

BUDGET REVIEW COMMITTEE

FEBRUARY 18, 2016

A meeting of the Budget Review Committee was held Thursday, February 18, 2016, at 7:00 p.m. in the Aldermanic Chamber.

Alderman-at-Large Richard A. Dowd, Chair, presided.

Members of Committee present: Alderman-at-Large Lori Wilshire, Vice Chair
Alderman-at-Large Brian S. McCarthy
Alderman-at-Large Michael B. O'Brien
Alderman Sean M. McGuinness
Alderman David Schoneman
Alderman Ken Siegel

Also in Attendance: Mr. John L. Griffin, Chief Financial Officer
Mr. Robert G. Hallowell, Board of Education
Dana O'Gara, Director of Human Resources, Nashua School District
Mr. George Farrington, Board of Education
Ms. Patricia Piecuch, City Clerk
Chief Andrew Lavoie, Nashua Police Department
Deputy Chief Michael Carignan, Nashua Police Department
Ms. Karen Smith, Finance Officer, Nashua Police Department
Mr. Jim Tollner, Commissioner, Nashua Police Department

ELECTION OF COMMITTEE CLERK

**MOTION BY ALDERMAN SIEGEL TO NOMINATE ALDERMAN MCGUINNESS
AS THE COMMITTEE CLERK FOR THE 2016-2017 TERM
MOTION CARRIED**

**MOTION BY ALDERMAN WILSHIRE TO CLOSE THE NOMINATIONS
MOTION CARRIED**

**VOTE ON ALDERMAN MCGUINNESS AS COMMITTEE CLERK FOR THE 2016-2017 TERM
MOTION CARRIED**

PUBLIC COMMENT

Mr. Bob Sherman, 7C Taggart Drive

I have two contracts coming before you, the food service and the para's. They are multi-year agreements but I think they are indeed within the budget caps as far as going forward and I hope you all approve it.

COMMUNICATIONS – None

UNFINISHED BUSINESS – None

NEW BUSINESS – RESOLUTIONS

R-16-001

Endorsers: Alderman Benjamin M. Clemons
Alderman-at-Large Brian S. McCarthy

ESTABLISHING AN EXPENDABLE TRUST FUND FOR APPROPRIATIONS FOR DOWNTOWN IMPROVEMENTS AND TRANSFERRING UP TO \$170,439.20 INTO THE EXPENDABLE TRUST FUND

MOTION BY ALDERMAN MCCARTHY TO RECOMMEND FINAL PASSAGE

ON THE QUESTION

Alderman McCarthy

This is something that Alderman Clemons had submitted and it's basically just a resolution to create the trust funds so that we can take the downtown money, because we don't do it on a budget year basis and transfer it into expendable trust fund so that when we fund things over multiple years the money will stay there and we don't have to play with it in escrows at the end of the budget year.

Alderman Siegel

I have a lot of problems with this. First of all, the original legislation is really what is flawed because it should have been done on a fiscal year basis but it's done on a calendar year basis. I'm trying to figure out ultimately what this fix is because to me this takes the budgetary authority of the Board of Aldermen out of our hands. It says okay we are going to skim this money and stick it into this trust fund and then we are going to make the Mayor the agent to expend and I'm kind of mystified by that.

Alderman McCarthy

That's actually no different than anything else. We are appropriating the money to put in the fund and when we do that we see what it is budgeted for and the recommendations that came back from the Downtown Improvement Committee so it's no different really from appropriating into one of the operating accounts where the money then gets spent out of that with the authority of the administration.

Alderman Siegel

I guess I don't see that mechanically being the same. I look at this and I say okay, here's this chunk of money and it's being moved across fiscal years and the agent to expend is...the Board of Aldermen is not really in charge of deciding where the money is going, it's the Mayor.

Alderman McCarthy

We are because we put the money in there for a specific set of purposes that are given to us when the money is transferred into the account. This piece takes into account the creation of the account and transferring the two years' worth of; the two sets of appropriations that we have already voted on for the downtown improvements. We will see another thing in the budget or in the escrows that transfers money in there that would be an action of the Board of Aldermen.

Alderman Siegel

I don't understand how this gives us the ability to look at the individual items and decide whether or not they make sense.

Alderman McCarthy

We do that when the money is put into the trust fund.

Alderman Siegel

There's just a lump of money that's put into...this is a large lump of money.

Alderman McCarthy

But we have already taken action on recommendations from the Downtown Improvement Committee that had that money broken out by several specific purposes.

Alderman Siegel

I understand that was last term and again, I would say that before anything like this happens what should happen is the original legislation should be changed to not have that money come out on a calendar year but it should align that legislation with the fiscal year which is the thing I said last term was a big problem. It seems that this now a piece of legislation that is stuck on the side to make up for the fact that the other legislation isn't working on a fiscal year basis. Why don't we fix that and leave this sitting here and decide if this really fixes a problem. If we fix the other thing I don't even see why this is necessary.

Alderman McCarthy

I can't speak for Alderman Clemons on why he chose to solve it this way. Perhaps the best thing to do is hold it and have a discussion with him about that. I don't know that there is any terrible urgency to do this in the next couple of weeks.

Alderman Siegel

I'm absolutely fine with that because if he has something specific in mind it will give him the opportunity to talk about it.

Alderman McCarthy

I want to comment that the intent of the original legislation was that there would be a budget item for that. We haven't done it that way, we've done it with escrows I believe in both years from other surplus savings so I think the idea of the fund makes sense if we are going to do that because then it's sort of independent of the budget process and it's not a budget item. We always wind up with surplus that's somewhere that will fund it. I think we can talk about whether we do that on a budget year basis or whatever. I'm pointing out that we don't do it as part of the budget now anyway for reasons other than just the way the ordinance reads.

Alderman Siegel

As much as I'd like to comment I think it probably makes sense, and in fairness to Alderman Clemons, to comment with him here so whatever I come up with he can respond to one way or the other.

ALDERMAN MCCARTHY WITHDREW THE MOTION FOR FINAL PASSAGE

**MOTION BY ALDERMAN MCCARTHY TO TABLE UNTIL THE NEXT MEETING
MOTION CARRIED**

R-16-002

Endorsers: Alderman Richard A. Dowd
Alderman Benjamin M. Clemons
Alderman Mary Ann Melizzi-Golja
Alderman Tom Lopez

APPROVING THE COST ITEMS OF A COLLECTIVE BARGAINING AGREEMENT BETWEEN THE NASHUA BOARD OF EDUCATION AND THE NASHUA TEACHERS' UNION, LOCAL 1044, AFT, AFL-CIO, UNIT B PARA-EDUCATORS FROM JULY 1, 2015 THROUGH JUNE 30, 2017 AND AUTHORIZING RELATED TRANSFERS

Alderman McCarthy

I would like to point out that I will be recusing myself since this is my wife's bargaining unit.

Alderman O'Brien

I will be recusing myself as well because my wife is also working as a para.

MOTION BY ALDERMAN WILSHIRE TO RECOMMEND FINAL PASSAGE

ON THE QUESTION

Mr. Robert G. Hallowell, Board of Education

This is a two-year deal which is covering this year and through next year. The salary increase in this current year is 1.5% which is money that we had already set aside for contract negotiations. Next year's is a 2% increase but it's delayed through half of the year so it ends up being a 1% increase. Martin Luther King Day is added as the last day of the contract so you won't see a cost for that in the two-year deal; it's actually a cost that gets born by the next year of the contract year. We added language that allows the city...the city had added some high deductible medical plans to make us compliant with Obamacare. We wrote in language that made it clear that we were offering that and we were not sure the language was really needed but we put it in there anyway. We also added a life insurance policy of \$10,000 per employee that was a full-time employee. I believe they are the only bargaining unit that doesn't have some sort of life insurance policy. This group has long been a group that I have negotiated with and tried to support and bringing them up to par with the other employees. Their medical benefits are based on a single person so when they want to do a family plan you only get whatever you would have paid for your single plan as a credit. That's fairly expensive to fix.

Chairman Dowd

The two sheets of paper on your desk came from Mr. Donovan of the school department.

Alderman Wilshire

Do the paras' medical benefits meet the minimum essential coverage for the ACA?

Ms. O'Gara

To meet the minimum essential coverage it has to be within 9.5% which is the poverty level and the high deductible plan, without the health savings account meets that requirement. They don't have to all take that they can choose from any of the plans that we have but that is the most affordable, especially for the ones at the bottom of the salary scale.

Alderman Wilshire

Is it still the case that they participate by paying 50% of the cost of the health insurance?

Ms. O'Gara

The percentage that the city district pays is tiered at \$65.70 and \$67.80 depending on how many years of service that they have and that's only on a single plan.

Alderman Wilshire

At what level does it go up at?

Ms. O'Gara

I think it is 1-4; 5-9; and then 10+ is at 80%. The high deductible plan without the health savings account is at 80%.

Mr. Hallowell

The 9.5% is based off of the single insurance plan rates. The Healthcare Act doesn't concern itself with the family plan; there is no affordability for a family plan. There was already language in there that allowed us to have other options but we just wanted to make it explicit that this was to meet the Healthcare Act.

Alderman Siegel

I appreciate the contract, this is within the guidelines and I think everyone should remember that these employees are not compensated well at all. You've got to be a little sensitive when tossing around percentages when your percent is really low then the actual cash out is relatively small potatoes. We would be hard pressed to claim that this contract and what they are being paid does not give us a tremendous value on the dollar so I am definitely in favor of this.

Alderman Schoneman

The top line says 408 employees, are most of these para's full-time or part-time?

Ms. O'Gara

354 are full-time and the rest, I think there are 54 part-time.

Alderman Schoneman

On the insurance, do most of these employees take an insurance plan or are they insured elsewhere?

Mr. Hallowell

There is a lower rate of them that take this because often they will take their partners plan because it provides better coverage family-wise. I think the teachers, better than 80% of them are taking our healthcare we are going to guess that the para's are probably more like 60%.

Alderman Schoneman

Of all the contracts that I've ever seen I think that this group certainly in my mind, we will get the best value from. I like that the percentages are within the spending cap and I understand it's a small amount of money but the spending cap does operate on percentages. My overall concern is of course the overall budget and my expectation is that schools will hit the number and I understand the difficulty with doing it but that doesn't change the fact that that should be the expectation. I presume that's the goal so if the schools are supposed to hit the number and we know already that the percentage of increase for the school budget is coming in way over the 1.2%, I think there are two numbers 2.9% and 2.2% and to spend this money even though it's small and a good value causes, all other things being equal, that number to be further away from the goal than it would be otherwise so I just want to be clear that although I support the value that para's give, I think they give a lot and are on the front lines more than anybody, I think there's probably more education being done by the para's than anybody else. My concern is just that to do this is to cause schools to be further away from the goal than they would otherwise be. I support the contract but my overall concern is the overall budget.

Mr. Hallowell

With due respect, I think these employees would appreciate you voting for a contract that meets all of your goals and probably wouldn't like that you've vote against our budget when it comes in if it's more than you want. It doesn't seem fair, in my view, to...these employees are not getting, as Alderman Siegel pointed out, they are not the highest paid employees in this district and they don't have the best benefits and in spite of that they came within the spending cap with relatively minor changes to the rest of the contract so I certainly would lobby for your vote for this group and the group that follows.

Alderman Schoneman

I am supporting this contract and I would support the group that follows for other reasons. Again, my concern is the overall budget and if the overall budget is \$121,932 over the 1.3% cap then I would still support that budget but I think it's going to be more than that over, it's going to be well beyond that over. Although I am supporting the contract I don't want it to, and I know it appears strange because I want to support these folks but I am not happy that the overall budget is going to come in for the school department well above this.

MOTION CARRIED

Alderman O'Brien

I will now reinstate myself as part of the meeting.

Chairman Dowd

Assumed and I will also assume that Alderman McCarthy is as well.

R-16-003

- Endorsers: Alderman Richard A. Dowd
- Alderman Benjamin M. Clemons
- Alderman Mary Ann Melizzi-Golja
- Alderman Tom Lopez

APPROVING THE COST ITEMS OF A COLLECTIVE BARGAINING AGREEMENT BETWEEN THE NASHUA BOARD OF EDUCATION AND THE NASHUA TEACHERS' UNION, LOCAL 1044, AFT, AFL-CIO, UNIT D, FOOD SERVICE WORKERS FROM SEPTEMBER 1, 2015 THROUGH AUGUST 31, 2018

MOTION BY ALDERMAN WILSHIRE TO RECOMMEND FINAL PASSAGE

ON THE QUESTION

Chairman Dowd

This group is self-funding so it's not part of the overall budget; it does not come out of the operating budget.

Mr. George Farrington, Board of Education

I am here for moral support as I joined in these negotiations late in the process but Ms. Van Twuyver couldn't be here.

Ms. O'Gara

This is a 3-year contract and the first year the overall increase over the previous year is 1.32% and the second year is 1.26% and 1.24% in the final year. It does include a 1% salary increase in steps in each of those years. We also because we have food service staff, about 16 of them that work over 30 hours we had to include in the contract coverage under the Affordable Care Act and provide them with health insurance. Even though we have about 16 staff there are only about four of them who are enrolled in our health insurance. We did increase severance for cooks. We have 20 cooks in the district and that includes our lead cooks. We have two cooks at Elm Street Middle School because it is our largest middle school and we have a lead cook and a cook at each of our high schools. It's only a \$10.00 increase. The severance is a payout of the sick days and there maxed at 100 days. We only have 12 cooks who have over 10 years of service right now and if they did decide to retire they would be eligible for it and only 5 of them have over 80 days. We also negotiated requiring ServSafe training for all of our cooks and if they have school nutrition association they get another .50 per hour so we've mandated that they have to show us the certification every year to keep that .50 per hour on their pay. Overall year one is 1.5%, year two is 1.7% and year three is 1.9%. This is self-funded; there is no cost to the operating budget at all. Our food service department as well as the para's work very hard in our school district.

Mr. Hallowell

The Board of Education has just approved an increase on the meals .10 per meal at the middle and elementary schools and .15 at the high school. Totally unrelated to this I can't begin to explain to you but it's a requirement by the federal government that in order to continue to participate in the free and reduced lunch program that we have there is some exotic formula that we have to comply with in the price of our lunches relative to the cost of the meals that we give out in the free and reduced program. Some people may think that it's associated with this but it was just a requirement that we had.

Alderman Wilshire

You have 13,000 students that you have to keep track of. Where I work we have 30 students and we have to do the same thing that you have to do with 13,000 students so I get it. Food service workers work hard and ServSafe for the school nutrition program, they like to see that and I like the idea that if they are certified for the school nutrition program that .50 per hour is a lot of extra work for the little amount they get. I think it's a good contract.

Alderman Siegel

I'd like to commend the Board for putting the ServSafe requirement in because that is really important. Being a former restaurant owner that was a requirement and you've seen plenty of stories in the news about not handling food correctly and that's exactly what ServSafe is about and it does make a difference, the training is very good.

Alderman Schoneman

I do support these folks as well, I think we get good value from them and the fact that it's covered by other sources of funds is good. What is the turnover besides retirements in either of these groups?

Ms. O'Gara

This group not so much but the para educators are probably a little bit more.

Alderman Schoneman

Can you quantify that in any way, one per year, ten per year?

Ms. O'Gara

We have a large group of para's that have been with us for a long time. It's mostly the past couple of years. We haven't had any step increases because the steps are almost unaffordable and so I think they can only come in at the same step as the rest of the staff so I think over the past couple of years we have lost a lot.

Chairman Dowd

Some of your para's also are qualified teachers that haven't found a teaching position and then they move into a teaching job.

Ms. O'Gara

Yes, we love it when our para-educators are certified as teachers because when we have long-term substitute positions we can quickly put them into the position after the hiring process.

Alderman Schoneman

So the turnover is not from one para job to another para job in some other district, it's from para to teacher in the same district?

Ms. O'Gara

It can be from para to teacher in the Nashua district.

Mr. Hallowell

We have a lot of new para's that come in every year and because this job is really hard. There's a lot of turnover with the younger ones but it's not huge.

MOTION CARRIED

R-16-004

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

RELATIVE TO THE APPROPRIATION OF \$9,282 FROM ACCOUNT #107-51 "CITY CLERK – SALARIES & WAGES" INTO NEW ACCOUNT #107-71 "CITY CLERK – EQUIPMENT" FOR THE PURCHASE OF A COLOR LASER PRINTER

MOTION BY ALDERMAN WILSHIRE TO RECOMMEND FINAL PASSAGE

ON THE QUESTION

Ms. Patricia Piecuch, City Clerk

The copier that we currently have now 6 ½ years old and I think every single part on it has been replaced. It got us through our presidential election very carefully. Currently our machine has made 837,000 copies and that's just what we do in our office, never mind what we send down to the print shop. We are looking at upgrading it so we do have the color necessity so when it comes time for a certain document that we need in color for the election officials we have the capability to do it in-house.

Alderman McGuinness

How old is the machine?

Ms. Piecuch

It was purchased in June of 2009 and it's 6 ½ years old.

Alderman McGuinness

How much did it cost back then?

Ms. Piecuch

The price back in 2009 and that was for a black and white was \$8,969.

Alderman Siegel

Why are we using a laser printer as opposed to a more modern ink jet printer?

Ms. Piecuch

It's not a laser printer it's a laser copier. It's a Xerox Work Center 5645. We are going from a 45 page per minute printer to a 55 page per minute printer.

Alderman McCarthy

It's a nit but I would move to amend in the title by changing the word appropriation to transfer.

**MOTION BY ALDERMAN MCCARTHY TO AMEND BY CHANGING THE WORD APPROPRIATION TO TRANSFER IN THE TITLE
MOTION CARRIED**

Chairman Dowd

The motion on the floor is for final passage.

MOTION CARRIED

R-16-006

Endorsers: Mayor Jim Donchess
Alderman Richard A. Dowd
Alderman-at-Large Michael B. O'Brien, Sr.

**RELATIVE TO THE TRANSFER OF \$200,000 FROM DEPARTMENT 194 "CONTINGENCY",
ACCOUNT #70100 "GENERAL CONTINGENCY" INTO VARIOUS ACCOUNTS FOR RETIREMENT
AND UTILITY COSTS**

MOTION BY ALDERMAN WILSHIRE TO RECOMMEND FINAL PASSAGE

ON THE QUESTION

Mr. Griffin

This motion does two things. We start with the easiest one first. The \$50,000 to go from contingency to the Department of Public Works Admin/Engineering is to pay for the utilities associated with the recently acquired Burke Street facility. As you know we bonded for the purchase of the facility but we did not include in that bonding authority any utility expenses so the purpose of the \$50,000 is to sure up and pay Eversource, Liberty Utilities and Pennichuck. My expectation is that this \$50,000 will take us through April at which time the plan would be to have a bonding authorization for the architect engineering effort as well as the continuing utilities. It's my understanding that we can charge any and all costs relating to the facility to the bond. If that's not the case we will be coming back to maybe ask for some more transfer but that would be the objective from my perspective.

Alderman Siegel

That was part A, how about part B?

Mr. Griffin

Just by way of background, the last few years we have appropriated \$450,000 to the retirement trust fund as a transfer. That has served us very well over the last few years. This particular year has been a little bit different as we've had a significant drain on that fund to the point where there is no funds left in the account. We started off with the \$5K balance coming into this fiscal year, we appropriated \$450,000 and we've used that entire amount up. \$455,467.31 has gone to pay retired city workers. This particular amount, \$150,000 will help us pay some recently retired folks and I'll explain that in a minute and also some future retirements that we are expecting in fiscal '16. How this particular fund works is money goes in and if the individual retires from the department in which they work money is transferred from this fund into the department in which they work. The accounting staff provides on a monthly basis that transfer information to the Board of Aldermen as well as the Mayor and myself. The \$150,000 is going to take care of what I estimate to be \$120,000 of retirements that have either just taken place or will take place in the near future. There's approximately \$254,000 of retirements predominantly in the fire and police departments that need to be covered going

forward. My approach here recommending to Mayor Donchess was to go with the initial \$150,000 and cover the smaller payouts in different departments to sure them up and then monitor over the next several months, prior to the year-end if we need any additional funds. If those departments cannot support the payouts of these amounts we may very well be back again to transfer money, as probably a last act, transfer money into those departments to pay for the retirements. All totaled I am estimating about \$830,000 of retirement payments this year and as I mentioned we only budgeted \$450,000.

Alderman McCarthy

On the public works part, I assume that means we will see a \$50,000 uplift in the public works budget for FY '17 to cover the energy costs next year?

Mr. Griffin

The objective I would recommend to bond, to basically fund those amounts.

Alderman McCarthy

We can't do that. We can't bond energy costs.

Mr. Griffin

The operations...we are going to have work done in there, right? That was the thought.

Alderman McCarthy

Right but the energy...if it is \$50,000 to keep the building heated this year it's going to be that much next year, correct?

Mr. Griffin

Correct.

Alderman McCarthy

So I assume we will see that in their budget, we can't pay for that out of bond proceeds.

Mr. Griffin

It was my thought that the building is not used and useful at this point so anything related to the cost but it's certainly subject to debate.

Alderman McCarthy

Bonding has to be over the useful life of the improvement which if it is an energy cost is a single year.

Mr. Griffin

That was my recommendation but it's certainly debatable if that's the way...but the \$50,000 is if I may, is half of what we are going to need. If work is being conducted in there where more heat, power and light, it could be a lot more.

Alderman McCarthy

My other question is why are we so short on the retirement appropriations; did we not put enough money in the budget to cover that?

Mr. Griffin

Yes. I'll go back in history for one second if I may. My second year here there was the total amount paid out was \$1.9 million. If you recall there was significant changes taking place at the New Hampshire Retirement System and individuals at that time felt it was appropriate to retire. That was I believe in 2012. In 2013, 2014 and 2015 we actually appropriated a good amount and we actually carried money over into the next year. In fiscal '15 we ended up with a \$5,000 balance. This year there was a significant run on retirements.

Alderman McCarthy

Do we understand why that is? The last one we knew was coming and we basically prepared for that. If we have a large overrun this year that we don't understand then I am wondering if we are going to see that again when the budget comes in in a couple of months.

Mr. Griffin

The predominant retirements were in the police department. They could probably answer that a little bit better than I could but there were significant payouts and there were several of them that retired.

Alderman Siegel

Just to clarify the word retirement doesn't mean they all served and went until age 65 and then retired; it means they left and had vesting and they could then get a payout from the retirement system. It isn't the same as we didn't see a bunch of people coming to the end of their career life cycle and that's part of it. Actually it should be a cause of concern because it represents attrition of potential valuable people. You really can't predict that. You can say what are the market forces that are driving people to seek other positions and if they are in skilled positions like our life safety and police department and IT that's a problem for the city. Unfortunately the market forces are what is causing that and we can't control that except by providing a more attractive alternative. The other thing is regarding the bonding of energy costs, actually I believe that our energy cost would be significantly more once the whole facility is up and running but we are not heating the whole facility. The energy costs I believe can be put in the bond because they are part of the construction cost as a necessary condition to do the work that is there. To the extent that it's not occupied right now in any sense it represents a building that is being prepared and undergoing construction going forward. The second that we start using it for a specific purpose like an office building then we can no longer say that it is something we can put in the bond but I agree with our CFO that this is something that we can put in under those circumstances.

Alderman McCarthy

Where does that leave the contingency account?

Mr. Griffin

The contingency was funded at \$250,000 so subtracting the \$200,000 there is \$50,000 left.

MOTION CARRIED

R-16-009

Endorsers: Alderman-at-Large Lori Wilshire
Alderman Benjamin M. Clemons
Alderwoman Mary Ann Melizzi-Golja

**APPROVING THE COST ITEMS OF A COLLECTIVE BARGAINING AGREEMENT BETWEEN
THE NASHUA POLICE COMMISSION AND THE NASHUA POLICE SUPERVISORS ASSOCIATION
FROM JULY 1, 2015 THROUGH JUNE 30, 2019 AND RELATED TRANSFERS**

MOTION BY ALDERMAN WILSHIRE TO RECOMMEND FINAL PASSAGE

ON THE QUESTION

Chairman Dowd

Let the record show that Corporation Counsel, Steve Bennett has joined us, Mr. Griffin is still here, Chief Andrew Lavoie is here, Mr. Jim Tollner, Police Commissioner is here and Deputy Chief Mike Carignan is here as well as the finance officer.

Commissioner Tollner

When we look at contracts it's always a tough pill for the Board of Aldermen and the taxpayers as we work on many of the financial components for the city. I would like to take a moment to recognize the work of the supervisors. Nashua, like a lot of cities, finds itself addressing heightened work issues and dealing with a variety of issues, gun violence, the heroin epidemic and child abuse just to mention a few. The science of policing has become something with many moving parts and this dynamic is something that our supervisors have shouldered with a great deal of success. I only ask that you give this contract a fair review and after that fair review your approval.

Deputy Chief Carignan

This collective bargaining agreement consists of 32 supervisors, 9 lieutenants and 23 sergeants. The first item is article 10, vacation. Under the current collective bargaining agreement vacation time is accrued and supervisors can accrue up to 40 days, 8 weeks of vacation and upon retirement they can cash that out in addition to sick time. Those 40 days from the time of accrual you can take that money out anytime you leave. With the new round of supervisors being promoted and changes in the retirement system a couple of years ago, the supervisors are no longer able to count those 40 days towards their retirement pension and as a result of that part of the negotiations they were interested in being able to take that money early. They wouldn't be able to take it out before accrual, they still would have had to accrue their time before they could take it out and after a couple of conversations with the union and John Griffin, we tried to address a couple of concerns. The vacation payout, we would limit it to 10 officers per year and we would allow them to only take 10 days per year. Each time a supervisor took that time out it would be deducted from their 8 week total. By that I mean at the end of the contract if they had taken 2 weeks out they would only get to cash out 6 weeks. It would never add to the total at the end. The request to me was extremely reasonable. It allows the supervisors to take a portion of money out in any given year for any financial reason that they may see fit. What it does for the city is it does allow the city to pay out that at an earlier lower rate. An example of that would be if a sergeant now took out 10 days it would roughly equate to about \$1,200 for this year, for savings between now and if they took it out at the end and that's not including promotions or educational incentives or longevity. There is a value long-term; you are basically paying the retirement out over a period of time for several of the officers. It's a little bit of a unique article because traditionally that money has always come from, as they retire it comes out of that fund that you discussed earlier and it was a way for us to afford them the opportunity to take it out as they go since they can no longer cash out and put it towards their retirement. The next item, article 13, clothes allowance, we are asking for it to increase from \$800 to \$900 annually. That

figure has not increased since 2009. The chief purchased a pair of pants the other day for \$97.00 so clothing costs has gone up. In the increase to cost of clothing over the last 6 years officers now are taxed for the clothing that they buy so you definitely don't get the value that you got before. The next item is article 14, this was the biggest giving point from the supervisors, they agreed to remove the name Carriers from the insurance company. Steve and I very adamantly made clear that we wanted it removed and they agreed. The added high dental plan option at the employee's sole expense is a non-cost item to the city and it also added a provision for implementing or contesting the introduction of a comparable plan by the city. The intention was to allow the city to be able to open up and negotiate different insurance companies at different rates to be more competitive and hopefully save money as a whole. The next item is article 14a, the wellness reimbursement; we increased the wellness from \$250 to \$350 annually. Many of the supervisors that are now being promoted are forced to not only pass a yearly annual physical fitness test at the NPD but they are also required to pass every three years physical fitness standards at the New Hampshire Police Academy. If you don't pass that you run the risk of losing your certification. They are required to maintain their position as police officers to pass this exam but yet they are not allowed to work out on duty so we require them to work out and pass the test on their own time. Many of the types of workouts that the officers are now doing are a little bit different, they belong to cross fit style gyms and some of those gyms can cost between \$160 and \$300 per month. Our supervisors are physically fit and prepared to do the job. The next article is 21, personal days, we have increased the number of personal days from 4 to 6 per year. They come out of the supervisor's sick days which are accrued at about 15 days per year. One thing I want to note on the personal days is if a person elects to take a personal and it will require backfill overtime we can deny it. Item 24, it defines some time worked, all the different types of days off we have, it just defines them as days worked. I believe that we added that into the UAW contract that we had the last time and it was standard language that we felt just belonged in each of them to define what our days are. Item 28 is the July 1st 2% and January 1st 1% through fiscal years '16, '17, '18 and 19. In addition to that a 1.5% base salary increase for sergeants with a minimum of 12 years of service and 3 years in grade and the lieutenants with a minimum of 12 years of service and 2 years in grade. That item right now is anticipated to affect 8 officers in '16 and in '17 four officers. The collective bargaining agreement runs through June 30, 2019.

Alderman McCarthy

On the personal days, so they get some number of sick days which is like 15 and the personal days are part of that 15 that they can take as personal time without being sick or is that on top of the?

Deputy Chief Carignan

No, the 15 days, currently 4 of them come off of your sick time.

Alderman McCarthy

And we typically don't back fill?

Deputy Chief Carignan

We will turn down the request for a personal day if it will require us to backfill.

Alderman Siegel

I was privileged to have a conversation with Deputy Chief Carignan and Chief Lavoie and Karen Smith. They cleared up a bunch of things that I think are very important for this committee to know. I'll tell you right now that I don't like the contract but I can strip out the things and I need to clarify some stuff as to why I would vote for it whether I liked it or not. There's an increase that is high above the spending cap and of course there is always a point at which you say look, as much as I love you guys that's too high. The problem is that we actually don't have the ability to say well, that's too high and go back and knock it down. There's a provision

which basically says that's what they get and that's not really something that there is any flexibility on because of the requirement to match another contract. If you look at that, that is the thing that glares at you in the face and the retirement costs, the pension plan costs are pegged directly off of that. So if you look at that you say alright those are two items that I can hate all I want but if we turn it down and let's say we voted 15-0; we all said I hate this and we turn it down, it doesn't matter because it's going to come back anyway. But here's what is going to happen, it's going to come back and be put back in the contract whether we like it or not but they will be working without a contract and the length of time it takes for the inevitable to happen and then we will have a bunch of demoralized staff members at the top level and we've gained nothing; we haven't saved any money we have just demoralized people. The clothing allowance is clearly something that hasn't been increased and because of the additional cost burden it's actually going backwards if you look at it historically. The key thing I think is the healthcare giveback, which is a huge thing because I was informed that this was the last bargaining unit that had to do that so now we have a clean sweep and the city go out for bid as one whole and that's a plus. Honestly, I have to say that given there wasn't much leverage on the rest of the contract it's kind of interesting that we got a giveback like that because it is entirely possible they could have said no. Let's assume we reject this contract, now it goes back and they are going to get the 3% anyway plus all of the pension costs and now they'll say you know about that name Carrier thing, well we changed our mind. The most major items are ones that we have no control over. It doesn't matter if you like them or not. The rest of the stuff is actually relatively minor in some instances or they are elements that have bargained that work greatly to our favor. Actually I was a little concerned about the early vacation payout because my first reaction is wait a minute, how is that helpful but if you look at the present value of cashing that out it's says okay I'm being paid in cheaper dollars because the net present value of money to us right now because of the low inflation rate is actually fairly low but the salary increases and the pension that rides along with those salary increases, that's a big deal for us. It turns out that as turned off as I was originally by it; it actually ends up saving the city money every time somebody does do that. So, it either doesn't hurt us or it helps us. Unfortunately the thing we hate the most is the thing we can't control and it doesn't matter if we vote against it so I would urge my colleagues to vote for this because this is what we are going to have or worse and that's just the way it is.

Chairman Dowd

Deputy Carignan, part of this is to try to take care of the gap between the patrolmen and the supervisors; that took a small leap in that the last time the contract came through but this is also trying to expand that gap a little bit.

Deputy Chief Carignan

Correct. My understanding is that they had negotiated several times with this contract, the supervisors in particular before the patrolmen's was settled and they were able to come to the one year agreement that a patrolman's settle something different so we are trying to maintain that gap between the patrolmen and the supervisors on a consistent basis.

Alderman McCarthy

Just so I am clear, when you say that the salary increase is going to be the same no matter what we do, I am assuming that means that the existing contract has a parity clause with the patrolmen's contract that would be in effect even if the new contract is not approved?

Chief Lavoie

Yes, what they have is in effect is a "me too" clause and that states that anything in the patrolmen's contract cost item wise is at least mirrored in the supervisor's. The supervisor's contract expired but they also have what's called an 'evergreen" clause in their contract which states everything stays in force until it's superseded by a new agreement. We offered them the base that we could.

Chairman Dowd

Mr. Griffin, can you quantify the concession in the insurance for us?

Mr. Griffin

That's an interesting question. I can just say that taking out the name Carriers does not lock us in to the two we have now. There was quantification a few years ago and I'm struggling with the percentages but it might have been 10% to 20% lower on the admin fees. We were paying claims as incurred and to the extent that it becomes more competition in New Hampshire it's not a bad thing to get that out. As Alderman Siegel said, it's the last contract that had that in there so now we are all on the same page.

Commissioner Tollner

Since I work for one of the insurance carriers, this will either work for a particular carrier or against a particular carrier but given the fact that this is the last contract that and that concern has been eliminated, even if you keep the same carriers you could put your business out to bid and when you put that out to bid to a number of choices, in this case now you can go out to four, maybe five; the city can use that as leverage to the existing carriers when they are negotiating. I'll point out about ten years ago that the city had signed contracts with a carrier but they are not working with the city now and they thought that whole deal was done until they sat down with the unions and the unions said hold on a second they are not a named carrier in the contract. Regardless of what the savings of the program is if we are not comfortable with it we are not going to approve it. That deal fell through and at that time, ten years ago it probably would have saved the city somewhere between \$700,000 and \$800,000. Now you have total free reign on going out and quoting, hopefully you'll keep Carrier for right now but you can make us work a little bit hard.

Alderman Siegel

Just one final note because people may be saying great they had this "me too" clause so why did we give the patrolmen what we gave them. That was a debate that we had last term and that happened and it was important because we had information that our application numbers were down 50% because we weren't being competitive. Being a police officer used to be, hey what do you want to do Johnny when you grow up and it was like I want to be a police officer and now it's like you go onto to You Tube and it's nothing but vilification so God Bless for being a police officer. It's hard enough and so that really motivated us to make sure that our department never got to the point where we weren't getting the top quality potential recruits and that probably set the stage for where we are now with this contract, the one that we really have no choice but to approve.

Chairman Dowd

I had the opportunity to sit in on the testimonies from various members of the public and law enforcement in the certification process for the Nashua Police Department and the words that were spoken about the professionalism and the qualifications of the Nashua Police Department were something that everyone should hear. They stand well above a lot of these departments that aren't qualified and certified and they should be held to a high account for being certified to that degree.

Alderman Schoneman

I agree that we have a very fine police department and I am grateful for that. Going back to the "evergreen" clause, the parody agreement between the two, what would that parody percentage be, let's say this contract didn't pass, what would these numbers be at the bottom of the page?

Ms. Karen Smith, Finance Officer, Nashua Police Department

Wages would not increase like a 2% or 1%, what would stay in effect would be the in-grade promotions. There are different levels and they would continue to move say from their...for the patrolmen it would be their senior patrol, mass patrol and mass patrolmen two, each of those levels have a percentage increase.

Chief Lavoie

This being a supervisor's contract they wouldn't move at all because they currently have no step increases, they would stay at zero until a new contract is done. The patrolmen went over three years without a contract and they got retro pay on that. The supervisors would get retro...

Alderman Schoneman

To whatever was ultimately in the contract.

Chief Lavoie

Correct.

Alderman Schoneman

Then I'm a little confused on the notion of the parody in the "evergreen" clause. My understanding was that if this didn't pass there would still be increases because of an "evergreen" clause or a parody clause.

Chief Lavoie

There would be eventually. When a new contract is done it supersedes the...you remain the same until superseded by a new agreement. That new agreement because of the "me too" clause would have to include equal raises to what the patrolmen have, which at this point is what we have presented here so if you don't pay it this year it's going to have to be back paid.

Alderman Schoneman

I see so these amounts are equal to what the patrolmen have?

Chief Lavoie

Correct.

Alderman Schoneman

The next question is, of course we are heading towards budget season; do you anticipate the police department coming in at 1.2% above what they were last year?

Chief Lavoie

No, we will be higher than that. We have been guidance by the Mayor and our guideline has been set at 2.5% and we feel fairly confident that we can hit that number. We will not be able to make a 1.3%.

Alderman Schoneman

It's going to be an interesting year.

Alderman O'Brien

On article 10, when they receive the cash value payment, that money does, like as in your retirement go up to the state at cash value or what they basically pay?

Deputy Chief Carignan

If I understand your question correctly there are several of us who...half of the union does and half of them don't, it depends on your date of hire. Newer supervisors that are getting promoted now, that money doesn't factor into their retirement.

Alderman O'Brien

So not everybody is in the state retirement system?

Deputy Chief Carignan

They are in the retirement system but with the changes several years back they don't factor in the vacation buy out. They can't use that money towards their retirement. That's one reason why they would like to take a portion of it earlier.

Alderman McGuinness

Deputy Carignan, I have one thing I'd like clarification on. I know Alderman Siegel spoke about the net present value and that's a great concept but it's actually cheaper.

Deputy Chief Carignan

It's cheaper now. If you pay me 2 weeks' vacation now as opposed to 10 years from now, there's been several cost of living increase and possible promotions so the cost at the end of it is going to be a lot higher. We estimated it about over the course of 8 weeks to be about \$4,000 but don't quote me on that number; just based on the daily rate of pay. We limit it to 10 officers that can take it per year and we are not even sure that all 10 will take it but we limit it to 10 to see how that works and transpires.

Alderman McGuinness

How do you decide which 10?

Deputy Chief Carignan

That decision was agreed on by the union that they will operate their rules as to which 10 they can choose, whether they do it by seniority or fist come first serve that's up to them

MOTION CARRIED

NEW BUSINESS – ORDINANCES – None

GENERAL DISCUSSION - None

PUBLIC COMMENT

Mr. Bob Sherman, 7C Taggart Drive

Next week is school vacation week and I may not be here but I wish you would tell the rest of your fellow members that both units thank you because I think with the unanimous support given from this committee I think a majority of the rest of your colleagues will go along so I just want to state that. Since you also mentioned the spending cap, the spending cap just recently from last year, the figures were revised and they went up given the new spending cap according to Gary Hoffman and therefore the spending cap last year should have been around 2% but I just want you to realize that instead of maybe 1.3% this coming year it might be 1.5% or somewhere between 1.5% and 2%. I will try to keep you updated as I am sure Gary will too as he was the author of getting the spending cap revised. Thank you all.

REMARKS BY THE ALDERMEN

Alderman Siegel

Whatever that number gets revised by let's not forget that we have this pension obligation that we have to pay and that is non-negotiable and that does reduce our available amount of money no matter what calculation we use.

POSSIBLE NON-PUBLIC SESSION

ADJOURNMENT

**MOTION BY ALDERMAN MCGUINNESS TO ADJOURN
MOTION CARRIED**

The meeting was declared closed at 8:16 p.m.

Alderman Sean M. McGuinness
Committee Clerk

Food Services Contract

- 3 Year Contract covering the period 9-1-2015 through 8-31-2018
- Salary Increase in Year 1 – 1.32%
- Salary Increase in Year 2 – 1.26%
- Salary Increase in Year 3 – 1.24%
- Steps are included in the percentage increases above

Health Insurance eligibility reduced from 35 hours per week to 30 hours per week to meet eligibility requirements of the Affordable Care Act.

Severance increased for 20 positions Cook and Lead Cook from \$40 per Day to \$50 per day.

Require confirmation of School Nutrition Association Certification to keep the .50 cent per hour pay rate increase.

Required SERVSAFE training for all cooks or position can be transferred down to Level 2 position.

Food service is a self-sustaining special revenue fund and all costs incurred are charged to this fund. There is no effect on the operating budget of the School District.

Paraprofessional Contract

2 Year contract covering the period 7-1-2015 through 6-30-2017

Salary Increase in Year 1 is 1.5%

Salary Increase in Year 2 is 2% but delayed half a year producing a 1% increase in FY17

Holiday (MLK Day) added but not until end of this two year contract.

High Deductible Medical plan added to meet the requirements of the Affordable care Act