

2022 STATE OF THE CITY ADDRESS

Good evening President Wilshire, Vice President O'Brien, members of the Board of Aldermen, and Nashuans from all neighborhoods of our City.

This new year brings with it optimism and challenges in equal measure. I'm pleased with the accomplishments we were able to achieve in 2021, and I look forward to continuing our City's progress through 2022. Before we talk about our vision for the future of Nashua, let's review this past year.

COVID CONCERNS

When I spoke to you last February, we were one year into a public health crisis unlike any our nation had faced since 1918. We are still battling that pandemic today. We're all tired of Covid. Covid-19 has ebbed and flowed; last summer, it seemed that the virus had nearly disappeared, and we were able to resume most of our normal activities in safety. Then came the Delta variant, and Omicron followed.

We are grateful for the vaccines which provide excellent protection against the virus. However, last month the number of new cases and the rate of infection reached its highest levels ever. There is reason for hope – infections are now on the decline.

Tragically 137 Nashuans have died from Covid, including one of our own City employees, Andre Pelletier. Our heartfelt condolences go out to all of the families who have lost a loved one.

I am proud of the way our City has responded to this public health crisis. Our Public Health Department, under the leadership of Director Bobbie Bagley and Chief Public Health Nurse Kim Bernard, has worked tirelessly.

Our medical community – nurses, doctors, and hospitals – have given their all. In recent weeks, hospitals have operated at capacity, despite the exhaustion and burnout caused by two years of Covid-19.

COVID AND BUSINESS

Back in the spring of 2020, together with the Board of Aldermen, we responded quickly to help small business get through the pandemic. First, we established a Covid-19 Impact Fund, which has helped small businesses and nonprofits with low-interest loans and grants. Then we expanded downtown outdoor dining to save our restaurants and their workers.

In spite of Covid-19, Nashua has fought back from the closures of 2020. Since then, thousands of patrons have come downtown to enjoy expanded outdoor dining; our locally owned businesses, restaurants, and bars have found new ways to thrive. Some have reported to me that they saw record sales during the pandemic. New businesses have opened – new

restaurants like Empanellie's and Raga Contemporary Kitchen; and a new men's boutique named CasaNova. Longtime favorite City Room Café has reopened with a new menu and new format. Spyglass Brewery is expanding and moving from Amherst Street to Gateway Hills. The Lucky Moose casino has opened at the Nashua Mall at Exit 6. Boston Billiard is buying the Radisson Hotel at Exit 1. The owner of Nashua Paint and Wallpaper and Ace Hardware has acquired more property downtown. And a group of investors has committed \$30 million in private capital to build 150 units of new housing on School Street.

In the coming year we will continue moving the City forward despite the pandemic.

EFFECTIVE, EFFICIENT CITY GOVERNMENT

Nashua's hardworking taxpayers want, and deserve, a government that is effective and efficient. We have been recognized by WalletHub as having the 4th Best-Run City in the United States. We are proud that we now have two AAA bond ratings.

The WalletHub rating judges the effectiveness of City government by comparing the cost of government against the quality of City services. WalletHub's rating says Nashua citizens are getting excellent services at a reasonable cost, and it applauds us for our productivity.

I am committed to keeping property tax increases to a minimum.

For example, I have used my veto power four times trying to limit spending specifically in two areas. First, on operating budgets for independent departments which exceed the cost-of-living year after year. I have flagged these increases as creating unsustainable budgets. Second, I have vetoed all proposals to increase the City's unfunded obligation to pay for unused sick time when an employee retires. I remain committed to reining in spending in these areas.

For the current Fiscal Year 2022 which began last July 1, we cut the budget for the departments which reside in City Hall as well as Public Health by almost 3 percent from Fiscal Year 2021, not including a State-imposed pension increase that I will talk about in a moment. We cut the budgets for these departments by \$534,000. When was the last time that City Hall actually reduced its own budget?

I also proposed a Public Works budget that cut spending by 1 percent before the pension increase.

In the coming fiscal year, it is again my intention to propose department budgets which are in line with the cost of living. Hopefully our Board of Aldermen will back me up in keeping increases to a reasonable level.

We have reduced costs through innovation, by developing a reformed HMO plan for employees. Thank you to Administrative Services Director Kim Kleiner for spearheading this initiative.

In FY 20 and FY 21, rising health care costs were a major driver of increased budgets. Over those two years, City costs for employee health care rose 20 percent, or over \$6 million per year. In order to save costs, we devised changes to the City's basic HMO plan. We have achieved results. Seven employee groups have agreed to adopt the reformed HMO. As a result, we are saving, so far, \$1.3 million per year.

Unfortunately, Covid-19 is now pushing health care costs up. Over the past seven months the City has spent \$1.5 million just for Covid testing. We are watching the trends carefully to make sure our employees are as safe as possible.

STATE PROPERTY TAXES

When the State of New Hampshire mandates new costs, or cuts the limited aid the State sends to our cities and towns, this is commonly called "downshifting." This way State politicians claim "no new taxes" while forcing local governments to raise property taxes in order to meet the need for local services.

For the current FY 22, the State downshifted by raising the City's forced contribution to the State pension system by more than \$4 million. This single State action increased property taxes here in Nashua by 2 percent.

Decades ago the State of New Hampshire persuaded Nashua and all other cities and towns to join the State pension system by committing in law that it would always pay 35 percent of City pension costs. However, the State broke this commitment several years back, and so far, that broken pledge has cost City taxpayers \$74 million in hard earned tax dollars.

Our legislative delegation led by Chair Jan Schmidt, and including three members from the Board of Aldermen – Mike O'Brien, Trish Klee, and Melbourne Moran – stand shoulder to shoulder with us in the fight to stop more downshifting.

INFRASTRUCTURE

When it comes to our infrastructure, we have achieved real, measurable results. Lisa Fauteux, Director of Public Works, and her engineering staff have effectively overseen this transformation of our infrastructure.

Through the end of 2021, our Paving Plan of Action has paved 114 miles of streets and preserved another 103 miles with crack sealing. All of this work is based upon the analysis of every street, which we have scored according to a 100-point Paving Condition Index, or PCI.

When I came into office as Mayor, everywhere I went, people complained about the condition of our streets. "Kinsley Street is terrible." "Concord Street is a minefield." "Are you letting

Main Dunstable Road go back to dirt?” “Broad Street has never been in worse shape.” I often rode my bike on Pine Hill Road and I couldn’t believe how many patches there were.

Now, we have paved Kinsley Street, Concord Street, Main Dunstable Road, Broad Street, Amherst Street, Somerset Parkway, Pine Hill Road, and many more smaller neighborhood streets. In the coming paving seasons, we will continue with our Plan of Action and keep improving our City’s basic transportation infrastructure.

During the last several years, we have replaced or lined more than 20 miles of our sewer pipes – some of which date back to the 1800s, and we have rehabilitated the wastewater treatment plant which is heavily regulated by the federal EPA and New Hampshire DES.

We have expanded our City landfill so that it will have 10 to 15 more years of life. And we are seeking to permit Phase 4 which will give us a total of 40 to 50 years of life.

Our investments in infrastructure pay dividends because they help us build a stronger, healthier economy, and improve our day-to-day lives.

REVALUATION

For the past year we have been conducting a revaluation of all Nashua properties. Periodic revaluations are required by the State of New Hampshire.

We have hired an expert firm, Vision Government Solutions, to do the work. For the first time since 1991, we are doing what is called a “full measure and list” revaluation. This means that Vision appraisers will inspect each property from the outside, and will also offer every homeowner the option of an internal inspection.

Home values in Nashua, in New Hampshire, and across the country have skyrocketed over the past few years. For Nashua, Redfin reports that in December 2021 home prices were up 13 percent in one year, and homes were selling for a median price of \$387,000. According to home price industry expert Case-Shiller, home prices nationwide are up 22 percent since the beginning of the pandemic. Covid-19 has accentuated the underlying trend, with more people working and spending time at home.

For homeowners, the good news that they have increased their wealth a lot.

But unfortunately, the dramatic increase in home prices will mean that this State-mandated revaluation will raise property taxes for our Nashua homeowners.

Our Assessing Department is committed to making sure that home values are fairly assessed. Any homeowner who believes their assessment is not correct will have the opportunity to talk with a Vision appraiser about the possibility of a correction.

AFFORDABLE HOUSING

A major challenge we face is a lack of affordable housing.

As I discussed earlier, home prices have taken off, and so too have rents. Rent in Nashua has seen an 11 percent increase compared to the previous year, with the average 1-bedroom commanding \$1,600-\$1,800 per month.

We are taking dramatic steps to increase the supply of affordable housing in the City.

We allocated federal Home Funds to enable the development of 150 units of workforce housing on Marshall Street.

Nashua has been also remarkably successful in winning competitive grants for millions of dollars of de-leading money. These funds are used to help landlords de-lead their apartments to make them safe for kids. These projects help increase the supply of affordable housing, because every landlord, as a condition of accepting the funds, is required to reduce rents for 5 years. Over the past two years, we have de-leaded and rendered more affordable 77 apartments.

We are working with the Nashua Housing Authority to build Monahan Manor, 200 units of affordable housing on Central Street. These homes should be available by the fall of 2023. They will be on the site of the former Bronstein Apartments. All residents of Bronstein are guaranteed a return to a unit of an equal or larger size.

We also have created an Affordable Housing Trust Fund. Based upon the input of the Board of Aldermen and of community advocates like Rabbi Spira-Savett, the Nashua Interfaith Council, and Bob Keating, I will propose that we fund the Trust with millions of dollars of American Rescue Plan money that we are getting from Washington.

And at the end of 2021, we passed an inclusionary zoning ordinance which requires that all new developments include a share of affordable housing. This applies to both apartment developments and new homes for sale.

SCHOOLS

As the Covid-19 pandemic continues to challenge us, we need to focus on our schools. An excellent education is essential to the future success of our young people of and our community.

Our kids have been significantly affected by Covid-related disruptions, and we need to pay special attention to them. We must make sure classrooms for all students get what they need to ensure that every child gets an excellent education.

Our teachers, paraprofessionals, and other school staff have given their steadfast efforts to teach our kids under the difficult conditions – first, of online learning, and now with the challenging daily presence of Covid. Our teachers are inspiring, passionate, and effective. They are showing every day in every school that they are committed to making sure that every child and every family have access to an excellent education.

Better pay for better teachers.

We must have competitive teachers' pay to retain and attract the best teachers to Nashua. Nashua ranks about 79th among the 160 or so school districts in New Hampshire in terms of average teachers' pay, which for Nashua is about \$61,000.

Nashua schools have had the problem of mid-level teachers, who have been trained and seasoned here in Nashua, leaving for neighboring districts which offer better pay.

The Board of Education and the teachers are in negotiations for a new teachers' contract. The parties are very close – only about a 1/10th of a percent apart for each of four annual raises.

During the negotiations the teachers have agreed to an important health care change that the City is seeking – that is, the reformed HMO plan which I spoke about earlier. This change for the teachers will save the City \$2.3 million per year. Given the need to become more competitive when it comes to teachers' pay and given this health care concession by the teachers, I believe the teachers' most recent position regarding raises is reasonable.

With respect to the school buildings themselves, we are in the midst of a citywide program to improve our middle school infrastructure led by Alderman Rick Dowd. We have already upgraded Fairgrounds Middle School with new classrooms, new technology, and solar panels which provide all the electric power the school needs. Work is underway at Pennichuck Middle School, and when that is done, we will begin the construction of a new middle school in the southwest neighborhood of the City to replace the aging Elm Street Middle School.

DOWNTOWN

We cannot have a successful City without a thriving, active downtown. Downtown must be a place where people gather, where people want to be, and where they feel a sense of vitality and life. When I meet with Mayors from across the country as part of the US Conference of Mayors, and when I meet with New Hampshire mayors, all are focused on their downtowns. All are trying to make their downtowns people-friendly, walkable, and bikeable. A city's downtown is the symbol of the community. A stagnant downtown signifies a declining, troubled city.

Thank you to Economic Development Director Tim Cummings for leading our efforts to grow a stronger, healthier downtown and City economy – and with it a bigger tax base.

What do we need to make a vital, active downtown a reality? Measures like enticing more people to live near Main Street with new housing; a beautiful Nashua River waterfront; our upcoming Nashua Center for the Arts; and expanded outdoor dining. A downtown renaissance relies upon entrepreneurs, chefs, and artists. By attracting restaurant goers and art lovers – along with more downtown residents – we build the clientele to grow retail; not only the creative shops we already have, but new entrepreneurs – perhaps a toy store, a bookshop, and a movie theater.

In order to increase downtown living opportunities, we are building new housing. We added Lofts 34 on Franklin Street, and we have 150 units of downtown housing coming on School Street. These new residences add to those already at Clocktower Place and Cotton Mill Square. And we are exploring even more opportunities to expand the supply of downtown housing.

We are creating a beautiful waterfront based upon our Riverfront Master Plan. We have already added lighting along the north river walk and have illuminated the Cotton Transfer Bridge. We have an expanded Renaissance Park, docks, landscaping, and suspended walkways in design right now. We expect work to begin on these new amenities by the fall.

The Nashua Center for the Arts – which will attract over 50,000 people to downtown each year – will be open this fall. It will provide entertainment to Nashuans and is already helping us grow the downtown tax base. Thank you to the anonymous donor who is giving \$1 million to the Center for the Arts and also to Philip Scontos for his success in securing this generous donation.

Expanded outdoor dining from May through September has proven to be a boon to downtown businesses, to the many restaurant workers who depend on it for jobs and income, and to the City as a whole. Although we began the program as a way to save restaurants devastated by the Covid-19 pandemic, it has attracted thousands of people. It is clear that people love to sit outside for a beer or a meal in Nashua's downtown.

The positive economic impact of the expanded outdoor dining cannot be overstated. A 2021 study of visitors to our bars and restaurants during the summer months reveals that at least 400,000 patrons came downtown to enjoy the expanded outdoor dining. If we consider how much each person spends, this adds up to millions of dollars in additional revenue. A recent Economic Development survey revealed that 80 percent of visitors to Main Street come for the restaurants and bars.

I have heard from the owners of one of our downtown restaurants, who say they will go out of business without expanded outdoor dining. Others are concerned about how their businesses would be affected.

Hundreds of Nashuans contributed to the recently adopted *Imagine Nashua* master plan. The Master Plan says:

“The temporary outdoor seating... along Main Street... presents the community with a vision of a new downtown... [T]he increased option of outdoor seating and reclamation of a significant slice of the street away from purely automotive traffic has shown that a dramatic rethinking of the public realm can work in Nashua... It is the opinion of this planning group that the benefits of these temporary improvements should be made permanent and even expanded as the city looks forward to a broader reinvigoration of the downtown businesses.”

Imagine Nashua recommends that in the longer term, the City rebuild Main Street, narrowing it to one lane each way, and by adding trees, wider sidewalks, and more public pedestrian space.

With the expanded outdoor dining, there are some valid concerns about traffic congestion and removal of parking spaces.

Last year, the expanded outdoor dining removed some 70 parking spaces, but remember that there are a total of more than 3,000 parking spaces downtown.

I am proposing to the Board of Aldermen a compromise to address concerns about congestion and parking. I am proposing that we shorten the outdoor dining season from 8 to 5 ½ months. We will have outdoor dining on fewer blocks, where there is a high concentration of restaurants and lower traffic impacts. And I have proposed that we reduce the expansion on the west side of one block, where two of our businesses have objected. But we must keep in mind that other retailers, like DesignWares, Scentsas, and Camaraderie have indicated that the additional foot traffic resulting from the outdoor dining helped enable them to grow their sales and strengthen their businesses.

I believe that the Board of Aldermen will approve a modified outdoor dining plan so that we can retain the many benefits while alleviating concerns.

COMMUTER RAIL

Our citizens, our business community, and our Board of Aldermen are solidly behind our efforts to bring commuter rail from Boston to Nashua and Manchester. Connecting us by another mode of transportation to the largest economy in New England will help us add jobs and grow opportunity, and it will help us attract the young families we need to ensure our future success.

Our employers often have jobs without people to fill them. These job creators tell me that when they are trying to attract qualified applicants from outside the area, a common question is, “Does Nashua have commuter rail?” Young people often see the train as an attribute that they want in a community in which they choose to live.

We are making progress. The State of New Hampshire Department of Transportation has hired engineering firm AECOM to perform the required final planning phase of the Capitol Corridor Rail Project. Also, former Mayor Pete Buttigieg, now the Secretary of Transportation in Washington, has

shown an interest in considering commuter rail here as a potential project to be funded by the Infrastructure and Jobs Act passed in DC.

There is one dark cloud on the horizon when it comes to commuter rail. There is a bill in the legislature – HB 1432 – that would prohibit the State of New Hampshire from spending one dime on commuter rail. Some State funds will be required to make commuter rail a reality.

MASTER PLAN

As I mentioned, during this past year the City completed our first Master Plan in twenty years. A citizen’s advisory group from across our City chaired by Amber Morgan helped lead this effort.

We focused on a number of areas, particularly the South End commercial district, the Amherst Street corridor, Daniel Webster College, and downtown. These are areas where we see future development that can strengthen Nashua’s economy and tax base. I am excited about the opportunities to reimagine all these areas.

You can view the entire *Imagine Nashua* plan on the City website.

A GREENER NASHUA

We have ambitious green goals to make our contribution to combating global warming. We are seeking to reduce the City’s carbon footprint 25 percent by 2025.

We are well on the way to achieving this goal. We have reduced the energy consumption and carbon emissions of our Public Works and Nashua Transit vehicles by 40 percent.

We have incorporated solar arrays on the Fairgrounds Middle School, the Dr. Crisp Elementary School, the Lake Street Fire Station, and the transit garage.

We are working with the Chief Kevin Rourke of the Nashua Police Department to purchase hybrid cruisers.

We are looking to expand the number of charging stations for electric vehicles in our parking garages.

We are working with Dante Castellano and other students at Nashua South to provide hundreds of tree saplings to our residents.

And with the leadership of Energy Manager Doria Brown and Committee Chair Bob Blaisdell, we are working with Cheshire County, Portsmouth, Lebanon, Dover, and Hanover to adopt community power which will enable us to increase the proportion of green electric power supplied to Nashua residents.

Overall, there is much to be grateful for, living in our great City. We are hopeful, looking towards a future that is safe, healthy, and successful for all Nashuans and their families.

THANK YOU TO OUR CITY TEAM

Before I close, I want to thank our 2,800 City employees – our City team, including my small and hardworking staff – for giving your all in navigating the headwinds of the last two years. I greatly admire you, and I am inspired by your commitment to our City and our citizens. Please always remember that your efforts are appreciated by me and many others.

Thank you all, and God bless you and our fair City.