

BUDGET REVIEW COMMITTEE

SEPTEMBER 5, 2019

A meeting of the Budget Review Committee was held Thursday, September 5, 2019, at 7:01 p.m. in the Aldermanic Chamber.

Alderman Richard A. Dowd, Chairman, Chairman, presided.

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

Members not in Attendance: Alderwoman-at-Large Shoshanna Kelly

Also in Attendance: Alderman Tom Lopez
Alderman Patricia Klee
Mayor James Donchess
John Griffin, CFO
Steven Bolton, Corporate Counsel
Tim Cummings, Director Economic Development

Chairman Dowd

Shoshanna Kelly is either having or had a baby. It's that close, so she would not be able to be with us tonight.

PUBLIC COMMENT – None

COMMUNICATIONS

From: Mayor Jim Donchess
Re: Report on Surplus and Overlay 2020

There being no objection, Chairman Dowd accepted the communication and placed it on file.

From: Mayor Jim Donchess
Re: FY2020 Like for Like Escrow

There being no objection, Chairman Dowd accepted the communication and placed it on file.

From: John L. Griffin, Chief Financial Officer
Re: R-19-154, Parking Related Expenditures Expendable Trust Fund

There being no objection, Chairman Dowd accepted the communication and placed it on file.

UNFINISHED BUSINESS – None

NEW BUSINESS – RESOLUTIONS

R-19-163

Endorser: Mayor Jim Donchess
Alderman-at-Large Michael B. O'Brien, Sr.
Alderman Ken Gidge
Alderman Richard A. Dowd
Alderman Patricia Klee
Alderman June M. Caron
Alderman Mary Ann Melizzi-Golja

RELATIVE TO THE SUPPLEMENTAL APPROPRIATION OF \$1,500,000 OF FY2019 UNANTICIPATED REVENUE FROM DEPARTMENT #126 "FINANCIAL SERVICES", ACCOUNTING CLASSIFICATION #45 "MISCELLANEOUS REVENUE" INTO FUND #7026 "CAPITAL EQUIPMENT RESERVE FUND"

MOTION BY ALDERMAN O'BRIEN TO MAKE AN AMENDMENT TO REDUCE THE AMOUNT OF R-19-163 TO GO TO CERF \$1,450,000.00 AND TO ALLOCATE THE REMAINING \$50,000.00 TO DEPARTMENT 152 FIRE AND THE ACCOUNT 5500 OTHER CONTRACTS TO FUND A COMPREHENSIVE CITYWIDE FIRE COVERAGE ANALYSIS FOR FINAL PASSAGE

ON THE QUESTION

Alderman O'Brien

I recommend final passage and may I speak to my motion?

Chairman Dowd

Yes.

Alderman O'Brien

Thank you Mr. Chairman. It's been quite a long time, I can't really come up with the exact date but it's been over 20 some odd years since the Fire Department has had a comprehensive study such as this. Since that time a lot of things have changed. I know the Fire Department has the dive team that did not really exist 20 years ago and other different things that come in. There has been talks for future stations and other things. And even looking at the complete structure of the Fire Department; this will bring us and help us get the boys or our fire fighters, the men and women that serve, this will allow them to have a study done that would probably enhance to our citizens what they expect out of the Fire Department. So I recommended that we pass this.

Chairman Dowd

Ok just for additional information the date of this report which is the final report before, January 24, 1986 – 33 years ago. And you'll notice the pages are a little yellow.

Alderman Lopez

Isn't that Golden rod.

Chairman Dowd

What? Golden rod? OK so is there any discussion on the amendment?

Alderman Clemons

Yeah I am just wondering what that \$50,000.00 was originally going to be used for. In other words it is just going into the CERF account but we weren't appropriating anything. Is that correct?

Chairman Dowd

No the million and a half was just to add money to the CERF account to bolster up the amount of money that is in there which is kind of low as we all know. The \$50,000.00 for the study will help the Fire Department determine going forward what types of vehicles that they should be acquiring and that ties right into CERF.

Alderman Clemons

OK I understand, OK.

Chairman Dowd

Any other discussion? Seeing none, all in favor of the amendment signify by saying "Aye"

MOTION CARRIED

Chairman Dowd

We now have the amended R-19-163, we have the Mayor and Mr. Griffin here, would you like to address the money going to CERF?

Mayor Donchess

Well thank you Mr. Chairman, I think the best thing to do would be, this Resolution along with the succeeding Resolutions, in other words 19-164, 165, 167, 168, 169 and the escrow resolution, R-19-170 as well as the Resolution that you will see tomorrow of which I have a copy tonight to direct \$4.5 million to the tax rate, they all work together. Because it is basically an overall plan to deal with the surplus. So if the Committee goes along, I guess I would propose that I just talk about the entire package of things and give you an overview and then the individual items could be discussed in that context.

Chairman Dowd

I'll see if anybody has an objection but it sounds reasonable and then we will address each Resolution on a separate vote. But if you want to address the entire package right now, if nobody has any objections? Ok.

Mayor Donchess

So every year, surplus consists of basically two items. Number one, money that was appropriated during the Fiscal Year, in this case Fiscal 19, the year ending June 30, 2019 which was not expended, money that was appropriated but not expended. The second major source of surplus is revenue which exceeded the revenue projections in the budget. Now Nashua has been traditionally very conservative with respect to especially revenue projections because we have had a surplus every year for many, many years. Also we try to be careful during the year to try to save money against the appropriated funds so that we can generate a surplus at the end of the year. Our custom has been, and this is following that custom and that procedure which has been followed over a number of years, is to re-allocate unexpended funds into various purposes that the City wishes to achieve as well as to allocate the revenue which exceeds the budget projections.

So this year we had about \$3,000,000.00 of unexpended appropriations and those, the reallocation of that money is dealt with in R-19-170 and we can talk through the details of what is in there. The various resolutions that you see before you, 63, 64, 65, 67, 68 and 69 as well as the resolution that we are

introducing for tomorrow night for first reading will propose the way to allocate the revenue surplus. As an overview and I do have a copy of this new resolution that would propose that, you will see tomorrow in the packet that proposes, it is R-19-174 that proposes first that the biggest amount of all this \$4.5 million dollars be allocated to reducing the tax rate. This is the same amount that we applied to the tax rate last year and therefore we are tax neutral with respect to the money that we are devoting to buying down the tax rate.

The other items are included in these various resolutions but the vast majority of the money is directed into purposes which will save future tax, which will save taxes in the future. For example, beyond devoting \$4.5 million dollars to the tax rate, the next biggest item which is an amount of \$3 million dollars which is allocated in Resolutions 164 and 165 would devote \$3 million dollars to the so-called self-insurance fund. Now this is to backstop, this is to supplement the reserve account we have, the City has, to backstop our self-insured employee insurance system. So what we have is we are self-insured and we've been self-insured for a long time. We do not pay premiums to an insurance company; we pay a small amount, relatively small amount to our total expenditure to a company, Anthem, to administer the benefits. But the benefits are paid for by just straight out City tax dollars. And the amount City is going to spend in a year is projected but of course we don't find out until the end of the year what that actual amount is because insurance claims can vary, at least to some extent from year to year.

We over time have saved a lot of money being self-insured because insurance companies of course set premiums if we were working with an insurance company and buying insurance for each employee; they set a premium in a way that they make a profit on and they put extra money into account for any risk over and above what they really expect to pay in claims. So we have saved a lot of money doing this but in order to make sure that it always works, we have an insurance fund. Ms. Kleiner is here and can speak to the balance in that fund, but we want it to be at least \$5 or \$6 million dollars or more so that we always know that no matter what our projections are and no matter how the expenditures come out at the end of the year, there will always be enough to pay the claims.

As you know, the insurance in this past year went up 11%, excuse me, our budgeted number went up 11% between Fiscal 19 and Fiscal 20 because the experts we have are projecting that insurance claims during Fiscal 20 will go up 11% from Fiscal 19. They are also telling us that insurance claims will go up significantly in future years as well, maybe not 11% but they are not expecting any years in which we will see a very modest increase. So we want to make sure that the backstop is sufficiently funded and we are proposing that \$3 million dollars go into the insured's backstop fund or the self-insurance fund. Now we are taking some steps, we are taking as many steps as we can to try to keep these insurance claims down. First of all we went from 2 to 1 administrator; we went solely to Anthem as opposed to Anthem and Harvard Pilgrim, saving \$400,000.00 or \$500,000.00 a year just by doing that. Number two, the Finance Committee approved the other night a Smart Shopper Plan which will enable our employees to look at the amount that they would need to spend, the City would need to spend for various procedures and to see the lowest cost, where the lowest cost for that procedure might be obtained. They get a certain economic benefit, a bonus for adopting the lower cost approach.

In talking with Manchester, for example, which has had this in place for a little while, a big area where savings can be realized through this Smart Shopper approach is on diagnostic tests for example. Some independent labs will charge a lot less than hospitals say for a particular test, a diagnostic test; maybe a urinalysis, or whatever else gets done. And if for any of these procedures the employee searches and figures out what the cheaper option is, the less expensive option and if they adopt it, they get a cash benefit, so the City gains and so do they. Manchester feels that this has helped them contain costs and they are hoping to encourage even more use, and so we are adopting that for the first time this year. And if you want to hear more of the details, Ms. Kleiner is here to explain it.

But we are taking many steps to limit insurance costs but again we are back to our surplus and we are proposing that \$1 million and \$2 million dollars be allocated into the insurance fund. A number of other items where we are saving future taxes is we are investing basically in projects where we, we are putting funds into savings accounts in many cases where we know we will need to spend money in the future.

For example you just voted on, at least amended Resolution R-19-163 which would now, which is amended now to devote \$1,450,000.00 to the CERF account which is future purchase of capital equipment; the trucks, garbage trucks, dump trucks, buses you know other things. In addition to that \$1,450,000.00 the Resolution which allocates the unexpended revenues, that being 170, allocates another \$1.2 into CERF for a total of \$2,650,000.00. We did not budget much into that item during the regular budget, I think the number was actually \$500,000.00 and so with these transfers we would deposit into that account during this budget year a total of about \$3,150,000.00 which will cover the equipment that is needed in the short term and hopefully save a little bit of money for the future.

The other big items are \$1 million dollars into the Middle School Project, which we know is coming and we know is going to be expensive; proposing to put some money towards that so that they have money to begin to operate, maybe do some design and save future tax money, save interest, save borrowing in the future. That is Resolution R-19-167. We are proposing that \$300,000.00 be allocated to the Library Plaza Project which is a portion of the cost of that project, just to get Phase I of that project off the ground and you've seen the design for that. We are proposing basically that \$700,000.00 go into and this R-19-169 go to Public Works for a couple of purposes; number one – we know we have some serious problems at Lincoln Park with respect to that fact that the park is built on a landfill and there is some instability. The road is a problem going in as well as the playground is tilting to a point where we almost have to close it. So we would like to stabilize and equalize the level of the playground so people can continue to use it. This is something that Alderwoman Schmidt I know is concerned about; that Lincoln Park needs repairs and has for quite some time.

Then the remainder of that money and we don't know how much exactly Lincoln Park would cost, could be devoted to sidewalks. We have heard over the last number of months, especially if people have seen the roads be improved to the degree we have improved them which is very considerable, what about the sidewalks? And we know we have sidewalks that are in terrible shape throughout the City, so this would put some money toward sidewalks.

So that covers those Resolutions that make individual allocations of excess revenue. Remember again that the largest one is the \$4.5 million that would go to the tax rate and the second is the \$3 million dollars that would go to backstop the City Health Benefits. Within R-19-170 that contains the proposed reallocations of the unexpended money. Now again most of those go into these various savings accounts; I've already mentioned \$1.2 into CERF. The next biggest item is \$300,000.00 to put towards either the improvement of or the consolidation of the Public Works facilities, that's in the works now so that would be \$300,000.00 to get that project off the ground. There is \$310,000.00 into the City Building Savings Account which enables us to pay for improvements to City Buildings as those improvements are required. There is \$140,000.00 that would go to the School Capital Reserve Fund which backstops improvements necessary as they come along to our billion plus investments in our City Schools. There is \$100,000.00 that goes into the Reserve Fund, the savings account which backs up the Hydro dams so that if something goes wrong or improvements are necessary there, that is available to fix or repair or do whatever is necessary at the dams.

The other larger one is \$150,000.00 for the boat ramp. We have received a State Grant to re-do the boat ramp at the end of Hills Ferry Road. That grant was \$200,000.00; we've also appropriated some City money towards it but it seems that total of \$400,000.00 is not likely to be able to complete the project. So this proposes that \$150,000.00 be allocated to that to make sure that we can actually complete the project. Probably it will go out to bid this fall but the bids will probably come in high and we will probably re-bid it in the Spring but complete it during the next calendar year.

Now that is sort of an overview, again the largest items are the money going to the tax rate, the money going into the insurance fund \$3 million. The money going into CERF, Capital Equipment which is about \$2.6 million and then into some of these other savings account and to other future projects that we know, we really are already committed to undertaking. So Mr. Chair I think that gives an overview. Obviously we are available for any questions that you have on any of the items I've mentioned or any of the other items that are included in any of these Resolutions.

Chairman Dowd

I think that the most logical way to proceed is to address each one of the resolutions independently, if you have questions about that resolution or questions based on what you've heard from the Mayor, we will address them at that resolution. So the first Resolution is R-19-164 and that's relative to \$1 million dollars for licenses and permits into the benefit/insurance fund.

Alderman Clemons

163.

Alderman O'Brien

Final passage.

Chairman Dowd

Final passage, sorry. Skipped right by that. R-19-163 is final passage of the amended appropriate of \$1,450,000.00 to CERF and \$50,000.00 to the Department 152, Fire and Account 5500 other contracts. Any questions on that?

Alderman Clemons

So my questions is one of historical reference I guess more for my point of view which or curiosity. So this was from unanticipated revenue from what exactly?

Mayor Donchess

Well various places, but the biggest by far is the automobile registrations. Now if you go back 30 or 40 years, the City has always been very conservative in projecting those revenues and we've always had a pretty healthy surplus as a result of the automobile registrations. This year was particularly the case, you know, the autos were really selling, a lot of people registered cars. Mr. Fredette is not here but I think he has spoken to some people about what has gone on with that. There was one guy who registered what a McLaren or something and we got \$200,000.00 out of one vehicle. I think that's what it was and I think that was the number but it was a very large automobile so anyway the biggest part of that and CFO Griffin can give you maybe the actual number that automobile registrations exceeded but it was multiple millions. That was the largest part of the \$10 million dollars of excess revenue.

Alderman Clemons

So was this revenue in this particular piece and I am going to ask this on every one, so on this particular piece of legislation was that revenue all from fees or was some of it taxes?

Mayor Donchess

It's all from fees because the tax revenue all goes into paying for the budget. For the tax money that you see, in this group of Resolutions, the tax money are the unexpended appropriations because we do not collect tax money in excess of what is necessary to pay for the budget. So say the budget was roughly 260 right? We collect \$260 million dollars, down to the dollar the amount that is needed to pay for the budget. So to the extent that you do not spend all of the money that is appropriated in the budget and you have that money left over; which in our case is about \$3 million. That \$3 million is derived originally from property tax money. That unexpended tax revenue, the reallocation of that unexpended, appropriated but unexpended meaning it was proposed to be spent in one way or another but it wasn't, that comes from many places. That's in Resolution 170.

Alderman Clemons

So my question I guess and maybe you can just answer this on this one, in the past were we restricted on this because of the spending cap. Would we have not been able to appropriate a lot of this because of the spending cap?

Mayor Donchess

We would need 10 votes and I think you still do to increase an appropriation.

Alderman Clemons

OK

John Griffin, CFO

A couple of things, I have had the luxury of being here since August of 2010 and as Alderman Clemons indicated we never really were able to do what we are doing today. My understanding would be if we exceeded the spending cap that is now unenforceable and doesn't exist anymore, you'd have to do exclusions of debt service or capital. Now that we don't need to do that it is just as straight as the Mayor indicated, it is the straight 10 votes supplemental appropriation of unanticipated revenue.

To kind of walk you through the process I went through, knowing what the number was that we wanted appropriate, let's say the \$1.5; I looked at automobile licenses and registrations and the number, the excess was in the \$4 to \$5 million dollar range. So I used that for that particular number. On the School side for example, the million dollar project, it was roughly \$1.1 \$1.2 million of excess or above budget predominantly in the Medicaid area. So I used those amounts; they don't come and tell you and they probably need a follow up bit of information but it is inter-government revenue. So the School, I paid \$2 million dollars for the School to use in revenue for that.

And then at the end of the day, as the Mayor said, once we recommended the \$4.5 of unanticipated revenue, we wanted to have about a half a million left to put \$.4.5 million against the tax rate and that's the surplus. So you are starting with \$9.75 million of excess revenue, not \$5.25; \$9.75 minus the \$4.5 left with \$5.25 million minus \$4.5 we are going to grow the unassigned fund balance by \$725,000.00, which keeps our percentage of unassigned fund balance at 11.6% the way we've been calculating it since at least I've been here and probably a few years before that. You may recall if you were here in 2008, one of the first ordinances in '08, O-08-002, you raised the percentage to 10% and we have always exceeded that. So very consistently kept that balance, the percentage the same and rolled the unassigned fund balance which is what the rating agencies find attractive and give us the AAA ratings.

Mayor Donchess

Can I add one thing?

Chairman Dowd

Sure.

Mayor Donchess

Now what has been done in the past, rather than appropriate these things into a particular savings account for example like CERF or one of these others, money was added to a line assigned fund balance which is part of the fund balance the City is carrying, assigned to a particular purpose.

That was not considered to be an appropriation so money was saved that way as opposed to within the budget within the fund balance while the spending cap was in effect. So that was a different way of saving money. But it was done in a different way while the spending cap was still effective and enforceable.

Alderman Clemons

Thank you for the explanation, I appreciate that. I am sure the public does as well because it gives a good insight as to why this is a little bit done differently. My only other question that I had was for another resolution so I'll keep it, I'll stick to this.

Chairman Dowd

Any other questions for this Resolution? Alderman Tencza?

Alderman Tencza

So if I may just ask a general question about the appropriations that are being proposed. How is that you came up with the Mayor's Office or Chairman Dowd, obviously the City has a lot of unfunded needs. Why were these appropriations sought as opposed to others? Were there others that you wanted to fund but couldn't or considered?

Mayor Donchess

Yes of course but these seemed the most critical. It seems to be allocating things to different projects that we know, some to Public Works, some to the School, some to City Buildings, some to CERF. I mean to kind of allocate the money that would improve us in a number of areas. But are there other places that we could have put the money, sure. You know I could name a lot of them now but one footnote just to go back. This \$100,000.00 item which I know some people are concerned about so I want to make sure you know about it. Within the R-19-170 there is \$100,000.00 of Police overtime which is another savings account which is used to backstop the Police Department when they have like big crimes or things like this that cause a huge amount of overtime all at one time. That's an account that is down to \$80,000.00 or something like that so this would bring it up to \$180.

But back to Alderman Tencza's question, yeah, I mean there are a lot of things we could spend money on. You know more money on sidewalks, we could pay for in total the Library Plaza Project. Or we could pay more, well we are kind of maxing out as far as paving streets, but we could put more money into the School Project. We could do the roof of the Court Street building. We could go on and on. You know, we could buy some land and build a park, there's a lot of things we could do.

Chairman Dowd

I can say by the way the Police Department the \$100,000.00 is one of their most important; the things that have been allocated are some of the most important things that the Departments themselves have lobbied for. So that's pretty much how the list gets made every year. Any additional questions?

Mayor Donchess

Back to Alderman Tencza's question but some of this is reflected on the priorities that we believe that the Board of Aldermen has expressed. I mean it's pretty clear we are going to go ahead with the Middle School Project in one form or another, right? So we put \$1 million dollars there. Could it have been \$1.5 million? Yes it could be any number because we know it is going to cost a lot. We know over time that the Board of Aldermen has expressed a considerable concern that we always keep up with Capital Equipment purchases; that we not let the equipment really run down. So there's \$2.6 million to that account.

Obviously we don't want the health money to run out; we want to make sure that that remains a healthy system so there's \$3 million there. So some of these are kind of obvious; others are I think reflected in kind of a group consensus that has been formed in the past about up to now regarding the priorities, the general priorities that we have. But could the numbers varied in a more here and less there – yeah. So it's just my judgement, or our judgement as to what the best place to put it is, but someone else could say they think it should be a little different.

Chairman Dowd

Are you all set Alderman Tencza or do you have a follow up.

Alderman Tencza

One follow up because a lot of questions that people have had for me about the surplus obviously revolves around, people think that it can either be returned to individual tax payers or credited towards next year's budget. Let's say it is credited and applied towards next year's budget. Is that going to effect the budget at all, it is going to affect, how would it affect these projects going forward.

Mayor Donchess

Well the thing that hasn't been very clearly, well we never proposed it until now because that's the way it happened, but \$4.5 is going to buy down this year's tax rate. Now all of these projects affect next year's budget or future year's budget in the sense that if we put a million dollars towards the Middle School Project, that's a million dollars we don't have to come up with later. If we put \$2.6 million dollars to Capital Equipment that's \$2.5 million dollars that we don't have to appropriate next year. So that's towards next year's budget and you could say that about a lot of things. \$100,000.00 to Police overtime; if we got to run the Police Department and they've got to operate 24 hours a day, we have to investigate murders.

This Police Department overtime account developed when they 2 or 3 murders right at the beginning of the Fiscal Year, this was the year there were 2 or 3 different serious crimes and they were running out of overtime right at the beginning of the year. Overtime had to be used to investigate these 24 hours, everybody is on duty kind of crimes. So we want to make sure they can always operate and have enough to do the very good job that they do. So in a way that \$100,000.00 just makes sure that if something happens and goes wrong, we don't have to appropriate extra money next year or later this year. We are using, we are just making sure we don't have to make some kind of emergency transfer in the future. So most of these things are directed to saving tax money in the future.

Chairman Dowd

A couple points like for instance the Police overtime accounts not too far dissimilar to the Special Revenue Account we have for plowing. If you have a normal winter, the budget can cover it. If you have a very severe winter, and there's a lot of extra plowing, they don't have to come back to us and allocate additional money from the current year budget which was a lot more problematic when the spending cap was there. So this allows them to have the flexibility if something happens. And that goes forward, I think there was one other thing. Are you all set Alderman?

The other point I was going to make was some people had asked you know can we apply all this money to the tax rate, bring the tax rate way down. You can but what would happen is these things that we have to expend money would all hit later and 2 years from now the tax rate might be 6% or 7% and I'm sure that nobody around this circle wants that to happen.

Alderman Clemons

Yeah I was just going to make that point. The first number really was the number that you needed to get the tax rate to 3%. That was my next question, I assume that the \$4.5 million is going to get the tax rate to 3% is that correct. So really that's the first number and then everything else is from there. But I mean what is the percentage that, in other words if we didn't apply the \$4.5 million what would it have gone to? What would the tax rate be by?

Mayor Donchess

That buys it down about 2% because it is about \$2.1 million per percent on the tax rate. So it's about a little over 2. So if we didn't do this it would be 5. But again we applied the same amount last year so if you get into the habit of, if you get into putting too much money towards the tax rate, you create a hole that you have trouble digging out of the next year. For example when the year, the year that the pension increases hit, in the State Pension System, just to remind people we do not negotiate pensions, this was extra cost imposed by the State of New Hampshire, millions of dollars extra in pensions and some other things that were fixed cost increases. There was a year when we applied \$7.1 million dollars to the tax rate. And yes we kept the tax rate under 3 but we applied \$7.1. Now we have been kind of digging out of that a little bit in the last couple of years because next year, if you don't have that extra revenue, if you don't have \$7.1 million dollars, let's say you only have \$5 now the tax rate goes up \$2 million or \$3 million dollars without you doing anything; with no budget increase with nothing because you are not able to replace the amount that you put towards the tax rate.

So it is kind of an art to apply enough that you come in with a reasonable tax rate and do about what you did last year. But on the other hand not so much that you in the end cause a big spike in the tax rate. Also, I mean what a \$4.5 million dollar figure does for us is if something went really wrong next year and we wanted to tax rate to a more reasonable level, we could, if we could come up with the revenue, if we do six and a half and if something goes wrong, we still have room to do that. So it sort of reflects the idea that kind of a stable tax rate rather than one that goes down and then goes way up and goes down and goes up. It is better for people to have some level of dependability that the tax rate is not going to go through the roof ever is what we are trying to achieve.

Chairman Dowd

When we set the 2020 Budget we knew the Mayor knew, the Finance Officer knew that we would have at least that amount of money to put towards the tax rate to keep it under 3%; we've done it every year. So it is not like all of a sudden we are going to allocate \$4.5 million to keep it under 3% that was planned. But they don't know the final number on revenues until the entire budget year is closed out. Now we have to allocate the excess money. Do you have a follow up Alderman Clemons.

Alderman Clemons

No just to say that I completely agree with what has been said and I was just curious what \$4.5 brought it done by. But I would like to say too that you know you hear some people say why don't we do more and trying to keep the tax rate down. But the issue is that we do; we do quite a bit and I think this is, although it looks like we are spending money most of this stuff is going into accounts that are going to save us money in the future because they are expenses that we know are going to happen. So we can either pay it now with extra money that we have already in our wallets that we have already taken from people or we can ask for it later. So it's my opinion this is a very good balance.

Alderman O'Brien

I just want to comment that I agree with this and I'm glad you are putting the money into the CERF account. It is something that to me that has already been the unwanted sister financially. Maybe with the spending cap we didn't have that much funds to actually put it in and for many, many year it was pretty much under-

funded. The intention of the CERF is to get these reoccurring costs that come up in the future such as we are going to need a new dump truck for BPW or a plow or something like that. There are going to be vehicles that are going to get into accidents and different things are going to need to be replaced. And because there are some of these structured type of replacements or you know emergency replacements, the projects usually came out of the CERF account. And so I am glad this money is going in because it does save the tax payers money. That is the intention of CERF as we get farther along down, we are putting money in for future spending that we may need to keep the City running.

Right now I know we are purchasing some equipment such as the example of fire trucks through bonding. I really don't know how long the sweetheart deals on bonding is going to exist. Maybe with the way this economy may potentially go; so I could see that climate changing where we might have to revert back to all purchases into with the CERF account. I think this fills a little bit of the pit that has existed in CERF and I think the money here is well chosen because it does come back when we have to do these very large purchases you know for like dump trucks and things like that, that will help that go along and be better for the tax payer. If you want to comment Mr. Griffin on the crystal bond with the bonds I don't know, I haven't got the crystal ball either.

Chairman Dowd

So I am hoping a lot of the general questions on several of these resolutions have been answered because we have several resolutions to go through and if there is no more discussion on this particular resolution.

Alderman Lopez

So one of the reasons I am here tonight because I am not a Committee member, is because of the article in the Telegraph last week it was talking about how the School District is being investigated at the Federal Level as to whether or not we are doing our ESOL adequately and appropriately. I talked to the President of the Board of Education, Heather Raymond, to get a better idea of that, Alderman Schmidt was with me. Basically she believes we are going to have to add an additional 9 ESL teachers in order to bring the ratios down and also to make sure all the schools that are in need are being served. We had earlier this year reserved enough for 4 ESOL teachers in the contingency fund. Three of those are filled; one of them isn't because it is split over two sites and so the 9 would be in addition to that.

So in discussions with the Mayor and trying to figure out how we can address the needs of ESOL students and the School District but not do it in a way where we have to try to handle everything all at once, I wanted to suggest out of the escrow accounts that we take enough for 1 additional ESOL teacher, that last ESOL role it is my understanding that the reason it is difficult to fill it because it is at 2 locations. So basically by adding another ESOL we would be able to staff two locations and create two jobs for the price, for the impact of 1. I had talked to the Mayor about the escrows but I wanted to ask before all of these amendments get made, would it make more sense to look at pulling that from some other place, would it be less impactful?

Mayor Donchess

So Alderman Lopez and I discussed this and at least I am convinced that it would be worthwhile providing the money for an additional ESELL teacher. Now where this could come from is if you look in the detail on R-19-170, the ...

Alderman Clemons

I am sorry I don't mean to interrupt. But can we talk about that when we get there?

Mayor Donchess

We could but there's a place here where something has changed which has made one of the expenditures really unnecessary so we could use that money for the School Department if that was your pleasure.

Alderman Lopez

So that answers my questions. I didn't want to go through all these motions and find out that we just missed an opportunity.

Mayor Donchess

Yeah can I add in response to Alderman Clemons and the tax rate? I would like to remind people that Nashua as compared with other cities in New Hampshire has a very low tax rate. We are the second lowest of all the cities; Manchester, Concord, Rochester, you know, Dover. The only one lower than Nashua is Portsmouth which I say is a special situation because property values there have gone, I mean it costs \$700,000.00 to buy a house so they are not paying less taxes; their rate is lower and their property values are very high. Their rate is like 16 or something like that. But in any event, OK so they are lower, but all of the others are higher than Nashua so the tax payers in Nashua, I mean we are a very property tax-reliant state, more than other state. So property taxes yes are high but that's the system we are operating in and the legislature, the House has tried to improve that situation and they are fighting to do that and we will see. But in any event I think Nashua tax payers get good value for the taxes that they do pay at least within the New Hampshire system and as compared with other cities across the State of New Hampshire.

Chairman Dowd

So for R-19-163 all those in favor of the amended resolution signify by saying "Aye".

MOTION CARRIED**R-19-164**

Endorser: Mayor Jim Donchess
Alderman-at-Large Michael B. O'Brien, Sr.
Alderman Tom Lopez
Alderman June M. Caron
Alderwoman Mary Ann Melizzi-Golja

RELATIVE TO THE SUPPLEMENTAL APPROPRIATION OF \$1,000,000 OF FY2019 UNANTICIPATED REVENUE FROM DEPARTMENT #126 "FINANCIAL SERVICES", ACCOUNTING CLASSIFICATION #42 "LICENSES AND PERMITS" REVENUE INTO FUND #6600 "BENEFITS SELF INSURANCE FUND"

MOTION BY ALDERMAN DOWD FINAL PASSAGE TO RECOMMEND FINAL PASSAGE**MOTION CARRIED****R-19-165**

Endorser: Mayor Jim Donchess
Alderman Ken Gidge
Alderman Tom Lopez
Alderman June M. Caron

RELATIVE TO THE APPROPRIATION OF \$2,000,000 OF FY2020 ASSIGNED FUND BALANCE INTO FUND #6600 "BENEFITS SELF INSURANCE FUND"

MOTION BY ALDERMAN DOWD TO RECOMMEND FINAL PASSAGE**MOTION CARRIED**

R-19-167

Endorser: Mayor Jim Donchess
Alderman-at-Large Michael B. O'Brien, Sr.
Alderman Ken Gidge
Alderman Richard A. Dowd
Alderman Patricia Klee
Alderman Tom Lopez
Alderman-at-Large Shoshanna Kelly
Alderman Mary Ann Melizzi-Golja
Alderman Jan Schmidt
Alderman-at-Large Lori Wilshire

RELATIVE TO THE SUPPLEMENTAL APPROPRIATION OF \$1,000,000 OF FY2019 UNANTICIPATED REVENUE FROM DEPARTMENT #191 "SCHOOL", ACCOUNTING CLASSIFICATION #43 "INTERGOVERNMENTAL REVENUE" INTO SCHOOL CAPITAL PROJECT ACTIVITY "DISTRICT-WIDE MIDDLE SCHOOL RENOVATIONS"

- Also assigned to the Capital Improvements Committee

MOTION BY ALDERMAN DOWD TO RECOMMEND FINAL PASSAGE SUBJECT TO THE FINDINGS OF THE CIC COMMITTEE

ON THE QUESTION

The Revenues have to be allocated fairly quickly and rather than prolong this we would like to do it contingent upon CIC finding this as a valuable project. And I hope they do. If there are no concerns, then this will subject to the approval to the Capital Improvements Committee. Any questions.

Alderman Clemons

So are you amending it?

Chairman Dowd

No it's just that there is a footnote that we are sending it to the Capital Improvements Committee as well. Sometimes when it going to another committee we put it on the table until it comes back but in this instance we would like to approve it; because the CIC is just going to put a rating on it.

Alderman Clemons

Got it.

Chairman Dowd

OK. Any other discussion?

MOTION CARRIED

R-19-168

Endorser: Mayor Jim Donchess
Alderman-at-Large Michael B. O'Brien, Sr.
Alderman Ken Gidge
Alderman Richard A. Dowd
Alderman Patricia Klee
Alderman-at-Large Brandon Michael Laws
Alderman Tom Lopez
Alderwoman-at-Large Shoshanna Kelly
Alderwoman Mary Ann Melizzi-Golja
Alderman-at-Large David C. Tencza
Alderman Jan Schmidt
Alderman-at-Large Lori Wilshire

RELATIVE TO THE SUPPLEMENTAL APPROPRIATION OF \$300,000 OF FY2019 UNANTICIPATED REVENUE FROM DEPARTMENT #126 "FINANCIAL SERVICES", ACCOUNTING CLASSIFICATION #42 "LICENSES AND PERMITS" REVENUE INTO CAPITAL PROJECT ACTIVITY "14 COURT STREET COURTYARD IMPROVEMENTS"

- Also assigned to the Capital Improvements Committee

MOTION BY ALDERMAN DOWD TO RECOMMEND FINAL PASSAGE PENDING THE OUTCOME OF THE CAPITAL IMPROVEMENTS COMMITTEE

ON THE QUESTION

Chairman Dowd

I don't believe this one even has to go to CIC does it Mr. Griffin, did we discuss that?

Mr. Griffin

This one actually does because this is not Court Street, this is the plaza between Court Street Building and the Library.

Chairman Dowd

So this one I would also suggest that the motion be that we approve pending the outcome of the Capital Improvement Committee.

MOTION CARRIED

R-19-169

Endorser: Mayor Jim Donchess
Alderman-at-Large Michael B. O'Brien, Sr.
Alderman Ken Gidge
Alderman Richard A. Dowd
Alderman Patricia Klee
Alderman-at-Large Brandon Michael Laws
Alderman Tom Lopez
Alderwoman Mary Ann Melizzi-Golja

RELATIVE TO THE SUPPLEMENTAL APPROPRIATION OF \$700,000 OF FY2019 UNANTICIPATED REVENUE FROM DEPARTMENT #126 "FINANCIAL SERVICES", ACCOUNTING CLASSIFICATION #42 "LICENSES AND PERMITS" REVENUE INTO PUBLIC WORKS CAPITAL PROJECT ACTIVITY "INFRASTRUCTURE IMPROVEMENTS CITYWIDE"

- Also assigned to the Capital Improvements Committee

**MOTION BY ALDERMAN DOWD TO RECOMMEND FINAL PASSAGE
MOTION CARRIED**

R-19-170

Endorsers: Mayor Jim Donchess
Alderman Richard A. Dowd

RELATIVE TO THE RE-APPROPRIATION OF FISCAL YEAR FY2020 ESCROWS

MOTION BY ALDERMAN DOWD TO RECOMMEND FINAL PASSAGE

ON THE QUESTION

I am going to make the assumption that everybody has seen the list, are there any questions.

Alderman Clemons

This is where I would like to see where the Mayor had a suggestion for the ESL teachers.

Mayor Donchess

In the second section, you see “airport” is the first item there and it is to fund a portion of the airport’s 5% match for an FAA Project. Now as a surprise to the airport, they did not get that grant. This is something that we’ve done every year, tried to get the airport these funds, to provide the local match because with State and Federal it’s 19 to 1 we pay only 5%. So this was repaving a portion of the apron and all this kind of thing. It was really quite a large project. But for whatever reason they did not get, they – the airport – did not get the FAA Grant this year. So there’s no need for the match.

Now it seems that they may get the grant next year and they may get a planning grant this year, a design grant but there is some money in the regular budget that would be more than sufficient to cover that match for that because that’s like a \$200,000.00 not a \$3 million dollar thing. So we don’t really need the \$69,000.00 at this time; it might come up again next year hopefully if they get the grant then. But we could reallocate that money into the ELL teacher.

Chairman Dowd

So I am going to go out on a limb and say that we can hire an ELL teacher for less than \$69,319.00 and that would be a motion to amend R-19-170, is that coming out of the Mayor’s or airport contingency. Change that to the School Department to fund an additional ELL teacher. Would somebody like to make that motion?

**MOTION BY ALDERMAN CLEMONS TO AMEND R-19-170 TO REMOVE THE AIRPORT CONTINGENCY
AND CHANGE THAT TO THE SCHOOL DEPARTMENT TO FUND AN ADDITIONAL ELL TEACHER**

ON THE QUESTION

Chairman Dowd

So Alderman Clemons has moved to change that line on R-19-170 to the School Department to hire an ELL teacher. Now one of my concerns is that they, you said they’ve already hired 3. They were supposed to return to this Board to have the contingency released. So they are out on their own nickel at the moment? I’ll have to talk to President Raymond about that. They should be coming back and asking us to release from contingency.

Mayor Donchess

I think you will see I believe a Resolution proposed to give them that transfer I think on tomorrow's or Tuesday's agenda. If not it would be the following week.

Chairman Dowd

You said tomorrow a couple of times and trust me on Friday nobody is going to be here.

Mayor Donchess

But it comes out in the packet tomorrow, I think it's in the packet, if not we do it – since they've hired the teachers we simply should make the transfer to them. They obviously have enough cash to meet current needs so if we transfer it to them in the next month or so there would be no problem.

Chairman Dowd

So I would make the motion general enough to include the entire \$69,000.00 they still have enough for half another ELL teacher and this may give them enough maybe for 2. I don't know what they go for these days but at least give them some leeway there. I mean they are still woefully short on ELL teachers, but that will help. So is that your motion Alderman Clemons?

Alderman Clemons

Yes so moved. So the amended motion on the floor on R-19-170 is to change the funds in the Fiscal Year escrows from the allocation to a portion of the FAA Project for the Airport to the School Department which the account number is escaping me. The \$69,319.00 for ELL, and do you want to make that entered into contingency or just leave that as is?

Alderman Clemons

And if I could speak to that? It is a trust test right? So the whole reason for putting the \$200,000.00 in contingency was that we worry about them; going and turning around and funding something else. So I think hopefully they do the right thing here. But I am going to go out on a limb here.

Chairman Dowd

I am just asking to make sure everybody is clear on it.

Alderman Klee

I just had a question relative to that. If you did give that to them and it didn't go into a contingency and they don't hire, would they then be able to use it for whatever they want?

Chairman Dowd

They could but if they don't hire an ELL teacher they are in bigger trouble.

Alderman Klee

Got it, thank you.

Alderman Clemons

Then it is going to be a lot harder for them to come to us for stuff like this.

Chairman Dowd

Any other discussion on this motion, the amendment? So the motion is on the amendment.

MOTION CARRIED

Chairman Dowd

Now we are the amended R-19-170 for re-appropriation of Fiscal Year 2020 escrows. Any other discussion?

ON THE QUESTION

Alderman Clemons

I just want to make a comment and that's Mayor if you could have just told me the night of the budget that would have put the \$100,000.00 into contingency for the Police and that we would have put \$50,000.00 towards that Fire Program I probably would have voted for the budget. But I understand that couldn't do that at the time but I am glad that we are doing it now so I just wanted to tell you I appreciate that.

Chairman Dowd

In fairness to the Mayor, they didn't have the number on the revenues.

Alderman Clemons

I know.

Mayor Donchess

Yeah I agree you should have voted for the budget.

Chairman Dowd

OK if there is no further discussion this is for the amended R-19-170, the re-appropriation of FY2020 Escrows changed to the ELL School Department.

MOTION CARRIED

NEW BUSINESS – ORDINANCES – None

TABLED IN COMMITTEE

MOTION BY ALDERMAN O'BRIEN TO TAKE FROM THE TABLE R-18-102

MOTION CARRIED

R-18-102

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

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

- Tabled 1/17/2019

Chairman Dowd

I assume there are people here that have something more to do than just attend our meetings?

MOTION BY ALDERMAN WILSHIRE TO RECOMMEND FINAL PASSAGE OF R-18-102 AS AMENDED

ON THE QUESTION

Chairman Dowd

So does everybody have a copy of the amended version?

Alderman Clemons

Is that part of the budget agenda?

Chairman Dowd

It was put out, I sent it all out to everybody.

Alderman Clemons

Oh it was on a separate e-mail.

Chairman Dowd

Through Sue Lovering, anyway I am sure they are going to talk to it. So the motion on the floor is to approve the amended R-18-102.

Alderman Clemons

Can we discuss it first?

Chairman Dowd

Well we can amend it and discuss the amended version, well you want to discuss what wasn't amended?

Alderman Clemons

Yes we should discuss the bill as amended and what it is going to do before we vote on it.

Chairman Dowd

Ok so the motion on the floor is to amend R-18-102. Discussion? And I think it might behoove us to have them explain exactly what the bill is and what the amendment is and then we have a better more logical discussion, hopefully.

Alderman Clemons

Yes I agree.

Chairman Dowd

Chief, or who wants to speak?

Michael Carignan, Chief of Police

Just to clear up some confusion, about a year ago.

Chairman Dowd

Just to clarify if you could just give your name and title so that the people doing the stenography know who is talking?

Chief Carignan

My name is Michael Carignan, C-A-R-I-G-N-A-N, Chief of Police, Nashua Police Department. Thank you Mr. Chairman. Just to review briefly, I brought this contract about a year ago to this Committee; we had it approved by the Nashua Board of Police Commissioners. We had brought it to the Budget Review where it was passed unanimously and after that some issues had come up which is what the amended version is today. So I believe, if I understand correctly, I am going to speak to what those changes were but I'd also like to highlight if the Committee would prefer what all the changes are. So basically go over the entire thing and I will point out what was amended, if that is fair?

Chairman Dowd

That's fine.

Chief Carignan

Thank you. Basically this Union is the UFPO, Local 645 what was formerly known as the United Auto Workers, UAW Union. They changed so a lot of changes in the contract you are going to see that the first 4 or 5 items were mostly word changes, basically changing over the names and some of the language in it. They are non-cost items.

The first item that we are looking to change for this contract is an increase in vacation days as you can see in the amendment or in the contract itself, 3 to 4 years added 2 days; 5 to 9 years added 2 days; 10 to 14 years added 2 days; 15 to 19 years of service added 1 day. There was no change to 20 to 29 years and after 30 years of service, there was 1 day added to 30 days per year. There was also some language changes for previously approved sidebars based on how we accrue the vacation time. Holidays, they were given an additional holiday, which is 12 holidays per year. There was also short-term disability added, this was at the employee's expense with no cost to the City.

Article 17 which is the article that has been amended, I will give you both versions, what we had changed and why we had changed it. Initially it was presented to be the 720 hours could be paid out upon retirement. That is a benefit that every other union in the Nashua Police Department has and I was trying to level them all

out and make them the same. There were some concerns about that process expressed to me. As a result of that, I was asked to take it and table it for the time being and see if we could re-approach it with the Union and possibly work out a negotiated agreement.

So we did spend about a year compromising and talking through compared to what some of what the other union heads had. Previously they were given 20%, there was a portion 8 members of the Union were given 20% of their buyout. They could accrue unlimited hours and get 20% of that upon retirement. The other 7 members of the Union who were basically grandfathered in, were allowed to accrue 720 hours and cash out 100% of that. As a negotiated agreement, what I did was previously giving them 20%, I changed it to 35% not to ever exceed a total of 720 hours. So if the employee uses sick time and some of the other benefits in here affect that, they may not ever reach that 720 hour maximum. But if they did they would get 35% instead of the 20% at the time of retirement. I can explain that more, I can imagine there would be some more questions regarding that in a minute.

Just to highlight the rest of the items in the contract; bereavement leave, there was one additional bereavement day added for the death of a parent, step-parent, spouse, child or stepchild to a total of 4 days for those family members. Personal days previously they had 3 personal days that were not from sick and 2 personal days that were not from; I'm sorry we changed it from 3 personal days that didn't come up of sick to personal days not from sick which is basically a free day. What I was trying to do was get that time out of their sick time so we moved it from 2 personal days to 4 personal days all coming out of their sick time. Now thinking back to what we just talked about, that would make those figures lower in the long run because they would be using those personal days so those would not be accrued time to be paid out later which would lower the risk of them accruing that total amount of time.

The wage increases for them was 2.25, 2.5, 2.25 and 2.5. My approach to this contract folks, I was trying to be very respectful and the UAW or the UFPO was in agreement and they worked well with me to try to keep within at the time what the spending cap was anticipated to be. That was at the time when it was in court process and it was being evaluated by the courts. So we were being very respectful and the Mayor had asked that we come within, you know, that he was trying real hard to keep all of our budgets under the cap regardless of whether or not it was approved. So we tried to honor that, I tried to find other ways in the contract that really didn't have much to offer to give these folks the benefits while keeping the wages low.

For those of you who don't know, the Union Body here consists of 16 members and they are basically the professionals and the supervisors. There are attorneys, there are IT Specialists and they are the manager of the civilian personnel within the Nashua Police Department.

The other items were – longevity was already approved in a sidebar, some over-time, flextime was previously approved through a sidebar. If you recall that was due to the scanning project that we had been on-going, trying to take some of the documents and getting them; on the computer, allowing some salaried employees to be able to get overtime for jobs that were not within their job description.

Educational reimbursement Article 37, this is a new feature in their contract; Associates Degree \$500.00; Bachelors Degree \$1,000.00; Master's Degree 1,250.00. Again fairly consistent with other contracts within the Nashua Police Department. And that is pretty much it for any of the cost items. I would be happy to answer any questions or explain the reasoning for the decisions that we had made.

Chairman Dowd

Before we go too far just to give my contract overview, the Board of Aldermen can only address cost items and agree or not agree with cost items and can either approve or disapprove the entire contract, but we can't negotiate any of the terms because that is up to the Police Commissioners and whoever the negotiating team is. So I just want to point that out. And now Mayor would you like to ?

Mayor Donchess

Alright well I am going to have to disagree with my friends from the Police Department with respect to several of the contract provisions. I don't have any problems with the wage increases that were negotiated. This is a Civilian Union, we are giving them, they have agreed to 2 and a half and 2 and a quarter over a period of 4 years per year. I don't have any problem with any of that, I think it is in line with other contracts and in line with the cost of living.

Where I differ is in several of the non-salaried items, principally and primarily the increase in the sick time buy out which occurs at the end of the career or upon the departure of the employee. Now it is true that our uniformed services, Police and Fire, get 720 hours and that remains in the Police Patrolmen's Contract and remains in the Fire Contract. But the City has been engaged in a decade's long effort to reduce not to increase sick buy outs for unused sick time. That decade's long effort is reflected in this contract because this contract says that employees hired after September 2003 I believe is the year and the month will receive 20% of their entire sick leave accrual, will be paid out that amount upon retirement or departure. That was a negotiated reduction for those employees back in 2003. Previous employees were grandfathered and they get the full 720 hours; but for those employees hired after 2003, the negotiation back then was to reduce it to 20% of their accumulated sick days upon retirement.

Now this is and again that was done what, 16 years ago. This would retroactively go back and increase the benefit, almost double it from 20% to 35% and would mean an increase in the unfunded liability that the City has to buy out, pay for unused sick time. Now this is a group of only 10 people but the Board of Aldermen granted a retroactive increase in a much more complicated situation where there was a retroactive change, you will recall all that, OK? At least there was the rationale that a change had been made retroactively but still for City Hall employees hired after about 2001 it is only 20%. It is not 35%, it is not 720 hours. And I think most importantly the teachers, our largest group of civilian employees, over a period of several contracts had gradually reduced this from a very large number, \$38,000.00 a person to 40% of accumulated, to I think 30% for a certain group, and for new hires, 20%. So the School Department has been involved in a multi-year, multi-contract decade's long effort to reduce these payouts. And the entire City has been involved in negotiating these contracts in multiple departments. And yes, not all contracts are equal, not the same amount of the change or progress has not been made, but generally speaking with respect to civilian employees it has been reduced through negotiations to 20%.

If we begin to reverse that trend for one group and then another and then another, what do we tell our largest group of civilian employees, the teachers, why they can't get 35%. I mean they've agreed to 20%, why can't they get 35%? Why can't City Hall? If everyone went to the 720 the unfunded liability is \$60 million dollars. So there's a lot of employees, this is only 10, the last group was only 15, this is 10, but I get that negotiations are difficult, I mean the Chief is faced with this Union saying "Well someone else in our department gets 720 hours so I should get it". But do you think the teachers and other civilian groups aren't aware of that same negotiating tactic? They will say the civilians in the Police Department went to 35%, why can't we? And what is the answer? What's the answer? "Well because there were some other guys in the Police Department". Well at least right now, 720 applies to uniformed officers who put themselves you know in harm's way. The rest of us civilian employees don't do that. So we have negotiated across the civilian workforce some significant changes beginning with the Streeter Administration, through the Lozeau Administration, now my administration. I don't think we should start to turn back the clock and go back 20 years and restore these sick leave buy outs that were negotiated away almost 20 years ago.

Therefore, I am not in favor of this contract. The other things, increasing holidays, you know, more vacation time, I mean I'm not love with all of that, but my main objection is this retirement issue. Again if we do this for everyone ultimately we will be facing, the City as a whole over time, a \$60 million dollar unfunded liability.

Chairman Dowd

All set?

Mayor Donchess

Yes. You understand my thinking I think.

Chairman Dowd

Would the Police Commissioner or the Police Chief like to address or follow up?

Chief Carignan

Mr. Chairman I understand the Mayor's perspective and I completely respect where he's coming from and what he is saying. I will say this regarding this contract, going into negotiations for this contract, I had no guidance, none. I had Corporate Counsel from the City with me letting us know what is legal and what is not legal, making sure that the things we were proposing were above-board. Other than that we had no guidance. My guidance going in was strictly to try to respect what the Mayor wanted to do to come under the spending cap. I tried to do that, I did that trying to get creative with other methods. I understand the logic about other agencies throughout the City and I understand as a big picture what he is trying to say; however I am concerned with my Police Department. There are 8 people in my Police Department that will not have this benefit. Those 8 people subordinates all will have those benefits. Long-term costs if I got the costing sheet, if I understand it correct, we were given the costing sheet, a hypothetical worst case assuming nobody gets sick, assuming people work their entire career of 40 years for the Nashua Police Department, assuming they don't go out on any long-term illnesses, family medical leaves or anything like that, would be an additional \$35,750.00 by 2059. Those figures all come not at the same time; that is assuming not every civilian, all 8 people will retire at the same time. I think that when I negotiate my contracts I am trying to get all of my department as close and like as I can. Moving forward, if the City has some special things that they want to try to get us to go after, let me know. I will talk about with my Commission and go forward from there.

I don't think this is unreasonable given what the subordinates have of these supervisors; I think it is a fair and reasonable contract. These are our specialists, these are our attorneys that are dealing with more and more caseloads involving mental health issues, involving more complex dangerousness hearings that require attorney specialties; computer IT specialist. We are under threat from cyber-attack. Senator Hasson was just talking yesterday how severe cyber attacks are coming against City Governments and City Entities. So we have an IT Unit that these supervisors and these are the people that are running that. So my point is, I absolutely think they are worth it and in the big picture of my department for 8 people not to have this benefit I think is unreasonable. I don't think it is too much to ask over 40 years, to spread out an additional \$35,000.00 assuming they keep that time.

And the last point I will make that given that, I am trying to get creative in the way that I give the contract and they say OK, I'll take, we will give you personal days, we will take them away as free days and take them out of your sick time so that reduces that amount of the sick hours that they are using. So I am trying to make slow chip away efforts to get those reduced down so those numbers aren't as high and they don't have such a high cash out after 40 years of service with the Nashua Police Department.

Mayor Donchess

I would just, can I add one more thing on the cost? So what CFO Griffin did is he projected based on the current habits. Some people don't use sick time but if everybody maxed this benefit, the increased cost, I think the total cost would be \$200 and some thousand dollars against the current cost of about \$70,000.00. So if everybody maxed it would be more like \$150,000.00, you know, very rough figure, if everyone maxed and went to the 720, it would be more like \$150,000.00 for these 8 employees. Now as this employee group grows, as people who have been grandfathered retire, then the number of these employees will go up. I mean if someone were to retire tomorrow it would become 9 or 10. I mean that's how these grandfathered provisions work but we've got, I mean the teachers could come back to us and say "Look I mean there are teachers in our department who are still grandfathered, so why shouldn't we get what they got". But that was negotiated away for people hired after a certain date; that's the only way the savings could be realized.

In any event, I don't mean to repeat myself, but are we really going to unravel all that has been done over the last almost 20 years? That concludes, I won't speak again, but I think my feelings on this are clear.

Chairman Dowd

Commissioner Tollner would you like to add anything?

James Tollner, Police Commissioner

Yeah I would just reiterate, I mean the Chief did a very good job of explaining the details of the contract. I would say throughout this process we have met a number of times with City Officials, given direction as far as trying to our best to keep it at the cap or under. And that is what we did. I understand the concerns that the Mayor brings up as far as you know going forward. But the situation that the Commissioners were looking at is we actually have and it's been said so I will repeat. We actually will have supervisors that will be managing people and those people that he or she are managing will have richer benefits and opportunities than they will. And the two positions that we have for the attorneys, I have to compliment the Chief who was Deputy Chief at the time; how we were able to you know to put that together. And as far as thinking outside the box, I think as was mentioned, you know, using personal days that would come out of the sick bank is another way that we try to address or control expenses, you know, overhead expenses going forward.

Chairman Dowd

Questions from the Committee?

Alderman Clemons

Was this contract agreed to unanimously by the Police Commission?

Commissioner Tollner

Yes it was and the Budget Committee a number of months ago.

Alderman Clemons

I understand what Mayor Donchess is saying in regards to the unraveling of things. But I look at the Police Department as a little bit different in the sense that you have a group of people who are working towards one common goal. They are all there to support one another in different ways. The civilian workers there are probably the ones I would imagine that are the glue that binds most together in the sense that if you have attorneys working for you and if you have, they probably touch every Police Officer in other words in one way or another. So to me, it is not unreasonable to want to have these benefits be the same across the board. And maybe they made a mistake back in;2003, I don't know. But I will certainly support the contract. I think it's good and I think you did a good job trying to keep it under what was the spending cap.

Chairman Dowd

Any other comments, questions?

Alderman Tencza

So I had the experience of working for the County for a number of years and the County's sick leave is that quite frankly you take as much sick time as you want, as you needed, because they didn't give you any sick time because I think basically they didn't want to pay people out once they retired. And I fear that as we keep having these discussions about sick leave and how we are going to you know what type of benefits are going to get upon leaving the City, you know, we are kind of going to be heading in that direction which I don't think

is the right direction to be heading in. I think we should have a sick time policy and I think that a 20% benefit of accrued time at the end of people's service to the City is a fair and a reasonable number. You know I know a lot of the people who are affected by this contract. I would be more inclined, and I know that the Chief is cognizant of the numbers. I would be more inclined to support an increase in pay for them over an extended period of time rather than a payout benefit increase. I think it makes sense, I think you know is paying them for the service they are rendering to the City on a daily basis. So I have concerns about the slippery slope that we are on with this continued conversation on retirement benefits and sick leave.

Alderman Klee

Just to muddy the waters a little bit, as a Federal Employee, one of the things that they do with sick leave benefits, you do not get paid for it at the end. So people were tending to use it up. What they do is for every 30 days basically you have a months' worth of hours, it was added to your retirement. So if you had 15 years and you had 30 days of sick leave, you had 15 years and one month. It's not as much of a cost, it just adds to your time which gives you a different change of time once you get in your benefits. So that's just another way of creatively looking at it.

Chief Carignan

Mr. Chairman thank you. I don't think, I don't believe that we would be able to do that because our retirement system is dictated by the State. So I don't think that that time would be counted in there. I'd have to check and get a legal opinion but I believe that's it.

If I may respond to Alderman Tencza, while I appreciate your argument about sick time, your argument about paying them more money upfront as opposed to them taking sick time, I think it seems illogical to me because you want to pay them more money for them; not to be there, for them to take a sick day. In this day of awareness of mental health and the importance of mental health, people are taking more time when maybe a different generation wouldn't have taken the sick time. They are taking it because they just don't feel, they need a mental health day, they need a day to get their head straight, so they are taking that time. That's all time that they are not there being worked, and yet we are paying them more money for it. So I just, it is something that I considered, it is something we looked at, and that's just how I feel about it. Thank you.

Alderman Tencza

My concern actually partially with this policy is that people don't take the days because they are trying to accrue the benefit later on for the payout. So if people need to take sick days, I'd rather them take sick days. I mean I don't, this by capping it at 20% I think it incentivizes them to take the time that they need so that they can do their job appropriately. Thank you.

Alderman O'Brien

I have a question, are those employees in the Group II Pension System?

Chief Carignan

Group 1. Is that correct Bill? Yeah Group 1.

Alderman O'Brien

Ok because I led to believe the reason that you do have the accrual when you go to retire is supposed to be within the Group II System for some, the State has changed it and it is a two-tier system but was to enhance some of the money. And that goes retro way back when they used to not pay us as well, you know, at the time with the salary and everything. And if I can have a follow up when you give your answer, are these employees, if they call in sick, are they replaced?

Chief Carignan

No these employees are not replaced. However losing an attorney at the Court House on the day creates double the work for other people there. So the caseload still has to be managed but we don't have people to replace them. And to answer your first question if I may, Mr. Chairman, I think if I understand your statement correctly, the people in this that are affected, which are the 8 people that have been hired more recently, are all hired at a time when they had changed. So their money, their buyout doesn't go to the retirement package, it got separated, so these people, the payment that they are given for the sick time does not go to their retirement, if I understand what you are saying correct. Because they were hired later, they fell under, after the changes got made.

Alderman O'Brien

So there is somewhat of a cost-savings because in the uniformed force, if an officer called in sick you have to replace him with another officer, in shift coverage?

Chief Carignan

Correct.

Alderman O'Brien

So if this particular attorney or whatever the designated the position is, it goes vacant so it is just a loss, it comes out of his 720 hours, whatever he has accrued at the particular time.

Chief Carignan

Correct.

Chairman Dowd

Any other questions, comments, or concerns?

Mayor Donchess

Not to the retirement. There is an additional thing which I don't think has been mentioned, but there is an educational incentive added here as well, which for a person with a Bachelor's is \$1,000.00, probably the most common; Master's \$1,250.00. So that is an additional per cent and a half or 2% of pay right there in year one. So yeah there is a 2.25 increase but really it is more like 4 when you include the educational incentive.

Alderman Klee

I just actually want to make a statement and I know that the public is listening and that's more of why I want to make the statement. One of the things, in working in accounting where I used to work. The cost of sick leave at the time you are earning it, versus when you get it in the end is usually a higher rate. Because when you are paying the sick, if I'm not correct, you are paying it not at their average salary rate, but whatever they retired at, correct.

Chief Carignan

Correct.

Alderman Klee

So if they have accumulated all of those hours up to the 720 it is based on that current salary. It would be impossible to try to figure that out so I just wanted to make sure that was clarified. So it is actually costing a higher amount by paying it at the end versus if they were just using it throughout the career.

Chief Carignan

Correct.

Chairman Dowd

Alderman Clemons do you have something?

Alderman Clemons

No I am just surprised at the last comment that the Mayor made. I would think that we would want to incentivize our employees to become more educated in their fields and hold a higher degree by advancing themselves and yeah they should be paid for that because school is expensive. I often, I am in the benefit right now of contemplating going back to school because luckily I work for MIT so obviously it is a place that values education so I get quite a good benefit to do that. But there have been other times in my life when it probably would have been better to go back to school but I had no incentive to do it; you know my salary wouldn't increase or I wouldn't get any benefit to doing that. And so it was just a \$25,000.00 expense, yes I would be more educated but what am I going to get out of it. I feel like we should be encouraging people to get their education and I was just surprised by that comment that's all.

Mayor Donchess

But remember, we've heard the examples of the lawyers, right? Now to get the job you have to have a law degree. Now this contract says that if you have a Masters which a law degree is more than that, you get \$1,250.00. So I get the point, we want to people to become more educated, but if the job requires that you have a Maters and then you get a bonus after you've been hired for having a Masters, you needed that to get the job to begin with. And that's why are paid a higher wage to start; same with Bachelor's. So I mean it's not, I just thought you should know about that provision, I mean my biggest objection is the retirement for the reasons I already expressed.

Commissioner Tollner

So on the education piece I am glad to hear that because that was probably one of the easiest topics of conversation. We want, we've always, whether it is Police, Fire, Teachers, employees working at City Hall, you want the best educated employees that over the course of their tenure with the City and hopefully it is a long time, that they have a good, solid education that will provide them the opportunities to make sound decisions that in the future will save the City thousands or hundreds of thousands of dollars in some cases. So it is an insignificant item as far as a cost item. The other thing is, some of these positions are going to be hard to attract future candidates. To get those 2 lawyers to come in was not an easy task, I mean we've had a number of meetings on this in trying to figure out how we could work this in. So on this particular piece, I think that conversation amongst the Commissioners and others at the Police Department, that was an easy one because I think the citizens and the Department as a whole would benefit from that particular component. Thank you.

Alderman O'Brien

In listening to the conversation I really didn't know where I was going to go with this. I understand both sides, the Mayor is saying that he has concerns for the employees and the fairness et al with that work within the City. The Chief brings up a good, valid point that he wants to be concerned and even out the playing field for

everybody within his Department which highlights to me that I think our system is in jeopardy or something like that, that is happening across the board with all unions. It seems that we do have people that look over from one department to the other department, “what are they getting”. There is a group right now that is tied up in negotiations and everything. Maybe we should probably have after this vote here, probably entertain a discussion to look at where we are going as a City to look at all unions and to come up; what is the base sick time what is this? And to make those types of conversations easier rather than debating because right now where somebody might get something better and somebody didn't. This is always going to happen, this is going to happen years in the future unless we lasso this bull, you know? So I think regardless of the vote I would just like to start thinking about having a general conversation where we are going to with issues like this in the future. Thank you.

Chairman Dowd

Anyone else? The motion on the floor actually was to approve the amended R-18-102 as was described by the Chief. The way this works for those that are fairly new, this Committee will vote, if it is in a positive vote, the Resolution goes forward to the full Board. If the vote is not, then it goes back to the Union and the negotiating team.

Steve Bolton Corporation Counsel

That's incorrect Mr. Chair.

Chairman Dowd

No?

Attorney Bolton

It would still go on to the Full Board and the Full Board would get a chance to vote on it regardless of the recommendation of the Committee.

Chairman Dowd

So then it would go forward to the Full Board without a recommendation, without a negative recommendation if it fails. So just wanted to point that out. At the Full Board level, if it doesn't pass, it goes back. I got one step ahead of myself. If there is nothing else the motion is to amend. That's the first motion. That motion is on the floor.

MOTION CARRIED

R-18-102

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

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

Chairman Dowd

We are now addressing the amended R-18-102 for recommendation to the Full Board of approval of the contract as amended. Any other discussion?

**MOTION BY ALDERMAN DOWD TO RECOMMEND R-18-102 AS AMENDED FOR FINAL PASSAGE
MOTION CARRIED**

Chairman Dowd

The Motion will go forward with a positive recommendation from the Budget Committee to the Full Board. I don't think it will be, I guess it does have to be on next Tuesday because of the time we have to respond, 30 days from the time we got it?

Attorney Bolton

We got it a long time ago, but the sooner the better. I think our risk is slight because I think the union would accommodate a two week delay if necessary. They have patiently waited this long.

Chairman Dowd

So if it's not on next Tuesday's it would be 2 weeks from Tuesday. Alright, thank you very much for coming in, appreciate all you do in keeping the City safe.

**MOTION BY ALDERMAN CELMONS TO TAKE FROM THE TABLE R-19-154
MOTION CARRIED**

R-19-154

Endorser: Mayor Jim Donchess
Alderman-at-Large Michael B. O'Brien, Sr.
Alderman Linda Harriott-Gathright
Alderman-at-Large Brandon Michael Laws
Alderwoman Mary Ann Melizzi-Golja
Alderman-at-Large Lori Wilshire

**ESTABLISHING AN EXPENDABLE TRUST FUND FOR APPROPRIATIONS FOR PARKING
RELATED EXPENDITURES**

- Tabled 7/2/2019

Mayor Donchess

Now you had asked me, I think Mr. Chair, to come and explain what this is all about.

Chairman Dowd

Did you want to also bring up ...?

Mayor Donchess

Yeah why doesn't Mr. Cummings come forward as well? Would you like me to proceed?

Chairman Dowd

Yes certainly.

Mayor Donchess

Director Cummings has done a great job with this whole parking thing. Previously, and again, as you know the Police Department has many other priorities, opioids, and everything else. Their focus had never been, the primary focus had never been on the parking enforcement. So when this was changed to the Economic

Development Department, the parking tickets enforcement was operating at a growing deficit. So believe it or not, the cost of issuing the tickets exceeded the amount that was being brought in. That deficit was growing, it had been 40 or 50 but it looked like there was a projected deficit that it would go to somewhere between 50 and 100.

So the function was transferred to Economic Development and Director Cummings has done a great job in mostly, not in issuing more tickets, but in reducing the cost of issuing the tickets and reducing the costs. So the revenues have not increased much but he could probably explain more, you know, give you more detail. But the expenses have been reduced to the point where we are now operating at \$100,000.00 or more in surplus every year. Expenses have been reduced and therefore, there is now money available, being generating a positive, rather than a negative deficit, there's money actually being generated by this parking enforcement.

But we do have an asset or assets downtown where we need additional investment and those are, well the parking garages and the parking function in general. Now the parking garages were built some time ago. The High Street Garage which is 400 and some spaces, was built I think in 1977, 1978, maybe 1979, right in there, so 40 years old. And the Elm Street Garage was built in about 1985 so going on 35 years old. And they need to be evaluated in terms of their integrity, the structure of them, it needs to be evaluated what repairs they might need, what improvements should be made to maintain the garages. Very little has been spent on those garages over those many decades. There is some need for an additional space here in City Hall and the parking function would work better were it located in the garage. So we would like to move, just upgrade an office over at the Elm Street so the parking function could move into the garage. In addition to making it more accessible to the public would give a greater sense of security in the Elm Street Garage, just having people around at various times.

What this does, what this Resolution would do, it would be to create an expendable trust fund so that the money, the surplus generated through this parking enforcement would be used for the garages and to enhance the parking in general. When we need new meters, when we need a new machine, when we need to do immediately an engineering, for example, an evaluation of the garages, when anything is required we will have a dedicated source of revenue. Now if the money is not used, if it is not necessary at any time, the City, the Board of Aldermen, from an expendable trust fund like this, can transfer money out; like if it had built up a bunch of money which wasn't needed, we could use the money for something else. But this proposes that the funds generated by the parking function go back into, the parking enforcement function go back into the garages and the other parking lots.

One final note, this does not affect the parking meter and lease parking revenues. Right now those goes – the first \$728,000.00 of that amount goes to City Revenue but beyond the \$728 and that number was established when the Downtown Improvement Committee I think was established. Alderman Clemons was very involved. Anything about \$728 goes to the Downtown Improvement Committee for Downtown Improvements in general. This would not affect that system at all. This is a different source of revenue, those being the parking tickets and the source and the use of the funds would be on the garages and the parking lots separate from what the Downtown Improvement Committee does. So that's the basic case.

Alderman Wilshire

I have a question about the Resolution that we have coming before us on Tuesday night for student parking at the library. How does this affect that or how does that affect this.

Tim Cummings, Director of Economic Development

So that would go into more the Downtown Improvement Committee accounting if you will because that is leased parking and metered type of revenue whereas the revenue that would come from this type of accounting is going to be coming from parking enforcement. And parking enforcement is citations of tickets or blocked driveways, things of that nature. That is a separate amount of money that isn't the Downtown Improvement Committee. So that really doesn't get involved with this per se.

Alderman Clemons

So the money that we raise on the tickets, they can come from any part of the city is that correct?

Mr. Cummings

Correct.

Alderman Clemons

So theoretically this doesn't all have to be used downtown, this could be if we wanted to, I don't know, if the City had some other infrastructure or something that had to do with parking somewhere else, like say at a school. I know Mount Pleasant we had a few years we had to redesign the way that whole intersection is and you know create one ways and all this stuff. So if a project came up, I would suppose that this money could be used for that, seeing as how the main issue in that particular thing was related to the fact that people were parking to pick up their kids and stuff like that. So I am just wondering how broad of a fund this is and where it could go I guess is what I am wondering.

Mayor Donchess

The way it is expressed is public parking related expenses. So I think you could say if we wanted to do that or extend say the overnight program to another neighborhood and we wanted to use the money to paint the lines or put up the signs or whatever. It is as parking related expense. So I think we could use it for anything. The expenditures would still need to be approved by the Board of Aldermen, I mean this does not give authority to the Economic Development Director or the Mayor to actually spend the money, it just says we are going to save the money for this purpose and we come back to the Board of Aldermen to propose how the money would be spent or allocated.

Mr. Cummings

Yes thank you Mr. Chairman. So the Mayor actually answered it as how I would and I want to make clear that it is very broad in terms of parking related operations, enforcement type of infrastructure type of expenses. It would be Citywide, I just want to make abundantly clear.

Alderman Clemons

Thank you, no because I had some people reach out to me and they were concerned because they said "is this another fund for downtown basically" is what the person said. So I said "I don't think so" but I went and I re-read the language and everything and I thought of that example of the Mount Pleasant situation just because I was a little involved in that. Yeah so I think is good, I like the fact that if there are other things that come up around the City and there are other areas that we can tap into this as well. Because remember,, people get tickets for parking in the snow and for you know overnight parking and stuff like that in different areas of the City and if we have a problem area or something like that that needs to be addressed and it is going to require some money, then this would be a good place to go for that.

Mr. Cummings

So if I may again Tim Cummings Director of Economic Development; a few weeks back I was asked explicitly what type of use of the funds that would occur if we went forward in this direction. A good example that I could give you and one I wanted to bring to the group's attention this evening and this also happens to be outside of the downtown. The City, in a few months, is going to be taking back the control of a parking lot in the mill yard itself explicitly.

And I can tell you now, come the first of the year, there are going to be some expenses to that. In the ideal scenario, I think I would be looking to recommend putting in a gate system of some sort or controlling it in that way and making sure that we make improvements in that parking lot that we haven't had control over for the past 5 years. And if I could know that this type of fund is available to make those improvements and I can tell you confidently that it is not coming off the property tax base or the general fund, we will be using it for these types of related expenses. That is one explicit example that I wanted to give.

Another one that I have heard time and time again, this one happens to be more of a downtown related item, but is infrastructure parking related, lighting in the garage is of grave concern. And I've heard it time and time again. But there are a lot of priorities here in this City and I understand that. So if I know that we could use it to improve the infrastructure in the garages by adding that additional lighting, this would be the source of funds that we would be looking at. So anyway I wanted to come before you this evening and give you those very explicit examples as well as to note and I put this in the Memo. This would also give us an opportunity to set aside some money for increasing additional parking supply where maybe we are looking to have more communal parking either in the downtown or outside. We can have a source of funds to be able to that, that again wouldn't be off of the property tax base.

Alderman Schmidt

Thank you. In support of the last comment you made about you hear about this quite often from all over the City; Ward 1 one of the major complaints is that it is very hard to park downtown. And I think it is because they find it very hard to use the parking garages. People who live out in the boonies really don't know parking garages, they are a pain and they are dark. I have had people say that they were accosted there, that they didn't feel safe and the elevator was broken. That's the kind of thing you hear from people who live outside of the center of the City. If those things could be addressed, it would be really a great idea.

**MOTION BY ALDERMAN O'BRIEN TO RECOMMEND R-19-154 FOR FINAL PASSAGE
MOTION CARRIED**

Mayor Donchess

I think that's the last item I have Mr. Chair so thank you very much. Not unless you have questions about the next one.

Chairman Dowd

The next one was tabled pending the BPW recommendations, since you are the Chair of that particular Committee?

Mayor Donchess

It was positive. All it does is it says that out of these revenue funds, various – Mine Falls, Skateboard Park, Holman, etc. that the Director of Public Works can authorize an expenditure rather than a vote at the Board of Public Works. And the Board of Public Works favors that approach. So they voted in favor of it, I think it unanimous. I'm not sure of that, but definitely the majority. Alright anyway thank you very much.

**MOTION BY ALDERMAN O'BRIEN TO TAKE FROM THE TABLE R-19-157
MOTION CARRIED**

R-19-157

Endorsers: Mayor Jim Donchess
Alderman-at-Large Michael B. O'Brien, Sr.
Alderman Ken Gidge
Alderman Linda Harriott-Gathright
Alderman Richard A. Dowd
Alderman Patricia Klee
Alderman Tom Lopez
Alderwoman Mary Ann Melizzi-Golja

**CHANGING THE “AGENT TO EXPEND” ON CERTAIN EXPENDABLE TRUST FUNDS
ADMINISTERED BY THE PARKS AND RECREATION DEPARTMENT**

- Also assigned to the Board of Public Works; Favorable Recommendation issued with Stipulation that expenditure over \$25,000 requires BPW approval – 7/30/2019
- Tabled pending BPW Recommendation – 7/22/2019

MOTION BY ALDERMAN O'BRIEN TO RECOMMEND FINAL PASSAGE

ON THE QUESTION

Chairman Dowd

It comes with a favorable recommendation from the BPW, Board of Directors. Questions?

MOTION CARRIED

GENERAL DISCUSSION

Alderman Klee

I just would like to comment that when you did the rollcall both myself and Alderman Lopez were here and you didn't make note of it for the record, so would just like to get that entered into the record.

Alderman O'Brien

I'm kind of working off a different agenda but thank you.

Alderman Klee

And if I could just kind of make one comment, I know we talked about the tax and putting the money and keeping it under 3%. I have recently been, because of some of the credits and so on that I have to look at from the State Level, I've been looking at tax rates and I've been looking at services that they get for the tax rates. And Hollis seems to, a very wealthy community, seems to have what some people call a lower tax rate and so on, they also don't have all the services. I asked; they do not have I keep say running water but they don't have city water, they don't sewage, they don't have trash pickup. They do have Fire and they do have Police but these are things that we think of all the time. They have to bring their trash to one location. They have to bring the recyclables to another location. They have to bring their yard waste to another location. We have the privilege of having them picked up at our homes. So you get what you pay for hopefully; and you pay what you get. I just wanted to kind of get that out there.

Alderman Wilshire

So there has been some discussion between mostly Sue Lovering and Kim Kleiner about renovations to this Chamber. Brian McCarthy and I had been discussing this for the last 10 years, I mean really. I think the last time this Chamber was updated at all was when Suzanne Franks did it probably 18 years ago, maybe more?

Attorney Bolton

Approximately that and that really amounted to paint.

Alderman Wilshire

Paint, right. Because these desks are I believe from 1927. We can donate one of them to the historic society or the Smithsonian or someone. So the problem in here is lighting, sound, I mean there's better quality sound and lighting up on the auditorium and we spend four nights a week in here. The desks are you know the wiring and everything is pretty much shot. You remember a few years back when Alderman Moriarity's light sent out sparks and we thought it was going to catch fire, yeah it was kind of crazy.

So let me just tell you what we've been talking about. We've been talking about money that is available in CTAB for the electronics in here. It is not money that we'd have to take out of the budget. There is also money that is in the Building Fund that I think the Mayor put an extra \$330,000.00 in tonight, \$310,000.00 in and I think there was already \$200,000.00 in there. So we talked about tapping into some of that money. I just wanted to let the Board know that this is what we are talking about. It is I think long overdue.

Chairman Dowd

I think for a reasonable amount of money we could get an architect to give us some conceptual ideas on what could be done and then we would have a better idea of what we want to proceed forward with. I always believe that if you have a plan then things go a lot better than haphazard.

Alderman Wilshire

The other piece too, well Ms. Lovering has been putting money aside every year in escrow, so I think we are up to about almost \$40,000.00 there. Plus the money from CTAB, plus the \$8,900.00 that was escrowed this year; it is something. Just wanted to let you know that we are in discussion phase with that.

Chairman Dowd

As much as these are antiques and probably belong to the Historical Society, if you look at most towns and cities they have always updated their chambers to be much more functional and appropriate for the times. Anyone else want to comment?

Alderman Clemons

Maybe if these things are so valuable we can do an auction or something to defer the cost, and everybody can come in and bid on them.

Chairman Dowd

Maybe former Aldermen and President of the Board would like to buy one and put it in their house.

Alderman Clemons

Yeah you never know. Maybe Mr. Teeboom would want one.

Alderman Klee

I just wanted to comment on this that the complaints that I get from the outside are the viewing and the cameras and so on. There are a lot of people that follow these meetings and they can't hear and one of the things they can't hear is even when someone speaks from the chamber. So I think we do need to get them to come up to the mic more often and so on but it's difficult to hear.

Chairman Dowd

The other thing is that the seats that are out there for the people to come to enjoy the meetings are less than comfortable.

Alderman O'Brien

Yes thank you, I would just like to say and probably for the people at home, evidently and I don't know when the renovation was done, probably in 1927 when they put us on this side, but for historical facts that is why that is recessed with the City Seal up above. I wish we could get back over there, that's why the offices were there, because it was close proximity. But I don't know if it could be done since they did the addition to City Hall we have a main concourse that kind of went through where the actual railing was. I would like to get back over there just for historical value, but I will let the Committee decide that as you work.

Chairman Dowd

That's why you need an architect.

PUBLIC COMMENT

Fred Teeboom I may pick a few of these up at auction put them in my kitchen and have my own meetings.

Chairman Dowd

We can set you up with a TV camera.

Mr. Teeboom In fact these cameras and the audio and the chairs were changed not too many years ago. Parker was the IT Manager who put in the cameras and he put in all new audio equipment just in case you wanted to know.

But with all the talk about these things, as you know the spending cap got voted down in the Supreme Court by a vote of 3 to 2, split vote. We are now are trying to change one of the Supreme Court Justices to change his mind and make a motion for consideration. I think they were leading him along it was an atrocity. Anyway, what I wanted to talk about is spending. Now that the spending cap is gone, it looks like spending, spending and more spending. Now I would have gotten here before the meeting but I couldn't make it in time. Just to recap, \$3.1 million dollars in undesignated escrows, maybe items that the Mayor didn't mention like \$255,000.00 for consulting services. That money should have gone to unassigned fund balance. In fact how many people know, other than Alderman Dowd and Griffin know that unassigned fund balance is? Nobody don't even know what it is, what is it? That is a savings account that the City keeps that counselors like because the City of Nashua has a Triple A Rating that today is \$29 million dollars. That's basically a rainy day fund that the Aldermen can use, that's an emergency spending necessary. You've got to maintain that account. Here is the Democrats come in and they love to spend these rainy day funds. \$3.1 million dollars in undesignated escrows. That should have gone to savings, not on \$255,000.00 for consultants as an example.

\$4.5 million dollars in unanticipated revenues; I am talking the Resolutions you recommended tonight, R163, 64, 67, 68 and 69; \$4.5 million dollars. Just about all of that should have gone to unassigned fund balance. \$2 million dollars in assigned fund balance is being transferred, that's an assigned savings account. And you heard the Mayor say he is going to recommend \$4.5 million dollars in tax offset, that adds up to \$14.1 million dollars out of the unassigned fund balance. You've got a calculation from CFO Griffin, and I wrote to CFO Griffin and I said "I don't agree with your calculation" and I sent you all a copy of course I don't know if you read it. CFO Griffin in quoting an ordinance that you probably don't even know exists, 135A. It is the policy of the Board of Aldermen to maintain un undesignated general fund balance equal to 10% of the municipality's fiscal year appropriation plus a bunch of other stuff that nobody has really, plus school tax

commitments and plus county appropriations. What does that calculation use, Griffin doesn't use 10% of the municipality's fiscal year appropriation, he uses 10% of the general fund appropriations. That's a considerable different. Last year the total appropriations, \$317,000,000.00. That's right in your budget book, right in front. The General Fund Appropriations were \$270,000,000.00. So 10% of \$270,000,000.00 is \$27,000,000.00 Mr. Griffin uses. The 10% he should use is \$31 million. There is nothing in this ordinance that says you have to use general fund appropriations. Now notice, I've watched a piece on television you said, CFO Griffin, it has been done. I can tell you years ago they used the full appropriations and they didn't play games and manipulate financial accounting to try to shoehorn.

Also to get all of this money out and stay and still spend and still stay within the so-called fund balance, he first adds to fund balance \$5.5 million dollars in surplus which is both designated and undesignated escrow. And then he subtracts it. He is saying, "Gee, our fund balance isn't really \$29.9 million, it's really \$34.5 million". That's a slight of hand and only financial accountants would like but it doesn't pass the scrutiny test of what was this ordinance intended to be? This ordinance says 10% of full appropriations not part of the appropriations. So here you have all this spending, all this spending and I think Alderman Clemons tried to blame it on the spending cap and now we can spend. But guess what? It still takes 10 votes, why does it take 10 votes to pass these of the Full Board. Nobody talked about that; 10 votes because you are supplementing the adopted budget of \$220,000. Another sneaky way to spend money. So with all this money spent and \$4.5 million dollars drawn down with a Resolution being introduced tomorrow, \$4.5 million for tax offset which represents about 2% of the tax rate, otherwise the tax rate would be 5%. What is going to be left in the fund balance? Nobody asked that question. Nobody here asked that question. I didn't expect anybody to ask that question because I don't think you understand this type of accounting and that includes Alderman Clemons.

And I did want to speak to this subject because there is no citizen here, now most citizens don't understand this stuff. Now just the Alderman here, David Deane, that fellow that passed away, myself, Cooksen, some others, that understood this kind of stuff. Nobody understands it here, you spend, you basically become rubber stamps to the Mayor and I resent it. I hope several of you will not get re-elected in November. Thank you.

REMARKS BY THE ALDERMEN

Alderman Clemons

May I ask a question to CFO Griffin?

Chairman Dowd

Sure.

Alderman Clemons

My question is, the Ordinance that the speaker of the public was speaking about, has that ever been interpreted a different way than the way you interpreted it this year.

Mr. Griffin

No Alderman Clemons, but if I may, John Griffin, CFO. I have been here since August 23, 2010 in accounting. I was trained by Mike Gilbar who is as professional as they come. I went back and researched some of these ordinances that were changed and as I mentioned right out of the gate during Mayor Lozeau's tenure, they increased the percentage from kind of a complicated thing to 10%. But as Mr. Teeboom clearly points out, they didn't change the denominator and when I get here, I go "this is kind of ludicrous for the City of Nashua" because what he is talking about is current year appropriations, plus net local spending, which is probably a town thing, we have it all in the budget, right. Then you want to add the county tax, you can make an argument it's \$16 million you add it, you take 10% of it and finally revenue.

So there are two revenue sources from two appropriation sources that create the denominator. So when I get here and I am trained by Mr. Gilbar under the leadership of Mayor Lozeau and you know how she was, she was like, I'm 11.6%. I am going to take my unassigned fund balance, I'm going to add my \$1.5 million of that overlay kind of appropriation and that's why I've always, every year come to you folks and said "you're at 11.6". The rating agencies understand it, the bond counsels understand it, the attorneys understand it. With what was just described, I wouldn't be here, I'd be probably terminated because I have CAFERS, Comprehensive Annual Financial Reports Annually that show the unassigned fund growing and as Mr. Teeboom points out is \$29 million and growing. We are going to come back a week from Monday and explain that it is going to grow \$750,000.00 based on the calculations that we went over tonight. I never got a phone call, never got an e-mail explained it, matter of fact I went through months' worth of e-mails two years ago. So the point is professionally run, Triple A rated, what we tell you is what it is. So I appreciate the opportunity from your question to kind of defend myself and my teams, but there is no funny business going on, there's no misrepresentation and you are going to end up with a fund balance, unassigned fund balance \$750,000.00 more than it was last year plus or minus because we go through the final close out. But in addition to that, we saved with your collective guidance and advice, we saved \$4.5 million in the assigned fund balance for future liabilities.

Now three years ago if we were here, we were talking about pensions. Now we are talking about health care. So I recommended to the Mayor, don't use Fiscal 19 Fund Balance, use Fiscal 20 assigned fund balance so that that's where the \$2 million comes from. The rest of it is the summation of \$3.2 million dollars of appropriations not spent, plus or minus. We are going to move those into the savings accounts that the Mayor talked about. Then we are going to take from the \$9.75 million, we are going to take four and a half of revenue unanticipated as appropriated. What we are left with is \$525,000.00 of which \$450,000.00 we are going to apply against the tax rate. So the math works. But for some reason and I wasn't here back in '08 but the denominator in that ordinance probably needs to be revisited because when I got here two years later, Mike Kilbar, I remember like it was yesterday. You take the appropriations for the year, general fund multiply it by 10%.

Now when you add the other things in, Special Revenue Funds, no question about it, total appropriation, Special Revenue Funds, Waste Water Funds, etc. Why do you have a savings account? You have a savings account because you might have to spend it. Waste Water has its own funding source, special revenue funds, if all of a sudden the Federal Government doesn't pay the cafeteria program that we have, you are not going to have it. Unless you come back here and appropriate more money to pay. So what you are trying to do with the 10%, I think our forefathers, you know the Aldermen Deane's and Alderman McCarthy those folks. They're like let's get a 10% number, let's be better than the State, right? Let's go 10% and we have always prided ourselves on that undesignated fund balance. It used to be called, well it's unassigned, it used to be undesignated.

The rest of things that were talked about tonight the approval of the fund that we can actually spend money on for parking is very similar to the revenues come in and appropriated for Holman Stadium, David Deane Skate Park and Mine Falls, right? Great. We have the Downtown Improvement Committee, that's where that money gets – so the fact that Mr. Cummings and his team turned this thing around from this traffic violation fund to now a budgeted parking enforcement, because that's what it is called, it's not traffic violations, no one is driving it is parking right? So all of that together leads me to believe that we had a very good meeting tonight. We are going to come back here a week from Monday and hopefully you folks will agree with the Mayor's proposal and put \$4.5 against the tax rate, we will come under 3, not 3, it's 2.99 something but we might do better than that because revenues since we last spoke have exceeded expectations and it's a choice. So that's kind of, I appreciate you asking the question but that's where you are at.

So you probably can go home tonight, I know the football game is on and so forth but you can sleep well because you were here last year when we talked about the CAFER, we get unmodified opinions. I've been with some towns and cities where you have a list of 10 or 12 things and try to do a better job. So all of that stuff, that's why we come, why we present, all of that stuff will give you a very warm feeling that fiscally we are in good shape and we intend to keep it that way. So thank you for letting me speak.

Alderman Clemons

And I want to say I have full confidence in you and your team because when I was here previously you did a great job and that was under a Republican Mayor and you are here now under a Democratic Mayor doing a great job and I hope that you continue to serve this City well for as long as you want until you are ready to retire and may that be far in the future because we are served well. And I also want to just address and say that you've always explained things well and although I understand a lot of the financial terms because that's what I do for a living, it is wonderful that you have a team and you and your team can explain that to everybody. But I always say the proof is in the pudding and you don't get a Triple A Bond Rating by just being a rubber stamp for the Mayor, you just don't. So thank you Mr. Griffin.

Alderman Wilshire

I just want to say well said Alderman Clemons and thank you Mr. Griffin.

Alderman Klee

I was going to ask a very similar question but thank you. And I never do this but I have to tell you that sitting here, even though I'm not a member to have someone sit there and say "I'm sure you don't know what this is, and I'm sure you don't know what this is" is quite insulting. Because I think we all on this Board and around this horseshoe take the time to learn. And while we can't all be experts and yes maybe sometimes we don't know something, I believe in someone's freedom of speech but I think there has to be drawn a line. And the fact that things got political and were talked about elections and I hope they don't re-elected and so on, I think that was uncalled for and it doesn't belong here. I think that again, freedom of speech and I'm not going to say anything of that nature. But I don't think that we talk Democrat, I don't think we talk Republic, I don't think we talk Libertarian here. I think we are all open minded and none of us have rubber stamped. Alderman Clemons like to be the naysayer of the group and has a tendency as does Alderman Jette as did I when it came to chicken ordinance and so on. We have opposed, we even overturned one of the Mayor's requests when it came to that retirement. So I think we are like minded because we want what is best for the City and not because we are rubber stamps and I do find that very infuriating and very insulting. Thank you.

POSSIBLE NON-PUBLIC SESSIONADJOURNMENT**MOTION BY ALDERMAN O'BRIEN TO ADJOURN
MOTION CARRIED**

The meeting was declared closed at 9:27 p.m.

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