

Nashua State of the City Address by Mayor Jim Donchess

February 16, 2021

Good evening President Wilshire, Vice President O'Brien, members of the Board of Aldermen and all those who are joining us for Nashua's first virtual State of the City Address.

The pandemic made 2020 a tough year, much different and more difficult than anyone could have expected when the year began. It has consumed the energy and attention of our county, of our State, and of our community.

Many Nashua families have suffered, 76 with the tragic loss of a loved one. We mourn with those families. I think of Andre Pelletier, who worked for our Public Works Department and was one of our own. Andre was taken by Covid-19 last month. Andre plowed our streets and fixed our roads for 46 years. His sense of humor was appreciated by everyone. He was a Viet Nam veteran. A life cut short by the virus. Our thoughts and prayers are with Andre's family.

In the face of our shared hardships, I am proud of the way Nashua has responded to the crisis. We have moved our City forward despite the virus.

Fighting the Pandemic

In fighting the pandemic, we have followed the science and worked with medical and public health experts on a fact-based approach. We enacted an early mask ordinance based upon what the science quickly established — that wearing masks reduces the spread of the virus.

2020 was a year of trials, but it brought out the best in Nashuans. Our nurses and doctors have cared for the stricken and provided comfort to families. People across the City – from first responders to grocery workers – have responded to the crisis. Nashuans have answered the call in many ways.

Our Public Health Department and public health nurses, under the leadership of Director Bobbie Bagley and Chief Public Health Nurse Kim Bernard, have worked tirelessly to contain the spread of Covid-19 and to keep us safe. Seven days a week our nurses have helped patients who have tested positive to regain their health and recover. Through our weekly clinics, our Public Health Department has tested thousands of people. Now our nurses are vaccinating hundreds of our City's vulnerable residents.

Emergency Management Director Justin Kates and his staff has been helping to direct the City's response from the beginning.

Volunteers like School Nurse Robin Abodeely and Federal Judge Joe LaPlante have worked to trace the contacts of patients with Covid-19, that's an effective tool in limiting the spread of the virus.

Mike Apfelberg and United Way, Camille Pattison and Nashua Transit, our School Department and food service workers, and many other volunteers, have delivered 90,000 meals to kids in need.

We all want to protect our family, our friends, and our community. We all want to open our economy and return to normal. But the medical researchers have been clear, and if we fail to follow their lead, there will be even worse consequences for our families and for our economy. We all have a personal responsibility to slow the spread of the virus and eliminate the pandemic as quickly as possible. Therefore, we need to keep wearing our masks, practicing social distancing, and avoiding large gatherings. That's how we can reopen our economy sooner rather than later.

Thank you to our 2,800 City employees who have been working hard despite the pandemic – teachers, police officers, firefighters, DPW workers, City Hall staff. And a personal thank you to Cheryl Lindner and the staff in the Mayor's Office for helping across the board during the pandemic.

Saving Small Business

Very early on, we acted to help our small businesses, the lifeblood of our community. We assembled a \$1.2 million Covid-19 Impact Fund, enabling us to extend loans and grants and to help save over 50 small businesses and non-profits in our City – restaurants, cafes, retailers, barber shops, yoga studios, and others. We will soon be able to add another \$1.2 million in federal dollars to the Covid-19 Impact Fund so that we can help more small businesses still being hurt by the pandemic.

We also acted to quickly to save our restaurants and the jobs of waitpersons, bartenders, and chefs in their time of crisis. Despite concerns about traffic, we expanded outdoor dining on Main Street by closing one north bound and one south bound travel lane.

Restaurants were closed by the Governor's emergency orders on March 15. To capture most of the season for our restaurants, we needed to do a lot of things quickly.

Everybody pitched in. Economic Development Director Tim Cummings worked with Public Works Director Lisa Fauteux, City Engineer Dan Hudson, and small business owners to develop a plan. Community Development Director Sarah Marchant and the Board of Aldermen worked to pass the necessary legislation. By early May we were ready to go.

So we moved in the barriers and crossed our fingers. The results were better than anyone expected. Nashuans started flocking to our restaurants to eat outdoors, and no real traffic congestion resulted.

Michael Buckley, the owner of Surf and MT's Local, told us that "You may have saved many of us."

The expanded outdoor dining not only saved small businesses, but it changed the vibe of downtown. More people, more activity, more life. And when the warmer weather returns, even after Covid-19 has gone away, I want to continue expanded outdoor dining every year.

Our small businesses have sacrificed a lot. I will always remember what this pandemic has cost them and cost the employees who have gone without.

Our Schools Are Critical

While we have overcome some of the challenges Covid-19 has brought, there will more in the future. In the months ahead we need to be careful to monitor the learning loss that our students have suffered as a result of remote learning.

Our resources are limited, but we need to devote every dollar we can to making up any loss in learning levels. Better skills mean a better life. We want all of our young people to look forward to a meaningful career and a rewarding family life, and to do so they need to have the foundation of a strong education.

I do want to take this moment to give a shout out to our teachers. Our teachers have had to work harder to teach kids via the internet. They have come up with new, creative ways of engaging with their students. I know it can be a struggle for some students, and for the teachers themselves, but our school staff has stepped up to continue to encourage learning.

The State of New Hampshire should be vaccinating our teachers right now in order to get our classrooms open as soon as possible. I have called upon the Governor to move teachers up in priority so that we can get everyone back.

I am glad that yesterday the School Department began the process of bringing more students back to school.

As we look to the eventual return of all our students, we can look forward to new and improved facilities for our middle schoolers. We are in the midst of a major improvement of our middle school buildings, renovating the Fairgrounds and Pennichuck Schools, and starting on plans to replace the aging Elm Street School with a new school and campus on Buckmeadow Road. When these projects are done, Nashua will have the most state of the art middle schools in New Hampshire, all generating more electricity than they use through solar power, and all with advanced classroom technology.

I want to thank Dr. Jahmal Mosley for his service to Nashua. And I want to congratulate Dr. Garth McKinney on being selected as interim Superintendent. With his knowledge of our schools, he will provide the continuity our district needs over the coming months.

The State is Raising Our Property Taxes by 5.5%

It is important to discuss the serious financial challenges the City is facing right now. We have a perfect storm of four major financial challenges all coming at the same time — the pandemic, rising health care costs, the State's decision to raise Nashua's pension costs by \$4.4 million, and a cut in State school aid of \$7.4 million.

At exactly the worst time, the State of New Hampshire has slammed us with nearly \$12 million in downshifted costs. Every time the State does something like this, your property taxes go up.

The costs the State downshifting this time amount to a 5.5% property tax increase forced upon the hard-working taxpayers of Nashua, all without any involvement of us here in Nashua.

We are working with our legislative delegation and with other cities to help our taxpayers. I have testified before House and Senate committees over the past weeks for and against a number of bills that would affect Nashua's budget. But the results of the legislative process are uncertain. I am thankful to our delegation and the other mayors for your efforts.

When the State of New Hampshire lured Nashua and other New Hampshire cities and towns into the State pension system, they promised to pay 35% of our pension costs. The State broke that promise almost a decade ago. So far, this has cost Nashua taxpayers a cumulative total of \$74 million.

Here's another example of the State raising your property taxes: for the past 10 years the State has frozen the amount coming to cities and towns from the Rooms and Meals tax. The State hasn't paid to communities the full 40% of the revenues that was promised when the Rooms and Meals Tax was passed. This has cost Nashua taxpayers a total of another \$34 million.

While these financial challenges are coming from the State, we are also faced with local pressures in our own budget.

Our Successful Plan to Bend the Curve on Rising Health Care Costs

Two years ago, in the 2019 State of the City Address, I raised a red flag about rising health care costs. Over the past two years, health care costs have risen dramatically — up over 20%, more than \$6 million per year.

We are taking aggressive steps to cut the rate of increase. We have developed a reformed HMO plan designed for City HMO health care benefits, which would result in significant savings for the City if adopted for all City employees.

So far, this reformed health care plan has been agreed to by a number of employee unions. However, to most effectively reduce the rate of increase in health care costs, we need the support of the Board of Aldermen. The reformed HMO plan must be for every group of City employees — no exceptions, no exclusions.

We are also encouraging employees to elect the medical savings plans and to use Smart Shopper, both of which save money for the employee and for the City.

Hardworking Nashua Taxpayers Cannot Afford an 7% Tax Increase

By working together, the Board of Aldermen and I have accomplished a lot – our response to the pandemic, full day kindergarten for all Nashua students, our ongoing Paving Plan of Action which has already paved 100 miles of the City's streets, the adoption and the accomplishment of "A Greener Nashua" energy goals, the successful addition of over 500 units of downtown and Millyard housing, expanded outdoor dining, and many other things.

However, over the past couple of years there has been one significant disagreement between the Board of Aldermen and myself – a difference over the controlling of costs.

During this period of rapidly rising health care costs, I have advocated that we set priorities. I have said what the facts make clear: while facing major financial challenges, the City cannot make long-term commitments that exceed the cost-of-living year after year without raising taxes more than our taxpayers can afford.

As a result, I have opposed three collective bargaining agreements and have vetoed two. In January of this year, I vetoed a proposed contract for firefighters that granted 15.5% raises. At the end of 2019, I flagged a Police supervisors contract which included 11 and 12% raises, and I vetoed a contract for civilians in the PD which granted 11% raises.

The Board of Aldermen passed all three contracts and voted to override both of my vetoes.

Independent Commissions conduct Fire and Police negotiations. For the other negotiations over which the City's Finance Team and I have had more control – in Public Works, in City Hall, in the Library – we have successfully negotiated collective bargaining agreements which are fair to both employees and taxpayers.

Our firefighters and police work hard for our citizens, and I appreciate their contributions and the sacrifices they have made for our City. All of our employees should be paid fairly. However, the increases in the personnel costs are not sustainable.

Now it appears that the hard choice between higher taxes and service cuts may be upon us.

For the Fiscal Year 2022 budget, starting on July 1, the City's Finance Team projects that a tax increase of 7% will be needed to make up for the State's \$11.8 million downshift and to pay for the budgets that we expect to get from the Fire, Police, and other departments.

The hardworking taxpayers of Nashua cannot afford an 7% tax increase. The job of the Mayor and the Board of Aldermen is to achieve a balance between the need of Nashuans for quality services and a tax rate that is affordable.

I will be submitting my Fiscal Year 2022 budget in early May.

Because we've been hit by so much, and because many Nashua families are struggling during the pandemic, I have issued budget guidelines that would hold most departments to 0% increases over the current year's budget. I hope that the Board of Aldermen and our independent commissions will help with the City's tax rate this year.

We Have Moved Nashua Forward, Despite the Pandemic – Paving Plan of Action and A Stronger Downtown Economy

Despite the pandemic, we are moving Nashua forward.

Our Paving Plan of Action has made a dramatic improvement in the condition of, what were just a few years ago, Nashua's crumbling streets. We have paved 100 miles, one third of our City's streets, including major streets like Amherst, Broad, the Somerset Parkway, Main Dunstable Road, and Kinsley Street, as well as many miles of neighborhood streets.

We have also crack sealed an additional 70 miles. Crack sealing is much cheaper than paving, at about 10% of the cost per mile, but it can preserve a street for up to 5 more years.

In addition to stronger infrastructure, we are building a stronger downtown economy. This will benefit everyone, because properties in the central business district pay far more in taxes than they require in services, and these tax revenues help pay for schools and police and fire protection in all of our neighborhoods.

We have added 500 units of downtown housing with more to come. The headquarters of Pennichuck Water is back home in downtown Nashua in the Walnut Street Oval. We're doing the groundwork necessary to create a downtown dog park. Construction is starting on the Performing Arts Center. These steps are the underpinnings of an even stronger downtown economic resurgence.

The Performing Arts Center, which you will see at the corner of Main and Pearl Streets next year, will benefit everyone. This project will attract private investment. It will build our tax base and increase the City's tax revenues. It will bring tens of thousands of people downtown for entertainment and to patronize our shops and restaurants.

Even before it has opened, the Performing Arts Center has already been successful in attracting private dollars. We are working with housing developer Peter Flotz to build 150 units of housing on School Street. This housing means more than \$20 million in downtown investment, and will add \$400,000 per year in tax revenue. The builder, who has worked successfully in Manchester, became interested in Nashua because the City was investing in the Performing Arts Center.

Nelson Mercado, the entrepreneur owner of the Made Men barber shop on West Pearl Street, is opening a new business because of the Performing Arts Center – in a previously empty storefront across the street from the barber shop, an empanada restaurant called Empanellie's.

As we see additional private investment in the future – the Performing Arts Center will pay for itself.

Commuter Rail

Working together with Nashua's legislative delegation, we are making progress on commuter rail service for Nashua. The State of New Hampshire has hired engineering firm AECOM to perform the required final planning phase of the Capitol Corridor Rail Project. This means that there could be a plan for commuter rail put forward by 2023.

Improving the Nashua Riverfront

We also are working to take greater advantage of the Nashua River. When you think about it, we are a River City. Our City was founded because of the waterpower provided by the Nashua River, and the Nashua River is our City's namesake.

Our plan for the riverfront started with a riverfront master plan and a Tax Increment Financing District to capture the new value being generated around the river, like from the new Lofts 34 housing.

Next is lighting on the Cotton Transfer Bridge coming this spring, with lighting along the riverwalk coming soon thereafter. Elevated walkways – like the one around Peddler’s Daughter – are being designed for the other three corners of the Main Street Bridge, along with boat docking and an expanded and improved Renaissance Park.

I Am Committed to a Culture of Innovation

Just like we are reimagining our riverfront, we are always looking for innovative ways to improve City government and to better serve the residents of Nashua. I am personally committed to an innovative culture in City Hall.

And you are already receiving the benefits. The Public Works Department is helping to offset the increased costs of recycling by making an arrangement with Cassella, our recycling contractor. The City is getting \$15/ton from Cassella to take crushed glass to use for cover material at the landfill. This innovation generates \$100,000 per year. In the winter Public Works has also begun brining, or applying salt water to City streets, before storms. This does a better job of keeping streets clear during snow storms than applying rock salt after the storm begins. And it saves money.

At City Hall, the Assessing and IT Departments have put new assessing search and analysis tools on the City’s website and have put many documents online. Nashua has the most open, accountable, and transparent assessing department in New Hampshire. Thank you to Administrative Services Director Kim Kleiner and new Chief Assessor Rick Vincent for these improvements.

A Greener Nashua

Nashua is also doing its part in fighting global warming. Our City Energy Manager, Doria Brown, has stepped up our Green Action Plan. LED Street lights. Solar panels installed on the Lake Street Fire Station, on the transit garage, on Conway arena, and on three schools, Dr. Crisp, and Fairgrounds and Pennichuck. Converting our two high schools to LED lighting. Hybrid buses. These projects are reducing the City’s energy use and saving money.

Since 2016 we have reduced our greenhouse gas emissions from Public Works vehicles and Nashua Transit buses by 1,661 tons of carbon per year – down 40%

We are also working on a host of other energy saving projects.

Affordable Housing and Homelessness

As always, no matter how much we move our City forward, there will always be more work to do.

We need more affordable housing. Housing demand is strong, and rents and the values of Nashua homes have risen dramatically in the last few years. But there are still many people in our community who are struggling to pay the rent or the mortgage. We have worked with a private developer to build 150 units of workforce housing on Marshall Street.

And we are working with the Nashua Housing Authority to redevelop the Bronstein Apartments to include 200 affordable units. The Housing Authority has been clear about one aspect of this project from the beginning. Although a temporary move will be required, all current Bronstein residents will be guaranteed to be able to return to Bronstein in a new apartment.

Alongside this need for more housing, we are seeing a rise in homelessness across New Hampshire. Mike Reinke and the Nashua Soup Kitchen and Shelter are working with St. Patrick's parish to convert the former St. Patrick's School on Spring Street into housing for homeless individuals and families.

Another great project is Infant Jesus School and Family Promise working together to add transitional housing for families in need in the former Infant Jesus School on Crown Street. Family Promise is an established nonprofit that has had remarkable success in providing the support that families need to get themselves back on their feet.

There's More Work to Do – Let's Get to It

The last year has been difficult for everyone. But we will recover even stronger by continuing to work together in the ways that Nashuans always have.

We are all neighbors and friends. We want our families to build meaningful lives with the health and safety we need, and the individual freedom and local control that we deserve. And we want our young people to have the opportunities they need to build careers and families.

If you have ideas about how we can make Nashua an even better place to live, you can get involved in Imagine Nashua, the citizen led effort to create an updated master plan for our City.

We have a lot of work to do. Overcoming the pandemic, improving education, building a stronger economy, fostering the downtown resurgence, and creating a greener Nashua. Let's get to it.

God bless the great City of Nashua.