BUDGET REVIEW COMMITTEE

MAY 18, 2016

A meeting of the Budget Review Committee was held Wednesday, May 18, 2016, at 7:29 p.m. in the Aldermanic Chamber.

Alderman 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: Alderman June M. Caron

PUBLIC COMMENT - None

COMMUNICATIONS - None

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101 – MAYOR'S OFFICE

Mayor Donchess

As you can see, the overall budget is down and the head count is the same. The main variance is that in last years' budget there was a $14,000 item for the legislative liaison and after getting some comments from the Nashua Delegation, I asked David Fredette, the City Treasurer; as well as Derek Danielson who works for CFO John Griffin, to monitor the bills and provide an update to the Legislative Delegation regarding any bills

that the city might have a position on, especially those bills that would cost the city money in any respect. David Fredette and Mr. Danielson did a very good job of that, they updated the Delegation at least on a weekly basis via e-mail and on several occasions went to Concord to speak with our Delegation members. As a result of taking that approach we saved $14,000 but in the budget on the theory that we would conduct business in the same way next year, I proposed that we give Mr. Danielson whose normal responsibilities have nothing to do with watching or monitoring or evaluating legislation, that we give him a stipend which appears in the budget; that being $5,000. The Delegation I know that in the meeting the Board had with them proposed the idea of a lobbyist. We did investigate that in terms of cost but it's far more expensive. The quote we got for $25,000 was simply to keep us updated on the Bills just like David and Derek have been doing. There is no lobbyist in the budget. Given what the legislature is costing us every year I think the suggestion of getting together with maybe Manchester and seeing if we could tie our lobbyist even though it would cost a lot more money; it might be worth it. We are being hit with millions of dollars every year of additional property taxes by the legislature so maybe it is worth investing $50,000. That is not in the budget but I'm not against that in any way. Right now the only budgeted item is the stipend for Mr. Danielson. I think that gives you an overview.

Alderman Siegel

I have no real problem with the budget or the stipend; I think it's a great idea. I don't see why we need a lobbyist. Our elected representatives are supposed to be our lobbyists, why in God's name would we pay somebody else to do the job they are supposed to do? If they are effective then that's a different story. Lobbyists are used by companies and other interests that don't have a natural elected body representing them so I would be confused by the whole concept of a lobbyist.

Mayor Donchess

Well I didn't propose one.

Alderman Siegel

Yes, but you did say that $50,000 might be a good idea.

Mayor Donchess

I did say that. One example is that the pension costs are going to go up by $2 million as a result of changes made by the New Hampshire Retirement Board pursuant to a legislative mandate for fiscal '18; $2 million per year. Often times, lobbyists help to accomplish goals in a legislative body and therefore it is something that we could consider. I think in the next session we want to propose legislation that will revise the legislative mandate as to the requirement that the Pension Board goes to 100% of the liability of the pension system by 2039. I guess if we were considering that decision you should talk to the legislature members but I am not proposing that we spend that money, I just said that if the Board thought it was a good idea that I wouldn't disagree with.

Alderman McCarthy

I agree with Alderman Siegel's assessment that our Delegation ought to be the ones who are lobbying for us but sometimes when we have to convince the North Country rather than hear it from another legislator they would rather hear the arguments from an expert, also known as somebody from out of town with a briefcase.

Mayor Donchess

There are members of the legislature in our Delegation that is assigned to a specific committee. They go to that committee and they get in depth on a very specialized area in the legislature and they may around trying to persuade people to vote on a particular item that is unrelated to their committee. Maybe if we develop a

conservative strategy to try to do something about this pension legislation and we communicate and educate our members going into the session then maybe we can be more effective in helping our legislators communicate across the 400 members. I take the points made by Alderman Siegel and Alderman McCarthy.

Chairman Dowd

I think the difference is that our legislator's; there are many of them and they have differing opinions and most often they don't line up with the opinion of this city or this Board. If we had a lobbyist we would be paying to have exactly our position. I'm not advocating that we get a lobbyist I am just defining the differences.

Alderman O'Brien

I agree with the Mayor in taking the $14,000 out at this time. The idea with the lobbyist, maybe we have some time to look at the different venues that are out there. Maybe we could use a lobbyist in the case of the pensions or the rail. We could maybe look at other situations that are cheaper than a full-fledged lobbyist to do exactly what they basically do. I think the current Delegation is pretty good and cohesive with the issues on Nashua. They are all aware of the pension system cost to the city but again, it's trying to convince others and as you know the state is mandated by a particular party system and how they influence other people and many of our Delegation vote for Nashua and that takes strength. Alderman McCarthy brought up an example of someone living in Bartlett, NH. They may only have a handful of teachers and they may only have a couple of police officers so their liabilities aren't as hurtful as compared to the City of Nashua with the amount of police, fire and teachers that we have. We need something to sell the Nashua idea and working with Manchester is another good idea because we have some of the same problems.

Mayor Donchess

Going into the next session my plan is to communicate with other cities and towns across the state that are facing this same pension issue to pursue a modification of the legislative mandate pertaining to pension. Anybody who has a full-time police or fire department is facing the same thing. So to motivate communities to talk to their own legislator's as we will do with ours. I can consider the conservation of the lobbyist sort of a hypothetical one, it's not in the budget and I don't get the idea that the Aldermen would approve it if it were proposed so I think the other way of pursuing this issue is probably the best way to go.

Alderman McGuinness

Not everyone is together on the Delegation, they are split on philosophically and they focus on their own committee assignments. A lot of the policy that we might want to pursue up there is going to come out of the Mayor's office anyway. I found lobbyists to be very effective and I think it might be something for the future and getting together with perhaps Manchester is possibly a good investment.

Alderman Schoneman

I noticed that in a number of departments it looks like whatever we spent last year on photocopier leases is going down to zero this year. Are we doing something different with our copiers?

Mr. Griffin

We are putting that under the direction of the IT Department which would be more effectively controlled in the IT Department.

Alderman Schoneman

So we are essentially doing it ourselves in-house instead of buying the services outside?

Mr. Griffin

The copier lease is with U.S. Bank and the copier maintenance would have been expenditures on copiers that we would have purchased. There were dollars in the budgets in City Hall to cover these expenses and we thought it would be more effective to move them together in the IT Department.

Alderman Schoneman

So we are still leasing and getting maintenance services, we are not doing it in-house?

Mr. Griffin

Correct.

Alderman McCarthy

I just want to comment that I think that's a terrible idea. I think the expenses ought to be budgeted in the departments that incur them regardless of who the actual expenditure agent is. I noticed that with our budget for the Board and I'd really rather see us have the cost associated with the people who are consuming the copies rather than having, I mean I can't tell how much paper the Board of Aldermen is printing from the IT budget with a single line item for copying.

Mr. Griffin

I would let Director Codagone answer that but I do think that he has the tracking mechanisms but that he is trying to marshal the costs to one area.

102 – BOARD OF ALDERMEN

Ms. Susan Lovering, Legislative Manager

Regarding our budget we are level funding all of the times with the exception of the merit step increases and our bottom line is under the 1.3% as well as the copier maintenance contracts and lease have been removed. Besides that we are about the same and I am confident we can provide the same level of service in the upcoming fiscal year with the budget presented.

Alderman O'Brien

The only thing that seems to disappear is the maintenance contracts for the copiers and the leasing that is going to be done by IT as proposed but as far as use and supplies there is still line items under #61 for those. Can we tell how much a particular office is using in supplies?

Ms. Lovering

For the photocopier paper, yes.

Alderman Siegel

The Board of Public Works recently voted to have your office do the transcription services for the Board of Public Works meetings and that's a different department but it isn't reflected here in the FTE. I thought we were going to get a chargeback for that.

Ms. Lovering

Those hours are going to be entered by DPW and with their line item. They are funding for that and I believe it's reflected in their budget.

Alderman Siegel

Effectively they are taking some portion of money and by paying into a fund to help pay for the stenographic services, I mean everybody in there I believe is on salary, right?

Ms. Lovering

This employee is hourly.

Alderman Siegel

Okay, never mind.

103 – LEGAL DEPARTMENT

Attorney Steve Bolton

Basically the Legal Department represents the city in all matters requiring legal representation. In addition to that we assist the Board of Aldermen in preparing legislation, we review all of the contracts, leases and other agreements that the city enters into. We represent the city in court actions and proceedings before administrative agencies and we do so with three lawyers and two legal assistants, all of whom are merit employees. The four employees other than the corporation counsel are getting increases in pay commensurate with the merit system rules; there is some slight savings since the corporation counsel; that is myself; started at a slightly lower rate than my predecessor and will not be getting any increase having just started months ago. The same thing is true in our budget as the photocopy machines. Essentially we are level funding and I should say that I didn't prepare this budget, it was waiting for me as I took office but I have looked at it and I do believe it will allow us, absent any extraordinary happenings, to provide the same level of function as we are providing now. One thing of note is that in lines concerning dues and employee training you will see that there is an imbalance in the amount of the year that's gone by and the amount that has been expended. It's typically that a lot of these expenses come to fruition in June of each year. That's when memberships to the New Hampshire Bar Association, which are required, come due and it's also when we have to be up-to-date with our continual legal education hours.

Alderman Siegel

The litigation related expenses in the 55495, Other Services, it's been higher than actually budgeted and I am going to guess that every year we probably spend more in litigation services than that small amount we budget because there's always something happening and we've even had legislation to fund litigation in the past. What are your thoughts on that?

Attorney Bolton

If it becomes necessary we will be looking to find money. Very often major litigation is the result of some project and the funding can come out of the project and may even be reimbursable such in the case of the Broad Street Parkway. We are hoping to recoup most of the litigation that is going on right now. One way or another, if it's required to spend some money to protect the interest of the city we will find a way to do it.

Alderman Siegel

Yes, I guess I would be hesitant to try to raise a line item because all of a sudden we would complicate the vote to pass the budget. I guess we will just have to live with that and see how it plays out.

107 – CITY CLERK'S OFFICE

Ms. Patricia D. Piecuch, City Clerk

My office is comprised on six staff and we are responsible for all of the vital records in the city; birth, marriages and deaths. We also handle and conduct all of the local, state and federal elections. We also issue other types of licensing permits including hawkers and peddlers, dogs and raffle permits. We feel we are the gate keeper to the city due to the fact that we are often times the first place the people will call. The fiscal '17 budget is $3,532 less than FY '16 but I would like to highlight some of the increases. One increase is the overtime salary because we have the presidential election in November and that day happens to be a Holiday so my staff will be paid at time and a half so it's going to be about a $1,500 hit for the election alone. The wages for elected and appointed officials; at this time we will be bringing in legislation, we are looking at providing the election officials a small incremental increase for the work that they do on Election Day. The cost for that for FY '17 would be $2610 which is basically $1,350 per election. For the appointed officials it would be $5,400 and that's because technically we would only be $1,350 per election but because of the November General Election, normally we have four ballots per Ward but we can anywhere between eight and twelve because it's based on the number of registered voters in the Ward. Right now Ward 1 is at twelve ballot inspectors and I expect that those numbers can change. Another line item that has increased by $4,800 is the election services. A lot of this has to do with the hiring of police officers. There will be school in September and we will be looking at moving two polling locations back to the schools. We are also looking at hiring police officers in November as well because we will need them for traffic control. Right now it's almost $60.00 per hour; it's a big increase. We also received an increase in our Acu-vote machine maintenance contract which is the first increase in over eight years. Also we are projecting an increase in the ballot coding for the election because now we have party elections and have more races so that cost will also go up. There is a slight increase in the mileage reimbursement and the conference and seminars due to the fact that I have new staff and still have an opening. We will have to send them for certification for state training so I did increase the item slightly. The printing line item, 55600, I did subtract the money for the printing of the ballots which is about $7,800 but last year we did not do a code supplement so in this year there is $6,100; last year when my predecessor put in the budget we had already gone over the budget by $30,000 because of the additional election so he did put in the codification. The last time we did it in FY '15 it was almost $5,900 so we are looking at $6,100 for the codification. Also, now that we don't have a print shop we have to go out for the envelopes and that's an additional $2,600, especially when we do our dog licensing I have to order 20,000 envelopes. The postage has increased almost by $8,000 and some of this has to do with the Presidential Primary where we have anywhere between 1,200 and 1,700 requests and at least 5,000 absentee ballots for the general election and that's based on looking at numbers from the past couple of general elections. It also includes about $4,200 worth of postage for the mailing of the post cards to notify the residents in Wards 3, 4 and 5 of the polling location change. Today we just sent out notices to those who didn't license their dogs, we sent out over 3,400 post cards at $1,100. Under Contracted Services you will see that did decrease as I removed the money associated with the inauguration and increased slightly the money for the taxi drivers and chauffeur drivers for the reports that we've had to do. Under account 61 for the supplies you will see an increase that as well due to the elections. I do feel that the budget that the Mayor has presented will meet our services and not affect any of our services. I have been there for 8 years and we have lost 1 ½ individuals and we would love to see if we could restore at least a part-time positon.

Alderman McCarthy

I have noticed overtime seems to be over expended this year and it looks like what you are budgeting for next year is only about half of what you spent this year even though it looks like we will have a higher load with the elections. Do you want to comment on that?

Ms. Piecuch

As you know, I took over in July and I had been down by three staff members. The overtime costs right now are associated higher because of me being down staffed. I had the money in the budget to bring these individuals in. Some of it is with the election right now; I have one vacancy and one on a medical leave so in order to get some of the things done to keep the day-to-day office I have brought some staff in on the weekends.

109 – CIVIC AND COMMUNITY ACTIVITIES

Mr. Griffin

On 56221, the Great American Downtown, the Mayor had requested that we put in additional monies for holiday lighting so that's noted. On 56250, Cable Public Access Channel, as you recall, that was moved to the pink pages, Government & Educational Channels Fund. I think those were the only major changes with the exception of the changes pursuant to the Review & Comment which Alderman Caron can speak to.

Alderman Caron

As you can see, the Review & Comment deals with the approximately 30 non-profit agencies that comes before this group of volunteers. Because of the big drug problem we are having in the city, when they were dealing with the agencies and they came up with the funding, a lot of these agencies got a little bit more money than they normally would and some got a little less this time. We do have a new agency that hadn't put in for Review & Comment for quite a few years and we also had some agencies that either chose not to apply or they were late getting their application in. As a group they have been trying to make agencies understand that this isn't given to you just because you want it, you have to apply for it just like you would any other grant and that it's important to follow all of the rules and regulations. We might not all be happy about what was given out but as a consensus we felt that this was for the greater good.

Alderman Siegel

I'd to thank Alderman Caron for both communicating this tonight as well as for answering a lot of questions that I had. In fact, I went before the Review & Comment Committee Commissioners and voiced some of my concerns. I do appreciate the work that they do and I do understand that we have an opioid crisis but one of the things that concerns me with looking at some of the allocations, in particular I see the Boys & Girls Club got cut from what they wanted and it seems to me if one of the things you want to do is keep people on the straight and narrow you start young and take care of the kids. The other one that struck me was the Senior Center; that really got wacked this year. That was a surprisingly large cut and this Board has historically viewed as very important. I am not comfortable with the cuts to the Boys & Girls Club and the Senior Center. If I shuffle the deck on one and raise one at the expense of the other then all of a sudden we need ten votes camp, is that correct?

Chairman Dowd

Yes.

Alderman Siegel

So I guess I can complain but I am limited in what I can do, sadly. Also I see that we have increased the funding for the arts from the traditional $25,000 up to $40,000 and I have nothing against the arts but when I see the Boys & Girls Club cut, in my mind I say how much more leverage that $15,000 can do at the Boys & Girls Club. I mean we have a program called My Brother's Keeper which concentrates on helping kids and here we are cutting one of the primary vehicles that are going to be involved in any program that we would be thinking about in this city. I don't have a good answer for that because of some of the absurdities of the rules that we have to live in, having to just shuffle this number around even though it might make sense to a majority of my colleagues, all of a sudden now the whole budget is subjected to the tyranny of the ten vote problem.

Alderman Wilshire

I appreciate what Alderman Siegel has to say. It is difficult but the fact of the matter is we recruit all of these volunteers; 20 to 30 people to make these decisions and for the months that they spend vetting these applications, for us to change those disenfranchise the whole process of Review & Comment.

Alderman Caron

The Review & Comment Committee doesn't deal with anything prior to the 56300, American Red Cross. Everything above that is the Mayor's office; it's the Mayor's decision; the funding for the arts.

Alderman Siegel

I understand that but the problem still exists; I could cut that and try to give it to one of other line items and I still run into the same problem.

Alderman Caron

Since I did not do either the Boys & Girls Club or the Senior Center requests I can't answer to do but I don't think the Boys & Girls Club's request was related to education for the drug problem. They did get quite a bit compared to the Senior Center. I appreciate your concerns but we had to compromise.

Alderman O'Brien

I would like to thank Alderman Caron for the fine work she has done with this. Every one of these organizations are worthwhile and helps the people in need but I would like to echo Alderman Siegel's opinion where common sense has come down to the ten vote rule. It is shameful but this is the system that we have.

Alderman McCarthy

The bottom line of the account which has shrunk by $50,000; that more than compensates for the changes to both the Boys & Girls Club and the Senior Center.

Alderman Caron

The other thing is that this year for the first time, Lamprey Health Center had to apply for their funding and that has always been a line item in the budget so that was a $75,000 request. They did recommend $44,000 but that was the first time we have gotten a request that size.

Alderman McCarthy

So they were in the 505 budget above the line last year?

Alderman Caron

That's right.

Alderman McCarthy

So the 505 doesn't affect the bottom line which has dropped by more than $50,000 and that's with $2,000 additional in funding from CDBG.

Chairman Dowd

The request that we receive for funds is almost $1 million and we are funding about half of that. We are constrained on what we can do and the requests are a lot higher than what we are able to fund.

111 – HUMAN RESOURCES

Mr. Larry Budreau, Director of Human Resources

I joined the city on the 1st of July last year. The Human Resources Department provides a comprehensive human resources services and benefits administration and now beginning in FY '16 payroll processing for the school. All of the departments have unique labor agreements and schedules and method of pay that are different from private sector companies. There are 17 union contracts and a small handful of unaffiliated employee policies that govern methods of pay. It's a very complicated organization from a human resources and payroll processing perspective. We have three people that serve in the benefits function; a benefits manager, a specialist and an assistant. We have two people in the human resources function; a human resources generalist and a human resources specialist. Last year there was a line item for a Human Resources analyst who had been there for years and that's now vacant and is replaced by a generalist; it's only a word but it also reflects a nuance and a different focus on the job to try to provide a more hands on service. There are three people in payroll. The Human Resources Director supervises those activities and acts as a consultant to management and gets involved in a lot of problem solving, helping with performance management, disciplining and very interestingly rebuilding the entire team. The entire human resources team quit or left for other reasons. We will be at full staff by the day after Memorial Day.

One of the questions that Chairman Dowd posed was can we run the department effectively with the budget in 2017 and to that I will say that I think there is a critical need to add a fourth payroll person and that position is in the budget. I think we will be able to continue to run as effectively as we have but I think we have been short staffed here for years and just kind of skipped across the top of the waves and could do a better job at some point in the future. I'm not advocating that we change; I think we will do as good of job of better in fiscal '17 but I think that over time there are nuances that I would want to bring to the Mayor and the Board where we could be improving.

The budget is essentially flat except that we have added a Sr. Payroll Analyst at the cost of $61,000 per year. There are three people in payroll right now and one of them is a woman named Doreen Beaulieu and she has been here for 28 years. That group at minimum is paying 2,800 active employees, 100 DPW pensioners, hundreds of substitute teachers, coaches, lifeguards, seasonal employees, interns, etc. We do that in a world that is ever increasing in complexity, for example the Federal Government released the new Fair Labor Standards Act which will become effective on December 1st. The Affordable Care Act has imposed additional reporting and this year we made the extended deadline to March 31st to get the 1095 C forms in employees' hands with no time to spare. If we had to get those done by the original deadline of January 31st we would have never would have met that. We have an obligation to pay people every week and we are getting that done but there is a huge opportunity for improvement. There is too much work to do. Mistakes get made because we don't have the ability to train people with policies and timekeeping practices that work effectively. There is way too much manual correction and manual interruption in the process. Every time there is a change

in a Collective Bargaining Agreement we have to figure out how to make that happen and we have to do it in our relatively new, very complicated payroll system; the Lawson Software Program. It is an unwieldy tool that people spend a lot of time on getting to do the job that needs to be done. We are not doing things promptly. When the school teachers got an increase last year we ended up getting a complaint to the Department of Labor from the Teacher's Union because we did not process the increase immediately as they expected. We are trending water; we are getting people paid but we are not making improvements. I found myself waking up thinking if two of the three people don't come to work tomorrow morning or a couple of weeks or one quits, I have no earthly idea nor does anyone in the city how we would ever pay those people that Thursday morning. Doreen Beaulieu has been solely relied upon in this city for two decades to implement changes to the system; there is no bench strength behind her and nobody else knows how to do that. We have to have a back-up plan. The Lawson implementation went live on January 1, 2012, for payroll processing and perhaps for purchasing in the prior fiscal year. The implementation team did a lot of work and the area that we work in is called the Human Capital Management Module and that's what we use for inducting new employees into the organization and keeping their records for administering people's benefits and we are talking about the total scope of the city including the schools and then the payroll piece itself. During that implementation the team told the city that they needed four employees in payroll and given the spending constraints and given the fact that we had been paying people on Thursday's successfully we continued on with three people. When we were proposing this budget I thought we were taking an irresponsible risk for years by not having enough bench strength and my worst nightmare is starting to unfold, Doreen Beaulieu is retiring on July 29th and this proposal is supported enthusiastically by Mr. Griffin and by the Legal Department who is aware of the hassles that mediocre performance has caused. We will figure it out but there will be no one person who will be able to recreate what she has learned to do over the last 20 years. Thank you for allowing me a little soliloquy.

Alderman McGuinness

I'm a little concerned about the vulnerability there that Doreen knows so much and no one knows certain aspects of her job. Did you attempt any cross training?

Mr. Budreau

We will be but I will tell you that there is no bench. We run a tight ship in all the apparent areas you can cross train. People are just flat out.

Alderman Siegel

Well, I appreciate you honesty but the picture your painting scares the hell out of me. You are not level funded here but I get why. You have a brand new team and everyone is green. Is there a Plan B available to us even as an external consultant? We are subject to serious legal problems if we don't get payroll out on time or the appropriate government reporting.

Mr. Budreau

We have been searching for help and interestingly enough Lawson was purchased by another. We have also been investigating independent consultants, who, by way of life experience, might be able to help us. We think we have identified and have a conference call tomorrow morning with someone who could be imminently qualified to come and help us as a consultant. It's an expensive venture and Mr. Griffin and Mr. Codagnone and I will be meeting tomorrow and Mr. Griffin will take the lead on providing some thoughts about how we can fund that. We think we could have someone come in and help us teach someone else. It's pretty unlikely that we are going to be able to hire someone who has experience with this software. I think, Alderman Siegel that we are on the path to doing exactly what you had suggested. Hopefully the interview will go well and we will try to figure out a way to get funding before the next Finance Committee on June 1st.

Alderman McCarthy

My wife is a paraprofessional and I don't think her paycheck has been right since the last contract passed. I understand the backlog. As proposed in the budget, the Payroll Department would have four positions in it?

Mr. Budreau

Yes.

Alderman McCarthy

And one of those is empty because it doesn't exist yet?

Mr. Budreau

Yes.

Alderman McCarthy

And one is Doreen's and she will be replaced with a new hire in the August timeframe?

Mr. Budreau

Hopefully we will figure out a way to afford double dipping and get the new person here before she leaves.

Alderman McCarthy

What is the experience level of the other two positions?

Mr. Budreau

One has about five years of experience and the second joined us last June.

Alderman McCarthy

So we are a little thin on experience at this point?

Mr. Budreau

Yes, sir.

Alderman O'Brien

I agree with Alderman McCarthy. What's the life expectancy of the Lawson system as far as doing any type of payroll with the city?

Mr. Budreau

I would assume that we would expect to use Lawson for several more years. I don't think that changing the system is even on the table.

Alderman O'Brien

Looking at your revenues; 45623, the retirees COBRA and Premiums, who gets the COBRA's?

Mr. Budreau

COBRA is for anyone who leaves here that is not a retiree who elects to continue health insurance has the right to do so for 18 months at their expense and that money is coming in to that line item.

Alderman O'Brien

So this has nothing to do with the State Retirement System?

Mr. Budreau

Retirees who retire before the age of 65 are eligible to continue on the city's group health insurance by statute until they are 65 and they are essentially responsible for the full premium although in many cases like police, fire and some teachers get a subsidy from the New Hampshire Retirement System. The city, one way or the other is receiving the full premium from those retried employees; however one of the costs of the State's Retirement System would be to continue to fund those subsidies.

Alderman McCarthy

Just with regard to payroll, if we continue to do in-house with Lawson or something else, if we bought something else it would probably be more expensive and equally complex to use because that's just the nature of enterprise resource systems. Have we thought about ADP?

Mr. Budreau

I've been here for nine months and during that time we have not looked at ADP. Further, I believe that most school systems have found it so unwieldy to try to outsource their payroll that most school systems in the state are doing their own payroll. The general reason for that is that by the time you get to ADP you really have to send them a file that says pay "Alderman McCarthy this" and pay "Mr. Budreau that." By the time that we have gotten to that point in the process the rest is pretty easy, we can push a button and Lawson does the job. It's the pre-work.

Alderman McCarthy

If the interface to ADP is that low level then all you are getting is the check printing services basically.

Mr. Budreau

That's what I think but we can look at it.

113 – INSURANCE – EMPLOYEE BENEFITS

Mr. Griffin

When we did go to the new system in April of 2012, one of the benefits we had was our accounting manager, Rose Evans redid the chart of accounts so all of the benefits are in account on page 21 of 266; Benefits, 52300. That is essentially the appropriation that we are asking the Board of Aldermen to make to pay for the benefits that our employee subscribers use, the employer portion. One of the big successes that we have had since 2012 was our employee subscribers and dependents have done a great job at managing their

healthcare. We are protected with stop loss over a certain amount per dependent per year but in this budget I recommended to Mayor Donchess that we reduce the appropriation by approximately $1.1 million from $24.7 million to $23.6 million. Basically we have working rates and 100% of the working rate is designed to cover the cost of a program, 20% is covered by the employees. The city would generally appropriate the 80%. There are a couple of dynamics going on, one is that we increased the working rates pretty significantly in fiscal 2011, 2012 and 2013. The last four years we kept the working rates the same. The reason why we can do that is although we are seeing and experiencing costs less than what the working rates are designed to cover, we provide the union and non-union employees, what is called the lost ratio, payment back to them including the retirees. I am confident that we are not taking the employees money and not giving it back to them. We also have that same loss ratio notion on the employer side meaning that the working rates as shown in the department proposed there was a question of what's the difference of a department proposed and the final budget. We wanted to tee up this conversation which is the 80% of the working rates times whatever the employees selection is; single, family, etc. by department is the cost of the working rate. So working with Mr. Budreau, Workforce Benefits Solutions is our consultant, the Mayor and my financial team, we decided to keep the working rates the same and back off of the appropriation. The other thing to consider is that we do that loss ratio analysis every year. The claims expenses in fiscal '12 are $36.7 million, in fiscal '13 $35 million and in fiscal '14 $32.5 million, fiscal '15 is $33.4 million; things are tracking pretty favorably. I am trying to manage the balance in the fund and at the end of fiscal '15 the balance was $16.5 million in the insurance service fund. As you may recall back in 2005 it had about $150,000 in it total. What we have done over the last several years is systematically grow that fund and then manage it accordingly. It's not a case of syphoning off the balance and not planning for the future. When this gets down to a certain level we can do a couple of things. One is we can increase the contribution rate for the plans; healthcare costs seem to be going up everywhere else. Also, we can introduce plan design concepts further and talk about increasing deductibles. Our employees and their dependents have really grasped the knowledge that healthcare costs and it's a key factor in the city's ability to provide them with the good health care that we have plus maintain the city. We are comfortable with this particular approach. We report those balances on-line every month. That is the financial aspect of it.

Alderman McCarthy

Our stop loss premiums are $1.3 million and our reimbursement year-to-date is $135,000?

Mr. Griffin

Right.

Alderman McCarthy

So once again we've spent $1 million more than we've recouped on stop loss which if I look at that over the last ten years we could have a $10 million stop loss trust fund established and not be paying that at all on a yearly basis.

Mr. Griffin

It is a great question and you've asked it every time we've talked about this. Self-insurance programs; when I first got here in fiscal '11 we had some catastrophic illnesses and in one year I recall we paid like $1.1 million and with the stop loss premium we got back about $1.4 million. The market really shrank about three years ago because no one was really interested in supplying the insurance for us. What they do in that particular market is they may laser certain claims where they are not going to pay more than the $250,000.

Alderman McCarthy

The point that I would make is that even in a year when we have paid $1.1 million and recouped $1.4 million, had we not have the stop loss insurance it would have cost us $300,000 problem in a $30 million part of the budget. We either need to just stop doing it and take our chances or find something with much lower premiums and a higher stop loss limit. We are throwing $1 million away doing this in a year where there are lots of things we can't afford in this budget and I'd rather not be putting money in an insurance company's pocket.

Alderman Siegel

I think that's a very observant point but does Bond Counsel want us to have these stop loss provisions because a lot of times they want to look at the risk factor's involved. Does this factor into any of the discussions we have with Bond Counsel?

Mr. Griffin

Not in particular.

Alderman Siegel

So this is something we could do without affecting the city's bond rating?

Mr. Griffin

I would say that they know that we manage health costs effectively. They don't drill down to the magnitude of the stop loss.

122 – INFORMATION TECHNOLOGY, 120 – TELECOMMUNICATIONS AND CTAB

MOTION BY ALDERMAN SIEGEL TO ACCEPT AND PLACE ON FILE THE HANDOUT PROVIDED BY DIRECTOR CODAGNONE
MOTION CARRIED

Mr. Bruce Codagnone, IT Division Director

This document highlights is that the division is made up of two main entities. One is the IT Department and the other is the Public Education and Government Channels. One of the things that I would also like to note is that my group on the IT side is split up into three separate teams; a technical services team, an infrastructure team and a project management/development team. The question has come up in previous years if there is a duplication of effort between the police IT, the school IT and the city IT. The city IT maintains the enterprise wide services that are used by every area of the city including schools, police, fire and so on; things like Lawson and Kronos, Telestaff, Highland Document Management and so on. The schools do things very unique to the school department and the classroom environment. They have added students to their mail system and it's separate from what the city does. The police department does some things that are very unique to the police department but from the enterprise side we handle most of the enterprise applications. We collaborate very well with those other teams and on Monday we are bringing forth the bond for the telecom proposal which was written by all of the various teams.

One of the things I do want to talk about is the MFP's and moving them into our department. For years the city IT Department maintained all of the 250 printers. We don't maintain them we have a company called Conway that fixes the printers and provides toner. The multi-function devices are essentially also printers that are network devices so it makes sense to move them to our department. We know the page count by the hour and

we know where the printers are located. We have been able to drive down the printing cost by closely managing those printing costs. We also have the ability to advise the various departments on the right sized device for their department when they need to replace that device. We also meet with the vendor on a quarterly basis to go over all of the reports and the invoicing. Right now, each department doesn't meet with the vendor. We can generate reports on all of those things. The aspect is, whether it's just human behavior or deliberate, the printers have been paid for out of the IT budget, the MFP's have been paid for out of everyone's individual budget. We have seen people reaching thresholds on their MFP's and all of a sudden the printing starts going up on what would be determined as the "free printers." They don't pay for it so it's free.

Alderman McCarthy

Don't get me wrong, the way you are doing it is the right way to do it. Centralizing the work in the IT Department is fine it's just from a proof in budgeting perspective I would like to see the amounts recorded under the departments because as it stands the public health prints 1 million brochures and that shows up as your budget going crazy and not theirs.

Mr. Codagnone

We will be generating reports by department for what they are doing.

Alderman McCarthy

I understand but I would like to see it charged back in the budget so that we understand where the actual load is. I agree that you should be responsible for leasing that equipment and keeping track of it. I probably don't want to address it in this budget because we will get into the 10 vote problem but for next year, let's try to get it back so we understand what department is spending what on copiers.

Alderman Siegel

How are we doing on all of the server migrations?

Mr. Codagnone

We are making a lot of progress. We just went live with Property Tax System which has the highest revenue.

Alderman Siegel

Does that mean we have retired the VMS system?

Mr. Codagnone

No, another big initiative is the licenses and permitting. We just got all of the responses for the RFP we published. Various groups such as community health, police and fire are looking at the RFP's and doing an analysis on selecting a vendor. We also have some retiree reports that need to come off of there as well. We have to stay on there for at least another year.

Alderman Siegel

So we are actively trying to get off of VMS because I feel like we are racing with the devil on that system.

Mr. Codagnone

We are.

Alderman Siegel

One of the other things is that we upgraded the infrastructure, are we done with that now, is that functional?

Mr. Codagnone

In what way?

Alderman Siegel

With the servers.

Mr. Codagnone

We got that for the storage areas. There is always on-going technology refresh, we've done a lot and you see on a hybrid cost that we've remained flat. We've done a lot with using SSD's and PC's and being creative. We are in the process of upgrading our firewalls but that's an on-going thing.

Alderman Siegel

I know the network infrastructure was being upgraded too, is that all done?

Mr. Codagnone

Yes.

Chairman Dowd

Are you addressing IT, Telecommunications and CTAB?

Mr. Codagnone

Yes but more on the IT component I would like to bring up one concern that I have. It's nothing that will affect this budget but it's something that I need to address in this budget year. The Lawson system that we have is hosted externally and that was a decision made years ago, the company was ACS and it was bought out by Xerox and when I first came on board I negotiated a cost savings of about $4,000 per month. Our contract is up October 31st with this company and that company was bought out by another company called ATOS. ATOS just called me and said they don't want to be in the Lawson hosting business anymore so we have to take our data and go elsewhere when our contract is up and that's going to be a challenge. I'm looking at options right now to mitigate any sort of risk with that but I wanted to bring it up.

Chairman Dowd

So you are saying that's not impacting the FY '17 budget?

Mr. Codagnone

At this point I don't see it impacting it. We may have to find some additional costs. The company that we were using was the lowest cost provider at the time. One of the things that we are looking at is that at this time we also need to do an upgrade to the application. We are looking at doing an upgrade, getting new infrastructure for it and building it out internally on premise and then doing testing with that to make sure it meets all of the requirements and when we do that, right at the cut-off we do a data refresh from what we have at ATOS and cut over to our system live here.

Chairman Dowd

It may be beneficial to the Board to have some updates as we go along.

Mr. Codagnone

Yes.

Alderman Siegel

Please tell me that we own our data.

Mr. Codagnone

We do.

I want to cover one thing on CTAB and PEG I had originally put in the budget…on the Comcast Franchise Renewal last fall it was decided to roll the public access channel in with the education and government. Previously it was funded out of the general fund and so we moved it and changed the rate we get from Comcast to the 1.3% funding to the PEG channels and 2.7% to the general fund, prior to that it was 1% and 3%. The 1% we are getting more than covered what we currently need to operate, there's always money left over. Currently we are carrying an extra $500,000 in that budget. Adding the .3% added another roughly $100,000 to the operating of that budget. We looked at the overall budget and put in a line of $135,000 to fund the public channel. That was reduced to $100,000, however the decision last fall when we signed the franchise agreement was that this committee would make a decision as to how they wanted to handle funding the public access; whether we renew a contract or hire people. The group that is doing it right now doesn't have a real contract they have been operating on a month by month basis waiting for a decision to be made so that we can enter into a new contract on July 1st.

Alderman Siegel

I remember that discussion but the problem right now is that unless there are line items in the budget for it and we have to shuffle money around then again, we are increasing line items and we are in trouble. If we are going to do something I don't know if we do something legislatively with the existing pool of money.

Mr. Griffin

One item that may help subject to check is that these monies that Director Codagnone is talking about are in the special revenue accounts, the pink pages. It's Contracted Service that has the $106,000 down from $141,000 but if you decide to internalize you put the folks in this budget. It may not affect the other discussions that you had earlier.

Alderman Schoneman

On page 70 there was $85,000 that was part of the Cable Public Access Channel in 2016 and it zeroed out. It says moved to the pink pages. How was it moved to the pink pages?

Mr. Griffin

If you look at page 218 and 219, when they increased the first line Cable TV Franchise fees from $300,000 to $429,000 and we are going to capture the Contracted Services that were formally $85,000. Then you look at page 219, Other Contracted Services has gone up and that's where that $85,000 which is now $100,000 went.

Alderman Schoneman

So there is a transfer of funds here but is there also a shrinking of funds?

Mr. Codagnone

Yes.

Alderman Schoneman

What is the shrinking amount?

Mr. Codagnone

Comcast pays us 4% each quarter of their revenues on TV broadcasts and associated type things. It was historically 1% went to fund the PEG channels and 3% went into the general fund. That was reduced by the agreement to 2.7% for the general fund and an increase in the PEG channels to 1.3%.

Alderman Schoneman

What's the net loss?

Mr. Codagnone

There is no real net loss.

Mr. Griffin

If you look at page 33 in the yellow pages, you see Cable TV Franchise fees; the budget has gone from $850,875 so when Director Codagnone was explaining that there might not be a loss it's probably because that percentage is on a larger base because of Comcast's sales. There's actually $25,000 to the good coupled with $85,000 that's moved out of the general fund which is a good thing.

Alderman McCarthy

I understand that the Comcast subscription is dropping which leads me to believe that in future years that number may be lower.

Mr. Codagnone

In our research we noticed that more people are moving to streaming and on-line. What we get from Comcast deals mostly with TV channels. Each quarter they are increasing by 6% and we are not seeing the services go down like we anticipated because of streaming and on-line services.

Alderman McCarthy

Yes, but our franchise fee is based only on cable subscriptions.

Mr. Codagnone

Correct.

UNFINISHED BUSINESS

R-16-029

Endorser: Mayor Jim Donchess

ESTABLISHING AN EXPENDABLE TRUST FUND FOR RIVERWALK WALKWAYS, BRIDGES AND RELATED IMPROVEMENTS AND APPROPRIATING AT LEAST $500,000 INTO THE EXPENDABLE TRUST FUND

- Postponed to Next Meeting – 5/16/16

MOTION BY ALDERMAN MCCARTHY TO POSTPONE R-16-029 UNTIL MAY 23, 2016
MOTION CARRIED

NEW BUSINESS – RESOLUTIONS

R-16-015

Endorsers: Mayor Jim Donchess
Alderman Ken Siegel
Alderman-at-Large Brian S. McCarthy
Alderman-at-Large Lori Wilshire
Alderman Richard A. Dowd
Alderman June M. Caron
Alderman-at-Large Michael B. O'Brien, Sr.

ESTABLISHING AN EXPENDABLE TRUST FUND FOR STATE EMPLOYER PENSION COSTS AND APPROPRIATING $2,230,000 FROM FUND BALANCE ASSIGNED FOR THIS PURPOSE INTO THE EXPENDABLE TRUST FUND

- Re-referred to Committee – 4/26/16

Alderman Siegel

Last time at the full Board I suggested that there would be a plan "B" that would be worthy of discussion in budget. We actually looked at the excess pension costs that we would be facing for each year. This legislation was funded over a three year period with the idea that we would just put in the lump sum that we had set aside on year one and then peel off the money in subsequent years. Since then, I appreciate all of the work that CFO Griffin has done; we've been in communication and I'm glad that he's here now. In year one, we are looking at $350,000 so that's this budget year. The problem becomes in years two and three with the adjustment that the state is giving guidance on where we are going to get a whack of about $2 million per year. The fund can't cover that. The original legislation's intent was to just cover the money we set aside and there were some concerns raised by my colleagues and I want to address them that we not put money aside and then raise the cap and allow people to sort of fill the vacuum that we make be having a higher cap number. The idea that I had, whether or not you believe the vacuum would be filled is irrelevant, it was a legitimate objection and it's not going to pass without ten votes. I believe that the expendable trust fund idea is still a good one and I think that the intent was always to address the overhang that we have in these pension costs so my proposal would be to change the legislation so that we keep the expendable trust fund in place; it will still expire after three years just because we want to make sure it goes away and doesn't represent a permanent side door. We take the money and instead of allocating $2.23 million to it in year one; we do it this year for $350,000 and that addresses the issue of having the fund – have that money assigned for it. Before Alderman McCarthy raises his hand and says why don't we just do that in this budget year, it's because it keeps the expendable trust fund alive for future years or if we want to on some interim basis, allocate the money. I'm anticipating the obvious objection to why just do it for one year. We don't know exactly what the next adjustment period will be, the estimate was $2 million and that already exceeds the amount of the $2.23 million if you add the $350,000 that we were proposing for this year. The idea was to address the problem we have this year. Again, the philosophy is the same at the state level; we've got together and correct this. So, address the overhang issue, address the concerns that people have with the cap expansion, the unfortunate

by-product of the way the spending cap is calculated but still help solve the problem using the money that was specifically earmarked for that purpose.

Chairman Dowd

That sounds like you are proposing an amendment that we could discuss.

Alderman Siegel

I am proposing that the appropriation change from $2.23 million to $350,000 and that the expenditure would be for the first year; that the $350,000, the entire amount would be available for year one and no funds would be remaining for years two and three but the expendable trust fund would remain.

Chairman Dowd

So that would require an amendment to the legislation that's on the table.

Alderman Siegel

That would be correct. My initial discussion was to give people a sense of the concept behind it and then make the motion.

MOTION BY ALDERMAN SIEGEL TO AMEND THE LEGISLATION SUCH THAT THE APPROPRIATION GOES FROM $2.23 MILLION TO $350,000 AND THAT THE LEGISLATION IS ALSO CHANGED SUCH THAT THE $350,000 IS AVAILABLE TO BE SPENT IN ITS ENTIRETY IN YEAR ONE AND THAT THERE BE NO ALLOCATIONS IN THE LEGISLATION FOR YEARS TWO AND THREE

ON THE QUESTION

Alderman Siegel

The idea would be that years two and three would a TBD for the next budget years or in some interim fashion if need be for some other reason.

Alderman McGuinness

So what you are proposing tonight is simply to change the language but you are not prepared to present an amendment at this time?

Alderman Siegel

I am proposing that the amount get changed from $2.23 million to $350,000.

Alderman McCarthy

With the pressure that the state has created we are not going to be able to create a vacuum no matter what we do. I whole heartedly supported the amendment and I was in support of the original legislation. I think we have to do something to help ourselves out with the retirement system over the next couple of years so I am fine with the amendment and I will support it.

Alderman Schoneman

Mr. Griffin, on page 21; it has Pension Expense listed and this is where I think we'd find the $350,000. We go from $21,315,621 in fiscal '16 to $21,666,062 in fiscal '17 and that's part of this budget and that includes the $350,000 increase.

Mr. Griffin

That's correct.

Alderman Schoneman

So if it's already in the budget, what would creating a trust fund and transferring $350,000 to that trust fund accomplish?

Mr. Griffin

All things being equal, we ended up with $350,000 unspent that we could move into future years to solve that $2 million plus problem we are going to have in fiscal '18, that would be the benefit of setting this up.

Alderman Schoneman

So the $350,000 in the pension trust fund you are saying could be used in fiscal '18?

Mr. Griffin

The way I understand Alderman Siegel's amendment he would like to set up the fund with $350,000 in it and use it in year one which would be fiscal '17. Then, furthermore, we have a $2 million problem that we have to solve so you could use that same vehicle as we learn more and work together in future years. What we are saying here is that the…and it's actually good that we actually know what the numbers are but the trustees had several choices to make last Tuesday, the 10th of May in their meeting. The actuary recommended a 7% assumed rate of return on the planned assets. That would have devastated us even further; that would have been a 20% increase; a $4 million increase to the city's pension - NHRS only. I think what we are trying to figure out here is how do we use the money we save that we haven't appropriated in some way that we can systematically set up the fund and provide a little bit more cap space but only use the cap space to appropriate more pension expense, that's the way I am envisioning it. It's not necessary in '17 but something like that is going to need to take place in '18 in my opinion.

Alderman Schoneman

So it's already there for '17, are we anticipating any further changes to fiscal '17 or is this the number?

Mr. Griffin

That's our best shot at current wages times the employer rates that we have that are in effect in '17 to generate that $21 million.

Alderman Schoneman

$350,000 is the best guess that we can make?

Mr. Griffin

Correct.

Alderman Schoneman

Then the only advantage really is the mechanism, the vehicle for future use?

Mr. Griffin

It establishes it and it's a proof of concept that it will work. We will be able to take the money and pay through the escrow process I would imagine that the $350,000 that's in the budget if it's still there we would escrow into future years for pension expenses.

Alderman Schoneman

So that $350,000, it will come from this $21,666 million? You just move it from this $21,666,062 into the expendable trust fund?

Mr. Griffin

It's a great question, what's being contemplated with this amendment made by Alderman Siegel is to take $350,000 of the $2.23 assigned fund balance and move that into the fund and that creates the fund. The money that's already been budgeted that we tried hard to get underneath the spending cap, not knowing what the committee would do; we didn't want to underfund or assume anything with regard to this legislation so we funded fiscal '17 expected pension expense. What we were thinking about when we had NHMA folks in, we had state delegates in; that the increase in fiscal '18 was not going to be as dramatic. We were thinking that we were at the top and not trying to get to the top. What I mean by that the assumed rate of return means everything. It's a drop of 1% in the assumed rate of return increases the City of Nashua's unfunded liability by $50 million over the next 23 years. It's a mechanism that you can look at, it's a concept that would work, it would help.

Alderman O'Brien

I thank Alderman Siegel for coming up with a lower number but the tea leaves I am looking at from the state; I really don't see this changing once the state takes a program with funding the pension. To get it back, complete the way it was at 35% I think is wishful thinking. Mr. Griffin, are you looking at the same tea leaves that I am? We need to have a vehicle such as this trying to get future costs to get this down, do you agree with that?

Mr. Griffin

I didn't attend the meeting that the trustees had but there were just as many people wanting to go down to 7% as there were 7.5% and they settled on 7.25%. They are looking at it from there fiduciary responsibility with their advisor, the actuary to get it funded by 2039. Of like cities dealing with these pressures you need to fully request a lengthening or a moving out of that 2039. I agree that the 35%; just before I got here they went from 35% to 25% and it was going to go to 20% and then it went to 0%. I would think it would be a struggle trying to put it back.

Alderman McCarthy

The discussion about the 7% versus the 7.5% is what the total cost is for the contributions and I think what Alderman O'Brien was asking about is do we see the state taking back any of the contribution?

Mr. Griffin

I don't see that, no.

Alderman Siegel

My intention was not to have the state start taking back some of the contribution because that is not going to happen. The problem is that the way our system is set up is that we are funding at a rate that wants us to pay up to the point where we are 100% funded, that's the issue that has to get changed. I'm not sure that those tea leaves are necessarily negative if you get the cities together because we are literally looking at a nuclear missile pointed at head from year to year. That's why the idea was to take that money and split it up and use it over a three year period to kind of give us some breathing room. I had no idea when I first proposed this that we'd be looking at numbers like $2 million in a year that was just beyond comprehension. It's a way worse problem and it's so bad a problem it's not even clear that this kind of a mechanism, the way it's set up is going to solve it but it certainly accents the urgency of the problem for all of the cities to get together and deal with this. We are not going to get it done this year obviously so we have this one slack year where it's relatively low but next year we are in trouble. I mean where would you take $2 + million out of the existing city budget?

Alderman Dowd

Perhaps the City of Nashua could host the Mayors' and certain members of the cities' legislature from the cities that we think would have the biggest impact to get together and formulate a unified approach.

Alderman Siegel

Alderman Schoneman has made a point that's worth addressing. While we have the budget in front of us, we've already dealt with this $350,000 so if we allocate it now what's going to happen? Where is it going to go? It is a reasonable question and my intention was always to have that money set aside to deal with the pension so we don't strangle ourselves in other areas where we have a real problem like paving. Mr. Griffin, where do we go with it? You sort of said well, good, we get some extra space for next year so are we actually allocating it this year because we are going to let it sit there and use it next year? That's okay but that wasn't the original idea, just so know.

Mr. Griffin

The $350,000, if we appropriated in fiscal '16 we could simultaneously come in with another $350,000 under the cap; it takes 10 votes but it would create another $350,000 so you end up with $700,000 going into fiscal '18. The other thing is that we didn't fund things to the fullest request with the $350,000 because we had $350,000 that we needed to add to the pension budget. For example, CERF; CERF called for an appropriation of $2.5 million and we brought that down to $1.8 million. It was an increase but there are needs there as well.

Alderman Schoneman

So then it would that if moved $350,000 into this expendable trust fund and assuming that our estimate is accurate we won't need to spend $21,666 million and we will ultimately, possibly be able to move the $350,000 that we didn't spend from this fund to somewhere else and fund it there.

Mr. Griffin

There are complications with adding more to a line, but I think we're at the ten votes anyway. We have to make sure we fully fund pensions based on pensionable wages and other things. That's the $21 million, that's the $350,000 in there. We funded CERF less. We took 2.5 and subtracted a number to get to 1.836. If we wanted to set up the fund of $350,000, because that's the number we were dealing with this year, and still fund

the pension at 21.6, if everything works out, we're going to have $350,000 left at the end of the year. We will have more because we will have attrition, folks leaving and things like that. It would free up another $350,000 under the Cap going into Fiscal '17, which if you looked at it, you may want to appropriate another $350,000 to solve a much larger problem in Fiscal '18. But it does leave, all things being equal, it leaves the difference between the $2.23 million and the $350,000 or $1.9 million. It leaves that for future appropriation.

Alderman Siegel

And the idea is not to spend it on something frivolous. Again, to handle the pension obligation, we're taking away from something else. CERF is a perfect example. Talk about pennywise and pound foolish. CERF was specifically set up to keep us from the problems that would happen when we sucked dry in certain years. It was a disciplined approach to looking at our equipment needs. Here we are in a position where we're literally going to starve the very thing we set up to prevent a problem. And it's a huge problem. CERF is a great thing. I'm very, very nervous when I hear that we're underfunding that.

Alderman McCarthy

I couldn't agree more. When I started on the Board, CERF was funded at about ten percent of its cumulative liabilities. We finally got it up to the point where it's essentially fully funded and now here we go in the wrong direction again.

Alderman Siegel

It's a disaster.

Chairman Dowd

We're certainly not funding anywhere near enough money for infrastructure of our buildings. That's why these school projects have ended up costing so much. Pay me now, pay me later.

Alderman Schoneman

But we have to be honest about where the money has been going and why we have these problems. We had the fire department in here the other night; we had the police department in here the other night. They are level funded except for salaries. Salaries have been going up faster than the Cap has been expanding. When you increase salaries which are the biggest part of the city's budget faster than the Cap number, these are the kinds of jams we get ourselves into. That's what caused this problem. That's why we have problems with CERF. That's why we have problems with funds like this. We have responsibility for this. If we don't take that responsibility and manage that well, we paint ourselves into a corner. I think we painted ourselves into a corner.

Chairman Dowd

We need to manage the people that negotiate.

Alderman Siegel

Let me address my colleague, Alderman Schoneman's comments. We were partially responsible because every time we have an employee, we incur a pension obligation. The major problem happened because the decisions that were made up at the state level basically said don't worry; you don't have to contribute for a large number of years. That dwarfs the other problems that we're having right now, those smaller increases. We're sort of playing catchup as a consequence. Catchup is okay. We want to make sure the system is healthy, but we're catching up to a system which we want to fund at 100 percent which is just silly. It's not a

requirement. We're just trying to buy ourselves some time with that. But we don't want to be pennywise and pound foolish and end up, because we have this obligation, now we're not funding CERF. Basically we're playing kick the can down to the next generation, and they are going to be looking at a bunch of equipment that's unusable and an inability to fund it because we have no bond flexibility.

Chairman Dowd

That's a very good point. Unfortunately the motion on the floor doesn't address CERF.

Alderman McCarthy

I just want to philosophically go back to the Cap number. This is a problem that we are always going to have. The Cap has traditionally been based on the CPI, which is an index of the cost of manufactured goods which is mitigated every year by increases in productivity. We are not a manufacturing organization. We are a service organization. Our costs are entirely set by salaries which even in the manufacturing sector go up by a number that is bigger than what the CPI is because of those changes in productivity and the fact that we can get more out of less people in manufacturing. We're always going to have this problem as long as it is structured that way. We've worked with it for 20 years, and it's been okay, but frankly, when we get a bomb dropped on us from Concord like this, we're not going to be able to maintain services and maintain a million dollars a year increased pension costs every year for the foreseeable future.

Alderman O'Brien

To blame employees I find the average guy that works wants to retire at some point in time and collect a pension, whether they are policemen, fire, or teachers. They each do a yeomen's job of what they particularly do. They are compensated and we are an employer. We have the responsibility to compensate within the fair market. It appears our people who do negotiate, do offer fair market wages to those particular people. It was brought up; this is more a state problem that got handed back. It didn't start in the fire station or a police cruiser or in the classroom. It started in Concord where cities and towns had to contribute 100 percent into the system, and other different things didn't happened. You've got to keep in mind those that have ties to the stock market, it didn't do well. Now we have this big liability. I agree with Alderman Siegel. Unfortunately the state wants us to pay it to 100 percent. I think something like a pension system that is at 75 percent is very healthy. Maybe a little bit higher, perhaps. But 100 percent, I think we're chasing a rainbow. But that's what they want us to do, and that's the real problem. It's not where our people are digging holes in the streets and fixing pipe. It's happening somewhere else.

Chairman Dowd

Does everyone understand the amendment?

Alderman McGuinness

The amendment as it is written now, "Establishing an expendable trust fund for state employer pension costs and appropriating $350,000 from the fund balance assigned for this purpose into the expendable trust fund for the initial first year. No allocation will be made in the second or third year." Add that to the end of what's there.

Alderman McCarthy

You don't need to say anything about future years.

Alderman McGuinness

We don't want to include that?

Alderman McCarthy

You can't.

Alderman McGuinness

Okay.

Alderman Siegel

In looking at the actual legislation in front of us, the actual words that need to be changed, my proposed amendment does not address every element that has to be changed in this legislation. Just so you know. There's numbers associated with total fund balance and again there's what happens in each year. Is the amendment that I've made, the proposal, sufficient to have us change what needs to be changed in this, as a matter of *Mason's*, would that be sufficient?

Alderman McCarthy

I believe that it is.

Alderman Siegel

I just want to make sure that the intention was carried through because our poor clerk, there's a number of elements that need to be changed here.

Alderman McGuinness

It's sufficient then to just change the number in the language for this evening's motion.

Alderman Siegel

The motion is twofold. It's very important not just to change the number, but to change the way the number is spent in each year. It says in the legislation that it's cut into thirds and only a third can be spent each year. It's very important that it's communicated that that $350,000 gets spent in the first year. The second and third years don't matter. I know it sounds complicated.

MOTION CARRIED

MOTION BY ALDERMAN SIEGEL TO RECOMMEND FINAL PASSAGE OF R-16-015 AS AMENDED

ON THE QUESTION

Alderman Schoneman

This affects Fiscal '16 because it's an override essentially for Fiscal '16. Since the budget is already here, this does not affect Fiscal '17. It's not a Fiscal '17 appropriation. Any move to increase Fiscal '17 would still take ten votes at this stage.

Mr. Griffin

Correct.

Alderman Schoneman

I'll think about this between now and the time that it comes before the full Board, but I don't plan on voting for it now and I don't imagine I will vote for it then but I will certainly give it careful consideration. I don't like the idea of providing any extra room. I think the extra room gets used up in ways that I just don't agree with. The way this Fiscal '17 budget was put together was to meet all these too high increases. The way we did it was to take bond savings, essentially $1 million from refinancing bonds, that was a big chunk of the room that we made. We're level funding things except for salaries. I think we move in that direction just as rapidly as possible. I just fear doing anything to create any more room whatsoever. The only protection the folks at home have is the Spending Cap. I think sticking to it as tightly as possible is absolutely the best thing for them. If we don't I think there's always going to be a move to fill something somewhere.

Chairman Dowd

At this point, you can't make an increase in any line item in the '17 budget without ten votes.

Alderman Schoneman

I understand that; that's what I said before. I'm still probably going to vote no for it.

Alderman Siegel

This legislation is separate from the vote on the '17 budget. Right now we only need eight votes to pass the '17 budget. We're okay with that. This is separate from that. The other thing while I understand the argument we're creating space and we will fill the vacuum, the fact of the matter is the vacuum is being filled for us. That's very important to note. That's the big problem here. It's one thing to say here's this Cap, and we're controlling our spending. We've got this other entity in Concord that is jamming stuff on us and we'd like to say to them, can you do us a favor and can you control the cost that you are imposing on us. It's the most deadening cost of all because we get zero benefit from it, yet we're incurring it. I just urge we pass this amendment.

Alderman Schoneman

I understand your point. I think we do have to face issues from Concord that are dictated to us that we don't have any say over. Regarding this year, we have the $350,000 already. I'd rather wait until Fiscal '18 to work on it.

A viva voce roll call was taken which resulted as follows;

Yea:	Alderman Wilshire, Alderman McCarthy, Alderman O'Brien, Alderman Siegel, Alderman Dowd	5
Nay:	Alderman McGuinness, Alderman Schoneman	2

MOTION CARRIED

Alderman Siegel

I will take the task to have legal make the appropriate formal changes in this legislation.

NEW BUSINESS – ORDINANCES – None

TABLED IN COMMITTEE

R-16-030

Endorsers: Mayor Jim Donchess
Alderman Richard A. Dowd
Alderman-at-Large Lori Wilshire
Alderwoman Mary Ann Melizzi-Golja
Alderman-at-Large Michael B. O'Brien, Sr.
Alderman-at-Large Brian S. McCarthy

CREATING A SPECIAL REVENUE FUND FOR SCHOOL CAREER AND TECHNICAL EDUCATIONS (CTE) TUITION FEES

- Tabled pending Public Hearing – 5/16/16

R-16-033

Endorser: Mayor Jim Donchess

AUTHORIZING THE MAYOR AND CITY TREASURER TO ISSUE BONDS NOT TO EXCEED THE AMOUNT OF TWO MILLION TWO HUNDRED THOUSAND DOLLARS ($2,200,000) FOR THE PURCHASE AND INSTALLATION OF A CITYWIDE TELECOM SYSTEM

- Tabled pending Public Hearing – 5/16/16

R-16-034

Endorser: Mayor Jim Donchess

RELATIVE TO THE ADOPTION OF THE FISCAL YEAR 2017 PROPOSED BUDGET FOR THE CITY OF NASHUA GENERAL, ENTERPRISE, AND SPECIAL REVENUE FUNDS

- Tabled pending Public Hearing – 5/16/16

GENERAL DISCUSSION

PUBLIC COMMENT

REMARKS BY THE ALDERMEN

POSSIBLE NON-PUBLIC SESSION

ADJOURNMENT

MOTION BY ALDERMAN WILSHIRE TO ADJOURN
MOTION CARRIED

The meeting was declared closed at 9:47 p.m.

Alderman Sean M. McGuinness
Committee Clerk

Nashua Information Technology Division

Executive Summary

Governments at all levels are under pressure to deliver more for less, whether this pressure comes from Federal or State mandates or citizen needs. In particular, citizens are demanding from government, the service levels, convenience and quality that they have come to expect from the private sector. Considering the challenges that confront City government, information technology (IT) must deliver tangible business value by improving productivity and reducing costs.

The City of Nashua, NH Information Technology (IT) Division is no different and will continue to pursue innovation, strategic development, and exemplary service delivery in coming years by implementing new processes and technologies to meet current and future technology needs of the City. The IT Division functions as an internal service, that is, we operate as an internal business supplying technical solutions to all departments. IT contributes to an efficient and productive City government while using modern information technologies to improve citizen access to government information and services.

Mission Statement

The mission of the City of Nashua Information Technology Division is to provide high quality innovative, secure, efficient and cost-effective services. Work as a team to identify best practices for services while being respectful of taxpayer dollars.

Attract and retain employees with appropriate technical skills, enthusiasm to learn, ability to teach and the passion to provide high quality program, project and operations services to city departments and public sector.

Who we are;

The Division is made up of **Information Technology** and **Nashua CTV – Public, Government and Education TV.**

Bruce Codagnone	**CIO / IT Division Director**
Ann Surwell	Administrative Assistant III
Nick Miseirvitch	**Infrastructure Team Supervisor**
Richard Pearl	Enterprise System Administrator / DBA
Mark Fradette	System Administrator
Dana Buckley	Network Administrator
Dan McMullen	**Technical Services Team Supervisor**
Ben Levesque	Technical Support
Nathan Lloyd	Technical Support
James Molony	**App Development and Project mgmt. Team Supervisor**
Michael Roy	Implementations Specialist
Cindy Loefstedt	Applications Analyst
Jackie Chandonnet	Web Administrator / Graphic Designer
Jeff Poehnert	**Nashua CTV - Government**
Pete Johnson	Nashua CTV - Education

IT Teams and Services Provided

Information Technology is made up of three teams; Infrastructure, Technical Support, Applications Development and Project management.

Infrastructure Team

Responsible for all aspects of Infrastructure including, but not limited to, Servers, Networks, and Storage

4 full-time staff members – Network Admin, Systems Admin, Database Admin, and Team Supervisor

Servers – the machines which host the applications that all end users connect to

- Maintain and monitor over 120 servers which run the City's software applications
- Support 10 different server operating system versions (Windows, Linux)
- All City users (Schools, Fire, PD, Library, DPW, City Hall) access these servers in some form
- Maintain the Windows trust relationship between City Windows domain and the PD and School Windows domains

Networks – what connects the buildings, servers, and end user pc's together to share information

- Consists of wiring, switches, and routers which are unseen
- There are over 40 miles of fiber (ranging from 12 to 144 strands) installed throughout the City which is used to connect network devices together within each building
- Maintain and monitor over 70 network devices which are interconnected throughout the City (not including Schools and PD)
- Maintain and monitor another 70 network devices just for the traffic signals throughout the City
- Support the two wireless networks used throughout City buildings and the Public Library (over 25 access points)
- Maintain and monitor the four (4) internet connections used by the City and Library (not including Schools and PD)
- Monitor multiple VPN tunnel connections with State MVR and Lawson hosting provider

Storage – where electronic data and information reside

- Maintain and monitor the six (6) Storage Area Network (SAN) systems which provides over 140 TB (terabytes) of storage (same as 32,000 DVDs; 260,000 CDs; or 105,000,000 floppy disks) for the City (not including Schools and PD)
- Each of the 10 virtual host servers also has 500 GB (gigabytes) of storage available for an additional 5 TB
- Provide backup and recovery of all City electronic data (not including Schools and PD)

- Maintain, monitor, and optimize over 150 databases for City applications on four different versions of SQL
- Primary support for all things database related – packages; imports; exports; etc

Support

- Provide all support for the following Enterprise applications for the entire City (3,000 users): Lawson, Kronos, Telestaff, Cartegraph
- Provide all support for the City email system: over 500 mailboxes; average 300,000 emails per month; 80% spam hit rate which do not reach the intended recipient (not including Schools and PD)
- Maintain the security structure for data and application access throughout the City
- Configure Citywide Building Access Control system (not including Schools and PD)
- Maintain the eight (8) security camera systems throughout the City consisting of over 100 cameras (not including Schools and PD)
- Responsible for how the fiber is patched and spliced to provide the connectivity throughout the City
- Maintain connectivity of the phone system infrastructure – will become part of support of new phone system
- Primary contact for afterhours support for the City (not including Schools and PD)
- Provide Remote Access for certain end users, Aldermen and the mobile Fire units.
- Provide Project Management services for multiple engagements

Technical Support Team

Three full time staff members, Technical Support Team Leader and two Technical support specialists

Areas of Support:
Hardware (34 locations)

- PC Desktop Support (over 500)
- All desktop peripheral support
- Printer Support (150)
- Multi-Function Printer Support
- Manage loaner equipment program
- Equipment recycling and disposition
- Tablet Support (iPad, Android, Windows)
- 22 mobile devices, Nashua Transit buses
- Video A/V Support
- Hardware Inventory
- Hardware Testing and Review
- Ethernet Cabling
- Telephony Cabling

Software (34 locations)

- Over 240 software applications support
- Software upgrades
- Software testing and review
- Licensing compliance and tracking

Communications

- PBX Support (9 locations)
- Desktop Digital Phone Support (over 500 phones in 9 locations)
- Analog Phone Support
- Copper line support (over 30 locations)
- Voicemail Support (9 locations)
- Unified Messaging Support
- Mobile Phone Support

Emergency Services

- 24 x 7 IMC Fire Dispatch Software Support
- Mobile MDT Unit Support (22 Fire Vehicles)

Other

- Maintain windows update server/push weekly updates
- Maintain Symantec Endpoint Protection server
- Maintain anti spyware/malware server and services
- Support citywide helpdesk during core business hours
- End-user training

Applications Development and Project management Team

4 full-time staff members – Implementations Specialist, Applications Analyst, Web Administrator / Graphic Designer and Team Leader

Software Projects

- Project Management
- Application and Systems Analysis
- Implementation Services
- Data Transformation Services
- Reporting Services
- Test Planning and Quality Assurance
- Proposal Review and Analysis
- Hardware/Peripherals Evaluation

Support

- Enterprise Applications Support
- Online Payment Services Administration
- Website Maintenance and Services for over 400 pages and thousands of documents and forms
- Document Management Administration
- Financial System Administration
- Database Services and Administration
- Legacy System Support and Administration
- Training

Development/Design

- Workflow and Systems Integrations Development
- Custom Applications Development
- Web Development
- Electronic Forms Development
- Print and Electronic Design Services

Nashua CTV – Public, Government and Education TV

Government TV 16

Nashua's Channel 16 offers non-commercial Government programming as a public service to the Community. Broadcasts include live gavel-to-gavel coverage of government meetings (including the Board of Aldermen), special programs about City government projects, and training programs. All Government programming is streamed live over the internet as well as archived for on demand access via the City's Website.

Nashua ETV

Nashua's educational television channel 99 offers non-commercial Educational programming as a public service to the Community. Nashua ETV works with public and private schools to inform highlight and educate citizens about local school programs, events and goals. Nashua ETV is streamed live over the internet and

Access Nashua

Nashua's New Public Access Channel (96) offers non-commercial public generated programming as an added service to the Community. Access Nashua's broadcasts will include a wide variety of programming covering topics from A to Z. Some topics you will see are cooking, arts & crafts, health, current affairs, music, storytelling, history, political issues, and many others. Our purpose is to provide a medium for the public to share interests, thoughts and opinions with fellow citizens. Access Nashua is streamed live over the internet as well archived for on demand viewing via the City's Website.