years ago said we're gonna get rid of three vehicles and buy one because it had all the things you need it for the three vehicles. So there is some creativity involved as well.

Alderman Cathey

Thank you.

Chairman Dowd

Two things. One - they just don't go out and buy everything on the list in one day. When they do buy something, well usually police buy their things all in one shot. All those have to go through Finance Committee and get the contracts approved.

Alderman Cathey

So we're just approving, in theory, the amount and saying that's good.

Chairman Dowd

Basically like putting the money aside in the budget so when it goes to Finance and they say yeah you can buy it, you know where the money is coming from.

Alderman Cathey

Right. Okay. Thank you.

Chairman Dowd

All right. No other questions then we will move on to the special road and highway fund on page 240 - 250.

John Griffin, CFO/Treasurer/Tax Collector

So, Mr. Chairman this was created several years ago. The funding sources for paying the debt service are motor vehicle permit fees. As you can see, we're gonna put \$1.1 in Fiscal '23 in there. We do get State revenue that's titled "A Highway Block Grant". It typically runs around a million and a half depending upon the funding up at the State level. The use of fund balance in this case is in order to pay the debt service below, we need to use some of the money that we collected in prior years. So this this particular special road and highway fund funds the debt service associated with the paving program.

Alderman Cathey

Yes, thank you Mr. Chair. Just so I'm clear, the motor vehicle permit fees those are the same. I see the account numbers are the same that are listed in the general fund estimated revenue. So we're taking 1.1 out of that 11, 12, 13 whatever it's going to be this year and putting it towards this account here?

John Griffin, CFO/Treasurer/Tax Collector

Right, to get to this fund. That's correct.

Alderman Cathey

Okay, thank you.

Chairman Dowd

Questions?

John Griffin, CFO/Treasurer/Tax Collector

And then on the detail page, you see the sales that Treasurer Fredette made for the first four years of the bond and we plan to do the fifth year of that first five year program.

Chairman Dowd

Any questions? Now we'll move on to Pennichuck acquisition bond fund, page 251 - 252.

John Griffin, CFO/Treasurer/Tax Collector

So we set this account up, Mr. Chairman. Pennichuck timely and accurately provides us with the contributions annually and it's designed to pay the principle and interest on the city's bonds that it sold to acquire Pennichuck. Back in 2011, 2012 when I looked at a 30 year bond schedule, I'm like wow it's gonna be interesting. Wonder what I'll be doing 30 years from 2012. But it's worked great. They pay timely.

Chairman Dowd

It's a higher interest rate because it's a taxable bond.

John Griffin, CFO/Treasurer/Tax Collector

Right.

Chairman Dowd

I knew you were going to ask that question.

Alderman Cathey

I was gonna ask why we didn't rebond or refund into a lower rate because the rates were great this past couple of years. So there is no way that that rate is going to come down? Okay.

Chairman Dowd

I talked to former Treasurer Fredette a couple times about that. Any other questions? All right, we'll move on to city special revenue funds by grants on page 257.

John Griffin, CFO/Treasurer/Tax Collector

So we have grants Mr. Chairman as you know. We have several grant opportunities being a city of our size and demographics. So this is a listing of - it's an estimate. We're fortunate we get grants that we don't even think exists today but they might exist tomorrow. But to basically explain to you folks what we're doing here is both Comptroller Evans and I understand what a grant is and understand that you need to accept - this body needs to accept and appropriate grants. Can't spend public money whether it's through taxation or grants without an appropriation. So we wanted to include these grants in this budget.

One of the speakers before doesn't like it but when I read the spending cap language that's in the Charter, I don't see an exclusion of grants that are appropriated by this Board. So erring on the side of caution, we wanted to include it. As you recall, we included about \$77 million last year. So as Chairman Dowd indicated in the legislation, I recommend it to and get approval to include the Charter language so you don't have to go searching for it and the calculation of the spending cap. So it was with clear mind and conscience that Comptroller Evans and me as the CFO put together that schedule. There can be debates about, you know, this, that, and the other thing but my review of the spending cap that I came in with in 2010, it was a Charter that was amended by ordinance. Complicated. So I leave you with that just to kind of balance the ledger so to speak, but we are including all appropriations in our analysis. There's all the details, more legal stuff that probably needs to be hashed out but I wanted to share with you why this is in this budget. So we've captured special revenue funds, grants that are appropriations, and we've got wastewater, solid waste appropriations. We've got general fund appropriations to sum up to what we're indicating in the budget. That's in the resolution. That's why all things total and then we are obligated to send that up to the Department of Revenue before we even begin the tax calculation in the fall.

Chairman Dowd

All these divisions rely heavily, especially the Police Department on these grants or they would be in trouble.

Alderman Cathey

Yes, Mr. Chair. Question for you. Has this body ever said no to accepting a grant?

Chairman Dowd

Not that I recall but if there were contingencies in the grant that would cause us issues, we probably would.

Alderman Cathey

Okay. I was just curious about that because from my experience, we just usually take them.

Chairman Dowd

Most of them are pretty favorable to the city though.

Alderman Cathey

Thank you.

Alderman O'Brien

Yeah to extenuate that a little bit, grants come with a very guard rails to it. You can't go beyond and if you do, you can penalize yourself for receiving future requests for grants. So everybody pretty much follows the grants right down the straight and narrow. Yet it's something that most people seek. If the feds are putting out let's say more money to help out with hazmat, then the Fire Department would naturally yeah we have a hazmat team. Why fund it out of the taxpayers' dollars? Because the taxpayers have paid in federal tax dollars so it behooves to get that particular grant.

Alderman Cathey

Yeah, that makes sense.

Chairman Dowd

And the people that seek these grants because they don't just fall in our lap usually. People that are seeking these grants - so we met the grant writer that we share with the School Department. They know what these grants are all about, what the details are, and the requirements. Any other question on the grants?

Alderman Sullivan

Thank you, Mr. Chairman. There was the calculation that I'm looking at now with the spending cap. The grants according to this it's on line number 4, you included it in the special revenue funds in parentheses includes the grant. So part of that \$59,000,581, that's where the grants sit. It's not in the general fund, correct?

John Griffin, CFO/Treasurer/Tax Collector

That's correct.

Alderman Sullivan

Okay.

John Griffin, CFO/Treasurer/Tax Collector

So that that line includes the special revenue funds for city, special revenue funds for school. The big one there is, as you know, Mr. Donovan came in and talked about the food service. That's a large federal grant. So it's all of that together that if according to plan, you would be appropriating \$406,663,584.

Chairman Dowd

Any other questions on grants? Any last minute questions for Mr. Griffin before we send him home for the evening? Seeing none.

**MOTION BY ALDERMAN O'BRIEN TO TABLE R-22-035
MOTION CARRIED**

PUBLIC COMMENT

Laurie Ortolano

Laurie Ortolano, 41 Berkeley Street. Just to let you know it was at the March 21st meeting that Alderman Jette said, "So I don't know where we stand on spending or the cap. I know there's been a provision in the spending cap for accepting certain things. So I was wondering if it would be possible for you to arrange for Corporation Counsel and maybe CFO to kind of give us a little lesson on what we're dealing with. Are we constrained by the spending cap and if so, what is it?" Your response was, "I will talk - Chairman Dowd - to Mr. Griffin about it when we know that and it would be the Mayor, Mr. Griffin, and Legal. I wouldn't touch it myself. Okay, no problem." Then you went on, on the 28th and you addressed it again when Alderman Jette said, "So I know at the last meeting, I expressed my confusion. You said we have a special

meeting on that and it hasn't been set up yet.” Alderman Jette said, “Okay. We're getting our budgets around May 10th so sometime in April we'll discuss it.” You said, “That's the plan.”

Now the fact - don't interrupt my time - the fact that that was what you were doing and then you come here today when I tried to ask and I email you about this and say you had a private meeting with somebody and determined that there's nothing to discuss is just wrong. I think we're entitled to have that discussion. CFO Griffin touched on that. Fred Teeboom mentioned that we haven't done that with the money for 25 years. I don't know if that's true or not. I honestly don't know. I haven't been here but I want to hear that debate. I think he's right when he says grants are not under the control of the local departments. They're under the control of the federal government or the State agency that gave you the grant. That is not local controlled money. I think there's a point to be made there. So I'd like to understand why we switched that. Other people have spending tax caps and do they fold their grant money in? That might be interesting to know. I don't know the answer to that.

The other thing I want to tell you is winter is coming people in these tax assessments that are coming out. I went to the Board of Assessment meeting...

Alderman O'Brien

One minute.

Laurie Ortolano

...and I was disgusted by the presentation from Vision today. They had clearly been told by the Mayor to not provide information and clamp down. Two months ago, they gave a very detailed presentation on where they stood with increases. Today, they come in pretty much say nothing. Miss Kleiner says we don't want to say the wrong thing. We don't want to give out information that's overly broad. Well, the Mayor spoke freely about it on May 15th. He dropped all kinds of bread crumbs so I expected to get information.

Alderman O'Brien

30 seconds.

Laurie Ortolano

You people have no idea what is coming down here. You better get serious about cutting this budget. You have no idea. It's entirely wrong. Did anyone know we have no certified assessing supervisor in Assessing? Were you told that? I just learned that today. That's a huge problem. They can't do abatements down there. Did she and anyone disclose to you that that is the condition of the office?

Alderman O'Brien

Time.

GENERAL DISCUSSION

Alderman O'Brien

Yeah, I just want the public to realize when we talk about the spending cap and CFO Griffin alluded a little bit to it. You gotta remember we had a spending cap and then we found out we had several questions. What was originally brought up for those that remember 25 years ago and perhaps I'm not gonna ask anybody on the Board to date themselves, but being on the Fire Department at the time, we took keen, keen interest in it because it did hurt the city and did hurt things like CERF. Many of the questions that come up and many of the things that we discussed this evening were hangovers from the spending cap. But the thing is the spending cap was found to be illegal because there was no override to it. I think every Aldermen in this room realized there was no public out swell by the citizens of Nashua to bring back the spending cap. But yet a particular citizen, one particular citizen with one particular Senator, asked the good people within file legislation up at the State House. So our city Charter was at the whim and discussed by 400 State legislators and all the Senate. So that meant the good people of Hart's location, Jackson, Mylan, Berlin had direct say into the City of Nashua our sovereignty on how to affect the spending cap. I don't know about you but as a citizen of Nashua, I am kind of egregious to that because I think we are smart enough to run ourselves whether we pick and choose. The right way would have been to do it was to do what originally Mr. Teeboom did was go out and get the signatures and to bring back,

and have the spending cap brought up, and let it be vetted by the voters. But he let backdoor the henhouse open and it came in the backway and it's to be duly noted. If this is something that's gonna create problems as it has in the 25 years we had it. I mean, go figure. Do you think we ignored paving the roads for 25 years? We didn't ignore them. There wasn't the money available to do it because things like the spending cap. Yet we heard that what 10% is a healthy city yet we're under that and yet we don't have a spending cap. So what's the grip? Thank you.

Alderman Cathey

Thank you, Mr. Chair. Long before I became an Alderman, I was quite interested in the spending cap only because I enjoy financial matters and city government issues. It's hard for me to approve a budget, or vote on a budget, or talk about a budget when I don't have all the parameters. The city is asking me to represent them well and to be an honorable representative to approve a budget but I don't know all the details. The spending cap is one of those details. Now we could sit here and talk about illegal, legal voting, this that, and the other thing but at the end of the day, it's a piece of the puzzle that I think that at least I would need to understand in some detail, maybe not every detail because it sounds like a very complex issue. I've tried to do a little bit of reading on it. It is, it's deep but I would prefer if we could have some presentation, something that I can sink my teeth into where I understand what I'm dealing with because I am flat out uncomfortable voting on anything where I don't have all of the information that I need to have to vote on whatever that is, regardless of whatever all the details are. I need to have that information because it's valuable to make good decisions. It won't necessarily change my decision but I need to have all the information.

So if we could work out something where we could get a spending cap presentation. It doesn't have to be PhD level but that would be, I think, advantageous to at least me and maybe other Aldermen as well to understand to some detail what is going on and then might even benefit us talking to our constituents who may have questions. If we don't understand it, then it's going to be hard for us to talk to them about it as well. So if we could work that out, I would appreciate it. Thank you.

Chairman Dowd

I've been advised that in order for us to have the discussion that we would need the Mayor, and Corporation Counsel, and Mr. Griffin. The only meeting we're going to have with those people only and present as far as the budget is the public hearing.

Alderman Cathey

Could we add it as an agenda item on one of our budget meetings or to the public hearing? Is that possible?

Chairman Dowd

If we don't have those people present, the answer would be no.

Alderman Cathey

Could we invite them?

Chairman Dowd

I think that they have made the determination on what the tax cap is and it's in their ballpark. It's not in our ballpark to change that. That's why they put the definition in the legislation itself and they standby it. If you'd like to talk to the Mayor separately about it, I would suggest you do that.

Alderman Cathey

Okay.

Alderwoman Kelly

I have to agree with Alderman Cathey. I think that whatever happened at the State House that we need to know what is being interpreted at this moment and we need to have a discussion about it. So I think that the five people you just listed need to avail themselves to be at the first budget wrap up and tell us what it means for what we vote on this. Because I agree, I'm not going to vote on a budget if I don't know what the legal parameters are.

Chairman Dowd

So I can talk to the Mayor but they're the people who made the determination not anybody in this room.

Alderwoman Kelly

I don't think it's about determination. It's just making sure that we understand what this new piece of legislation means in terms of what we can say is right or not right this year. I mean I've been on the Board for only five years now, but we've never had to deal with that and I want to make sure that we know what we're doing.

Alderman Wilshire

I agree. We need the information. Everybody here needs the information. So we should make it happen.

Chairman Dowd

So I'm not sure if the Mayor is back but we'll talk to the Mayor about because we would need the Mayor and Corporation Counsel who made some of the rulings on the cap and Mr. Griffin. But a lot of our meetings that are left now are major divisions. So those are already going to be long meetings but I think it's going to be fully explained that the public hearing.

If it's not, we can do it at one of the wrap up meetings. We have wrap up meetings after the public hearing to make motions and any last minute things on the budget. I don't know if we can fit it in ahead of time but I'll talk to the Mayor and see what they can do. I don't think he's back yet is he? I think he's not back until next week.

Alderman Sullivan

Thank you. I agree.

The other piece that I really, you know, and I'm just going to bring it home because most people got their first tax bill of this year last week. I'm really concerned about what was brought up in public comment as well about the other part what that tax bill in December is going to look like. I know that I mentioned it at our very first budget meeting. I just feel like it's a great unknown and if we if we approve this budget knowing what could happen with these assessments knowing that residents are going to be, from what I understand, on the hook for more for that general fund because of the assessment of the commercial tax rate, then that could be devastating in a very devastating year so far for people that are spending \$100 to fill up their gas tank, to spend more money for food, to do these other things. That is what is on my mind every single meeting. What is that December tax bill going to look like if I say yes to this budget? That to me is the essence of what we're doing. So I know I asked a lot of questions that are really, you know, tactical and specific but that's the number that I'm trying to get to. I feel as a new Alderman very uncomfortable saying yes to a budget that I don't know how it's going to impact my constituents. Period, the end.

Alderwoman Kelly

Yes and please correct me if I'm wrong but there was a memo from Director Cummings about potentially using ARPA funds. We've talked about them in other scenarios, but I thought that he was insinuating we potentially use it for paying down the tax rate this year. Maybe I misunderstood but I kinda wanted to ask if that was the case. If so, can he clarify what he was thinking with that?

Chairman Dowd

I'm not sure I'm following. What was the question?

Alderwoman Kelly

It was in the last packet. He sent a memo around the ARPA funds and it sounded like he had changed his suggestion to using it towards paying down the tax rate because that was one of the options when we originally talked about it.

John Griffin, CFO/Treasurer/Tax Collector

CFO/Treasurer/Tax Collector Griffin. You're absolutely correct. Economic Development Director Cummings submitted a communication to the Board of Aldermen. It's been referred to the Human Affairs Committee. It doesn't have funds being used for reducing taxes. The majority of the funds is more of trying to address housing related matters. Then there's

other items - not to overcomplicate things - but because we're using a US Treasury revenue replacement model, we have a little bit more latitude than trying to tie everything back to COVID.

But the initial US Treasury guidelines were you couldn't just take the money and pay down the tax rate. We can further explore that but that communication that Director Cummings I collaborated on that and he presented it. So I'm assuming that I think on June 3rd date you're going to be going over that in the Human Affairs Committee.

Chairman Dowd

The one thing is that the reason we don't do motions until the wrap up sessions is because you don't know where we're at with the budget until you've talked to all the divisions. They know what their essential needs are for their depicted division. Then if there are areas that you feel the city can live without, then you can make motions at the wrap up session to reduce that. But the number of years I've been doing this if you get a major reduction in the budget, you're going to fire people because we're predominantly people oriented. You know 85% of the school budget I think is people, teachers, paras.

So last year we had a question about the Fire Department. They would have had to close a station, get rid of a fire company because you can't just reduce two people. There's four people on a truck around the clock. So listen to all departments and all the divisions and then if you feel there are areas where it can be impacted, then you can make motions with the wrap up session.

Alderman Sullivan

Thank you. I understand what you're saying and I also, with all due respect to Alderman O'Brien and I hear about we need our roads paved, and our firemen paid, and our teachers paid, I understand all of that. I get that but I also think of Mr. and Mrs. Smith on 123 Main Street that can't pay their taxes because the tax bill is too high. I think of that also. I think of all of it. We have a tremendous responsibility here. I want to make sure that we can do everything that we can do as a city but to be as responsible as possible. I just, again, going back to my comment is if I walk into these wrap up sessions not knowing what in a gross estimation what that tax rates going to be, or the assessment, or whatever number we have to figure out, it's going to be hard for me to make a motion because I'm really just throwing darts hoping to hit a target.

Chairman Dowd

I think usually by the wrap up sessions we have some general idea of what we're talking about for a tax rate but there are also parts of spending that wasn't done this year that we alluded to earlier that the Mayor can put against the tax rate to keep the tax increase down, right? Doubt if you get it to zero but it's going to have to be some level because you're not only fighting - I understand the reason people are having problems paying bills and everything but that same economic driver that's costing them money is costing all of the city departments money. You have to make a decision when we get to that point, you know, do we have enough funding because we'll be hopefully getting the \$2 billion from the State and that's a point on the tax rate.

If we can keep the tax increase moderate, as you suggest, then we'll do it. There are other ways to do it. There are many ways to do it. At the end, we always put money towards the tax rate as was alluded to earlier this evening. So we don't know how much that's going to be but we'll know by the time – hopefully we'll know by the time we get to the wrap up.

Alderman O'Brien

Well it's just to Alderman Sullivan. I understand the all due respect and I agree with you. I am, too, concerned about Mr. and Mrs. Smith down on Main Street. But I'm also very concerned about Mr. and Mrs. O'Brien on Woodfield Street – me. What the public has to realize and I think the Board realizes what we do here in this chamber affects us too. We don't get no benefit baby by being on the Board of Aldermen. We get like a stipend for our time and everything but we get no reduction in taxes or anything else like that. Believe me, charity begins at home and all those other additives and I, too, share your concerns because my decision affects one as well as anybody else. But the phenomes, you gotta keep in mind we just went through a revaluation of real estate and I didn't raise the property value of the houses that are different than five years ago. There's people house poor. They're sitting on a goldmine and they're getting taxed because of what the fair market value for the property is. I didn't cause that and that is unfair. Duly noted and I'm sympathetic to that. I don't want these people to sell, or move out, or move on. We've got to deal with these little phenomes that are out there equally as well and yet Lawrence didn't just happen overnight.

You've got to ask yourself that question. How does a community die and you've got to keep this city from not dying. Again, I look at it that my job here as Alderman is only to be a custodian to pass it on to the future Aldermen that will take my place because I'm not meant to be here forever. Yet have something that's going to be a quality life experience for a family to thrive in his community. We're maintaining that and I think we're doing fairly well. I share the concerns but when it comes down to it, unfortunately it does, you know, even St. Mark was a tax collector yet he was accepted. So it's tough. It's tough but duly noted, I agree with you.

Alderwoman Kelly

I went through 214 pages of our 227 last budget so I could clarify what my question was. I think I made the leap here but what I found in his memo to us, and I remember talking about housing, talking about other things, is that based on - this is what it says in quote – “Based on the advice of our consultant, it is the recommendation that the city use revenue replacement for the ARPA funds.” So I think I then extrapolated that to okay, we're seeing revenue that was spent because of COVID. There'll be less in the budget. Can you just explain a little more and make sure - I think it's a little muddy.

John Griffin, CFO/Treasurer/Tax Collector

Certainly. I think it's an important precursor to Director Cummings' presentation before the Human Affairs Committee. The US Treasury put out - typically what happens is the money gets appropriated and then the details get sorted out. So if you're the US Treasury, you get this nice package of multi-millions, trillions of dollars that's going out to cities and towns. The US Treasury is responsible for the rules of the road. They originally came out with a multiplier of 4.2% on a calculation that I did. Our increase in taxes is around 3% historically so if you give me 4.2, you're gonna have a lot of calculated loss revenue even though we didn't have loss revenue, right? Then they come out. You get all kinds of comments. A lot of consultants making a lot of money. They increased that 4.2 to 5.1. So the rules of the road are you could take just \$10 million and use that as your quasi-revenue replacement. There's not as many strings attached. Its federal money so there's strings, but I didn't take that route. I took the calculated route and within a couple of years, we're going to have more than the \$16 million in a calculated loss revenue. That frees up in large measure the way you can use the funds. If we didn't have that lost revenue, we'd have to tie things to COVID like how did you help somebody to get over this? How did you do that? So they relaxed the requirements.

I understand what you're saying, we can use it as revenue replacement and we're going to buy down the tax rate. No, we're going to use revenue replacement as let's say the numbers over the four year period \$30 million. Well you don't have any requirement to spend it on something that you can make the compelling case that it's COVID related. So it's probably a bad – it's probably one of those US Treasury like revenue replacement. It's not it's not going to help your tax – matter of fact, the beginning rules were you can't take the money, put it in a pension plan, buy down the taxes. They wanted to help people and the question I think we all ask is if you take the entire \$16 million and buy down the tax rate, what are you going to do next year? That's what we're worried about. That's why I say the \$4 million is pretty consistent.

If you budget to \$15 million of motor vehicle, you guys might spend it all. You might fund some great projects and then you got nothing for surplus on the revenue side. So then everything's on - you know what I mean? I'm not saying you do that, but that's kind of what I hear when I've been in municipal government. For my own town, they're like no we don't want to – in Massachusetts, you don't have to budget for snow and ice. Just add it to the next year's levy. Here, you actually do a nice job and actually budget for what you think it's going to cost. But yeah, just so it become clear in that meeting that Director Cummings is gonna say, you know, \$10 million for a housing initiative, \$500,000 for backup service, \$600,000. Alderman Jette and I listened to the compelling case that the police made. We need to get our act together with communications. You don't have that hurdle.

You could nexus it with a pandemic because you need communications, you need fire. There's a fire thing in there. There's some backup servers so you can actually operate in a pandemic. The lion's share is this like I said, that housing thing.

Alderwoman Kelly

Thank you very much. I appreciate it.

John Griffin, CFO/Treasurer/Tax Collector

You're welcome. I'm glad I stayed.

Alderman Cathey

I understand that. I just wanted to piggyback off Alderman Sullivan's comments in that I wholeheartedly agree. I believe I recall in our bonding conversation when you were here, I believe that was the same meeting that the Mayor was in, that he said that you were usually pretty smart at being able to estimate what you think the tax rate would be. Obviously, it's going to be a general estimate. It's not going to be right on the money 100% but I would look forward to hearing what you think the tax rate would be whenever you think that calculation is going to come out. Because I also agree that if I'm an adult and if someone is trying to sell me something and I'm going to buy it, my first question is well, how much does it cost and what are the benefits? The citizens are buying in their taxes the services of the city that they live in. I need to be able to tell them that the taxes that they're being charged are a good value. So if I approve a budget and then their tax rate comes out and it's way up, they can easily come back and say the value that I'm getting out of this budget that you raised is not worth what the taxes I'm paying. I'd rather get less and pay less because this year is tough because of inflation, because of a lot of things. I think it would behoove me to know all that information and say okay, yes, your taxes went up a little bit but this is what you're getting, or this is what you're getting and we're keeping the tax rate conservative. So I hope that before we sign off on the full budget that we would be able to at least have some idea. I mean generally get me somewhere close to that number. It doesn't have to be right on so I can at least have some sort of intelligent conversation about what that looks like.

Chairman Dowd

I think we always have a general idea.

John Griffin, CFO/Treasurer/Tax Collector

I'm glad I stayed because I get the opportunity to reach back in my career where I was the rate Vice President for a natural gas company similar to Energy North. It was Colonial Gas Company. Similar issues. They're going for a rate increase. The last thing you want to do is mislead your customers, you taxpayers, your residents and it's incredibly damaging. We talked about this - the Mayor and I and Director Kleiner. So we had rate increases the gas company, Massachusetts Department of Public Utilities, and they got smart. They're like so in our communications, it'll be for customers that use 20 therms to 50 therms, your increase is going to be between x and y. Prior to that, we'd say the average increase is going to be 20% let's say, right? No one's average. We have a dilemma here, quite frankly but the good news is there's value.

I was around I think it was '88. Happy, thrilled I bought a house and two years later it's worth a fraction of what I - you know 90%. When I came here, I talked to Treasurer Fredette. There's no rate shock model here. There's no tax shock. It is what it is. In DPW land, and PUC land, and all that, they have this rate shock concept. They don't get it all back at once. So what New Hampshire was done is every five years you've gonna do a revaluation whether you like it or not. It just so happens that we came off of two recessions. We had the '08. I show up in '10. We did one in '13. Everybody's happy, right? The rates actually went down. The budgets went up but you're asking for every - just remember that fact. No one is average.

Now here's how it can be done. I mean you basically take, and people will say, you know, what the Mayor said, you've got to find a way to fit in that and that's why you're doing the revaluation. I was watching the same meeting that Miss Ortolano went to. On or around the 17th of August, you're gonna get a notice saying this is what your value is. Then you're going to have the opportunity to meet informally with Vision who are the experts in that area certified and they're going to tell you. So you have the ability, and we added in 2018, you can talk to somebody about your value, right? But what we're trying to do is okay, what's the shift from commercial to residential? What's your specific value increase? Everybody is saying, you know, the 220 is now gonna go up to 300. What does that mean? So the rate could come down but your value went up more than the rate is going to help you coming down. That's the dilemma and no one's average. You know what I mean? So I'm open to it.

But on the utility side, they have these moderating things they can do - payment plans, rate shock, deferred income on the part of their utility, and all those types of things. We don't have that yet.

Alderman Cathey

If I may, Mr. Chair. I'll make it a little more specific and pointed. In 2017 the year that I moved here and got married, my taxes went up \$1,000, because of the revaluation. That's a lot of money. Now God had blessed my wife and I and we were able to stymie that and afford that. There are families here that cannot afford something like that. That's a big jump. Even if it's half of that given this year, they cannot afford that. Now if I had known 6 months, 8 months, 10 months prior, I

could have socked away \$50 a week or whatever it was to get to that number. So what we're trying to do is get us somewhere close so we can tell our constituents start putting money away because the rates are going up. They just are. I understand taxes always go up but we have to come up with some way of mitigating that so they're not hit as hard because I can imagine some of these families getting hit \$300, \$400, \$500, \$1,000 on their taxes. That's going to be a big deal especially given this year. So what I'm trying to do is see if we can come up with some way of like I said getting somewhere close. I don't want to make promises but I'm not going to say hey your taxes are gonna go somewhere between \$300 and \$700. Okay. They can then decide what they want to put away or what they want to do. I can't walk away from the table saying I don't know. I think that I would like to figure out how we get to knowing. Thank you.

REMARKS BY THE ALDERMEN

Alderman O'Brien

Mr. Chairman I would like to just briefly have a personal privilege if I may. It could be under Remarks of Aldermen. We all received an email today of the untimely passing of Dick Gagnon. Dick Gagnon for those of you who don't know, here we are in front of the camera. Dick Gagnon was one of our producers on the access television network. So the good folks that are home to listen to this discussion, he was one of the ones that made that all happen. I'm sure from this Board it is timely but express our sympathies and our condolences to the Gagnon family at this very difficult time. Thank you Mr. Chairman.

ADJOURNMENT

MOTION BY ALDERMAN O'BRIEN TO ADJOURN MOTION CARRIED

The meeting was declared closed at 10:04 p.m.

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