

REPORT OF THE FINANCE COMMITTEE

JUNE 15, 2016

A meeting of the Finance Committee was held on Wednesday, June 15, 2016, at 7:00 p.m. in the Aldermanic Chamber.

Mayor Jim Donchess, Chair, presided.

Members of the Committee present: Alderman-at-Large Lori Wilshire
Alderman-at-Large Michael B. O'Brien
Alderman Benjamin M. Clemons
Alderman June M. Caron
Alderman Ken Siegel

Members not in Attendance: Alderman-at-Large Mark S. Cookson, Vice Chair

PUBLIC COMMENT - None

COMMUNICATIONS

**MOTION BY ALDERMAN SIEGEL THAT THE RULES BE SO FAR SUSPENDED AS TO ALLOW FOR THE INTRODUCTION OF A COMMUNICATION RECEIVED AFTER THE AGENDA WAS PREPARED
MOTION CARRIED**

From: John Griffin, Chief Financial Officer
Re: Internal Revenue Service Audit

**MOTION BY ALDERMAN SIEGEL TO ACCEPT, PLACE ON FILE AND AUTHORIZE THE PAYMENT OF \$19,473.72. FUNDS ARE AVAILABLE WITHIN THE FY16 DEPARTMENTAL BUDGETS, ACCOUNT 52100, FICA/MEDICARE TAXES
MOTION CARRIED**

From: Dan Kookan, Purchasing Manager
Re: To Approve Contract Award for Healthcare Stop Loss Insurance (Value: \$750,692)

MOTION BY ALDERMAN SIEGEL TO ACCEPT, PLACE ON FILE AND AWARD THE CONTRACT TO HCC IN THE AMOUNT OF \$750,692. FUNDS ARE AVAILABLE IN THE HUMAN RESOURCES DEPARTMENT; BENEFITS SELF INSURANCE FUND

ON THE QUESTION

Alderman Siegel

I know this is for this year, but is it going forward? Are we going to continue to have the higher deductible amount.

Mayor Donchess

Of course it's subject to approval by the committee, but that would be my recommendation. I think the consultant agrees.

Tom DeLacey, Benefits Consultant for the City of Nashua.

I'm with Work Place Benefits Solutions, which is a HUB International company. Historically we had a \$250,000 stop loss level which basically means any claimant who hits that \$250,000 the insurance plan picks up anything above that. We've looked at the numbers over the years. Each year we kind of look at different stop loss levels and try to determine if it makes sense to increase that level. We're comfortable with increasing it based on the overall size of the group and the amount of claims, which is roughly about one percent of total claims, and also because of the reserve fund that the city has. We think that city can save some money, and they have sufficient reserves if there was a particularly bad year.

Alderman Siegel

What's your estimate moving forward of what we can save by upping that limit by \$100,000? The deductible, rather.

Mr. DeLacey

For instance what next year's premium would be, they really kind of run in line. If you look there's about a 25 percent savings to go from \$250,000 to \$350,000. You would think that would continue to be that 25 percent difference year over year.

Alderman Siegel

Okay, thank you very much.

MOTION CARRIED

From: Dan Kookan, Purchasing Manager
Re: Nashua City Wide Telecom Project (Value: \$2,200,000)

MOTION BY ALDERMAN SIEGEL TO ACCEPT, PLACE ON FILE AND, CONTINGENT UPON BOARD OF ALDERMEN APPROVAL, AWARD THE CONTRACT TO CUSTOM COMPUTER SPECIALISTS, INC. IN THE AMOUNT OF \$2,200,000. SOURCE OF FUNDING IS DEPARTMENT, 122 INFORMATION TECHNOLOGY; BOND; 71, EQUIPMENT

ON THE QUESTION

Director Bruce Codagnone, IT Division

We have with us Rick Farrenkopf, who is the Director of Technology at the Schools, Peter Cinfo, IT Manager for the Police Department, and Suzanne MacLaughlin and Paul from Custom Computer. They are on the vendor side. We got proposals from seven different vendors. We had a wide variety of criteria other than the costs that we looked at. Custom Computer ranked the highest. We have a very complex ranking sheet that we use. Every member of the team independently put their data into the sheet. We came back with the top two vendors. We invited the top two vendors to come in for further discussions. We felt Custom Computer had the strongest bid as well as the best product for the city.

Mayor Donchess

Who, other than yourself, was on the team interviewing the vendors?

Mr. Codagnone

Myself, Rick Farrenkopf, Peter Cinfo, and a couple people on my team as well as a person on Rick's team that is no longer with the school district, and also the fire department and Emergency Management, Justin Kates.

Alderman Siegel

I believe this came up last night. This was the bond issue we approved last night.

Mayor Donchess

Yes.

Alderman Siegel

We've already cleared the hurdle of Board of Aldermen approval, right?

Mayor Donchess

Yes.

Alderman Siegel

This has been discussed for quite some time. The reasons there's no questions is because this is going back to last term. There's not a lot of new information. We've been churning around on this for quite some time, many of us have. I appreciate you coming by. Don't view the lack of questions, at least from me, as lack of interest or due diligence.

Alderman Clemons

I read over it. It seems pretty straightforward. I trust the judgment of the employees that put all the work into it. I didn't have any concerns.

MOTION CARRIED

From: Dan Kookan, Purchasing Manager

Re: NTS Fixed Route CNG Bus Procurement (Value \$3,966,832)

**MOTION BY ALDERMAN SIEGEL TO ACCEPT, PLACE ON FILE AND, CONTINGENT UPON BOARD OF ALDERMEN APPROVAL, AWARD THE CONTRACT TO GILLIG, LLC, IN THE AMOUNT OF \$3,966,832. FUNDS ARE AVAILABLE IN DEPARTMENT 186, NASHUA TRANSIT; GRANT FUNDS; 81, MAJOR CAPITAL OUTLAY
MOTION CARRIED**

From: Dan Kookan, Purchasing Manager

Re: Engineering Services for New Canal Pedestrian Bridge Project (Value \$109,862)

MOTION BY ALDERMAN SIEGEL TO ACCEPT, PLACE ON FILE AND AWARD THE CONTRACT TO HOYLE, TANNER & ASSOCIATES IN THE AMOUNT OF \$109,862. SOURCE OF FUNDING IS DEPARTMENT 181, COMMUNITY DEVELOPMENT; NH DOT TAP GRANT; 53, PROFESSIONAL AND TECHNICAL SERVICES

ON THE QUESTION

Alderman Clemons

I was wondering if this was going to be big enough to use as an emergency access to the park, the bridge?

Director Sarah Marchant, Community Development Division

The grant is a non-motorized transportation grant. It is not meant to allow for motorized vehicles. It is intended, however, to allow maintenance type vehicles, something that parks and rec uses to access the park for basic maintenance. It is not allowed to be used for something that can be a full motorized access point.

Alderman Clemons

And that's a stipulation of the grant?

Ms. Marchant

Correct.

Alderman Siegel

I just want to point out that this is a 80 percent grant. The city is only actually putting 20 percent of the money in that we're voting on. It's important to note that we're not spending huge amounts of money on this. It's a big advantage. It's another entry to Mine Falls.

Alderman O'Brien

When you build this bridge and you say it's not non-motorized, I agree with that and maintenance, but are you taking into account, the fire department, the forestry units in particular? Occasionally people do use the trails, they do get injured. The forestry's do have baskets to remove the people if needed. Just take that into account that it would meet the fire department needs for access as well. It would make common sense in my opinion.

Ms. Marchant

I can certainly bring that to the consultant's attention. This is meaning to be very much like the Seventh Street pedestrian bridge. It's very much along those lines.

Alderman O'Brien

The Seventh Street seems to work out well. Just making sure while we're doing, we're doing it correctly. Thank you.

MOTION CARRIED

From: Dan Kookan, Purchasing Manager
Re: Purchase of PakFlatt 4-Station Voting Booths (Value: \$52,994)

**MOTION BY ALDERMAN SIEGEL TO ACCEPT, PLACE ON FILE AND APPROVE THE PURCHASE FROM INCLUSION-SOLUTIONS IN THE AMOUNT OF \$52,994. FUNDS ARE AVAILABLE IN DEPARTMENT 107, CITY CLERK; WAGES FULL TIME
MOTION CARRIED**

From: Dan Kookan, Purchasing Manager

Re: Award Contract for Brick Repointing at Nashua Public Library (Value: \$39,444)

MOTION BY ALDERMAN SIEGEL TO ACCEPT, PLACE ON FILE AND AWARD THE CONTRACT TO WESFIELD CONSTRUCTION IN THE AMOUNT OF \$39,444. SOURCE OF FUNDING IS DEPARTMENT 179, NASHUA PUBLIC LIBRARY; GENERAL FUND; 54, PROPERTY/BUILDING MOTION CARRIED

From: Dan Kookan, Purchasing Manager

Re: Pictometry Contract (Value: \$104,217)

MOTION BY ALDERMAN SIEGEL TO ACCEPT, PLACE ON FILE AND APPROVE THE PURCHASE FROM PICTOMETRY INTERNATIONAL CORP. IN THE AMOUNT OF \$104,217. FUNDS ARE AVAILABLE IN DEPARTMENT 134, GIS; GENERAL FUND; 54, PROPERTY EQUIPMENT MOTION CARRIED

From: Dan Kookan, Purchasing Manager

Re: Renewal of Medical Director Contract for FY17 (Value: \$10,800)

MOTION BY ALDERMAN SIEGEL TO ACCEPT, PLACE ON FILE AND AWARD THE CONTRACT TO DR. ALEXANDER GRANOK IN THE AMOUNT OF \$10,800. SOURCE OF FUNDING IS DEPARTMENT 172, COMMUNITY HEALTH; GENERAL FUND; 55, OTHER SERVICES (\$2,800); AND COMMUNITY HEALTH STD/HIV GRANT; 55, OTHER SERVICES (\$8,000) MOTION CARRIED

From: Dan Kookan, Purchasing Manager

Re: Renewal of Animal Control Services Contract for FY17 (Value: \$99,081)

MOTION BY ALDERMAN SIEGEL TO ACCEPT, PLACE ON FILE AND AWARD THE CONTRACT TO THE HUMANE SOCIETY FOR GREATER NASHUA CORPORATION IN THE AMOUNT OF \$99,081. FUNDS ARE AVAILABLE IN DEPARTMENT 171, COMMUNITY SERVICES; GENERAL FUND; 56, COMMUNITY EXPENSES

ON THE QUESTION

Alderman Wilshire

If we did not approve a contract with the Humane Society, who else would do this? There isn't anyone else that does this, right?

Mayor Donchess

I would say that's correct.

Alderman Wilshire

Okay. Not that I have any problem with them; I think they do a great job.

Mayor Donchess

My recollection is this contract we've had with the Humane Society for a long time. There was a period when we didn't have a contract, and we were struggling with what do we do with stray animals. They kind of took us off the hook, but on the other hand we have a contract with them.

Alderman Clemons

We could make a change to the Charter and have a dog catcher.

Mayor Donchess

We have a dog catcher, but he or she doesn't take care of animals longer term.

MOTION CARRIED

From: Dan Kooken, Purchasing Manager

Re: Traffic Detection Repairs And Replacement Along Main Street (Value: \$26,120)

MOTION BY ALDERMAN SIEGEL TO ACCEPT, PLACE ON FILE AND, CONTINGENT UPON BOARD OF PUBLIC WORKS APPROVAL, AWARD THE CONTRACT TO ELECTRIC LIGHT COMPANY IN THE AMOUNT \$26,120. SOURCE OF FUNDING IS DEPARTMENT 161, STREETS; GENERAL FUND; MAIN STREET

ON THE QUESTION

Alderman Caron

Is this going to help our lighting system on Main Street?

Mayor Donchess

We have six broken circuits or sensors in the street. They get broken by plows and wintertime operations and other things. Part of this contract is for some of these to put cameras on the poles in a configuration that will not be destroyed or ruined by snow plowing. The camera functions automatically to see whether there is traffic. They think it will improve things to some degree, but it's not going to make a night and day because of the volume in traffic. It won't make a night and day type change.

Alderman Caron

Any little improvement I think is okay. Thank you.

Alderman Siegel

I suspect this will keep George Russell from constantly carping about the Main Street lights.

MOTION CARRIED

From: Dan Kooken, Purchasing Manager

Re: Concord Street Crosswalk Improvements (Value: \$34,658)

MOTION BY ALDERMAN SIEGEL TO ACCEPT, PLACE ON FILE AND, CONTINGENT UPON BOARD OF PUBLIC WORKS APPROVAL, AWARD THE CONTRACT TO ARLINGTON PAVING IN THE AMOUNT OF \$34,658. FUNDS ARE AVAILABLE IN DEPARTMENT 161, STREETS; PRIOR YEAR; CROSSWALK IMPROVEMENTS ESCROW

ON THE QUESTION

Alderman Wilshire

These are the crosswalks we just did recently, and it looks like we have to reconstruct them?

Mayor Donchess

The ones that are furthest north were just painted. They are not really correct in terms of lining up with where the corners are and everything. This is one of those crosswalks that's a brick-like situation. It's construction. Instead of it being a painted crosswalk, it will be a crosswalk more like the ones you see down at the bottom of Concord Street that have been constructed already.

Alderman Clemons

Is it raised?

Mayor Donchess

It's not raised, but it's textured so you can feel going over it a little bit.

MOTION CARRIED

From: Dan Kookan, Purchasing Manager

Re: Citywide Infiltration/Inflow Analysis – Amendment #2 (Value: \$23,709)

MOTION BY ALDERMAN SIEGEL TO ACCEPT, PLACE ON FILE AND APPROVE CHANGE ORDER #2 TO THE CONTRACT WITH WRIGHT-PIERCE IN THE AMOUNT OF \$23,709. SOURCE OF FUNDING IS DEPARTMENT 169, WASTEWATER; INFLOW AND INFILTRATION
MOTION CARRIED

From: Dan Kookan, Purchasing Manager

Re: Capacity Management Operation and Maintenance for Sewer Collection System
(Value: Not To Exceed \$200,000)

MOTION BY ALDERMAN SIEGEL TO ACCEPT, PLACE ON FILE AND AWARD THE CONTRACT TO CDM/SMITH IN AN AMOUNT NOT-TO-EXCEED \$200,000. FUNDS ARE AVAILABLE IN DEPARTMENT 169, WASTEWATER; CSO CONSENT DECREE PROJECTS
MOTION CARRIED

From: Dan Kookan, Purchasing Manager

Re: FEMA Hazardous Mitigation Grant – Purchasing of Survey Equipment (Value: \$54,168)

MOTION BY ALDERMAN SIEGEL TO ACCEPT, PLACE ON FILE AND AWARD THE CONTRACT TO WAYPOINT TECHNOLOGY GROUP IN THE AMOUNT OF \$54,168. SOURCE OF FUNDING IS DEPARTMENT 169, WASTEWATER; FEMA HAZARD MITIGATION (\$46,600); DEPARTMENT 160, ADMINISTRATION AND ENGINEERING; GENERAL FUND; 61, SUPPLIES & MATERIALS (\$2,000); AND DEPARTMENT 169, WASTEWATER; SEWER STRUCTURES (\$5,568)
MOTION CARRIED

From: Dan Kookan, Purchasing Manager

Re: Pump Station Upgrades Design Services – Phase II – 30% Design (Value: \$479,051)

MOTION BY ALDERMAN SIEGEL TO ACCEPT, PLACE ON FILE AND AWARD THE CONTRACT TO WOODARD & CURRAN IN THE AMOUNT OF \$479,051. FUNDS ARE AVAILABLE IN DEPARTMENT 169, WASTEWATER; PUMP STATION UPGRADES

MOTION CARRIED

From: Dan Kookan, Purchasing Manager
Re: Purchase of Mobile Lift Columns (Value: \$22,039)

MOTION BY ALDERMAN SIEGEL TO ACCEPT, PLACE ON FILE AND APPROVE THE PURCHASE FROM TOOL & EQUIPMENT CONNECTION, INC., IN THE AMOUNT OF \$22,039. SOURCE OF FUNDING IS DEPARTMENT 161, STREETS; GENERAL FUND; 71, EQUIPMENT
MOTION CARRIED

UNFINISHED BUSINESS – None

NEW BUSINESS – None

TABLED IN COMMITTEE

MOTION BY ALDERMAN SIEGEL TO TAKE FROM THE TABLE THE COMMUNICATION REGARDING THE CONTRACT AWARD FOR SINGLE STREAM RECYCLING
MOTION CARRIED

From: Dan Kookan, Purchasing Manager
Re: Contract Award for Single Stream Recycling (Value: Not-to-Exceed \$249,925); Department: 168 Solid Waste; Fund: Solid Waste; Account Classification: 55 Other Contracted Services
• Tabled - 6/1/16

MOTION BY ALDERMAN SIEGEL TO ACCEPT, PLACE ON FILE AND, CONTINGENT UPON APPROVAL OF THE FY17 BUDGET, AWARD THE CONTRACT TO CASELLA RECYCLING, LLC, IN AN AMOUNT NOT-TO-EXCEED \$249,925. SOURCE OF FUNDING IS DEPARTMENT 168, SOLID WASTE; 55, OTHER CONTRACTED SERVICES

ON THE QUESTION

Mayor Donchess

This was tabled based on the question is it contingent upon the budget approval. The answer is yes. The motion reflects that. If we approve the contract now, we're in the last meeting of the fiscal year, we will not enter and I won't sign the contract unless the budget passes.

Alderman Clemons

Will they hold the value if we go over a little bit? I'm just curious, or will they renegotiate?

Mayor Donchess

I don't know. A little bit. A day? Yes. If we went a month over? I think so, but I'm not sure. But I think the budget is in one form or another will pass.

MOTION CARRIED

DISCUSSION

Alderman Wilshire

I wondered if you could tell us where we are on the road paving software project.

Mayor Donchess

They are nearing completion of the work. They're beginning to get to the point where they can give conclusions. There's going to be a presentation in a work session before the Public Works Board in the near future. Ultimately it's going to require quite a bit of work, meaning catching up on paving is going to require a fairly significant expenditure. Public Works believes that in view of the fact they need to do a lot of preliminary work in terms of notifying everybody who is adjacent to a paving project that they cannot open a street for five years, and notify the gas company and the water company regarding every street that's going to be paved. They think they can handle about \$6.5 to \$7 million dollars a year in paving and successfully work with the gas company and the water company and the electric company with that volume of paving. I think ultimately the recommendation will be that for at least two years, and probably after that we'll see how things are going, we bond and pave, in addition to the regular budget, \$6.5 to \$7 million a year over the next two years.

Alderman Wilshire

Thank you, and one other question I had from a constituent, street sweeping. Is that still done by request or is that being scheduled?

Mayor Donchess

It's done citywide without scheduling. There's five sweepers including the sidewalk sweepers. They go over the entire city more than once a year, all the streets more than once a year. They did my street the other day. There used to be only two sweepers; now there's more.

Alderman Wilshire

If someone had a particular problem, could they call someone?

Mayor Donchess

Sure. There's a schedule where they plot out where they are going to. But if there were a particular problem or something, certainly we could take it up at public works. If you have something, just call us. Once we do this presentation before the Board of Public Works on the paving, we will come to the Board of Aldermen to present everything to the Board, not only to keep you informed but because any bonding, which I assume I will propose to you, needs to obviously be approved by the Board of Aldermen. It will probably be in the range of \$6.5 to \$7 million a year for at least two years and maybe more. Probably more is a reality.

Alderman Wilshire

Getting back to my other question about the street sweeping, you mentioned sidewalk sweepers. Do we do that as well? I haven't seen that.

Mayor Donchess

That's mostly a downtown activity. I think there are two sidewalk sweepers. That's mostly downtown. They are not sweeping sidewalks citywide.

Alderman Wilshire

I did have particular request for the back of Mount Pleasant School. There's some runoff that comes down and all the sand and dirt is all over that sidewalk behind Mount Pleasant. I've had parents ask me if someone would take care of that.

Mayor Donchess

I can definitely check that out and we'll keep in touch.

Alderman Siegel

As long as it's not on the school property because then you get this problem with real estate, where is the line. The city sidewalk sweepers are a certain width. You can't just take them anywhere unfortunately. They are good for downtown, but it's hard to take them on a residential sidewalk unfortunately. It would be fun though.

RECORD OF EXPENDITURES

MOTION BY ALDERMAN SIEGEL THAT THE FINANCE COMMITTEE HAS COMPLIED WITH THE CITY CHARTER AND ORDINANCES PERTAINING TO THE RECORD OF EXPENDITURES FOR THE PERIOD MAY 27, 2016 TO JUNE 9, 2016
MOTION CARRIED

PUBLIC COMMENT- None

POSSIBLE NON-PUBLIC SESSION

ADJOURNMENT

MOTION BY ALDERMAN WILSHIRE TO ADJOURN
MOTION CARRIED

The Finance Committee meeting was adjourned at 7:32 p.m.

Alderman Ken Siegel
Committee Clerk



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TO: Mayor Jim Donchess
Finance Committee

FROM: John Griffin, Chief Financial Officer 

DATE: June 14, 2016

SUBJECT: Internal Revenue Service Audit

The purpose of this communication is to notify the Finance Committee that over the course of the past nine months, Financial Services has been undergoing a randomly selected audit with the Internal Revenue Service (IRS). The objective of the audit was to review all Accounts Payable transactions for calendar years 2013 and 2014 in an effort to monitor compliance in the following two areas:

- Proper classification of Employees vs. Independent Contractors
- Proper treatment of taxable fringe benefits to employees

During the audit, the IRS noted a number of Accounts Payable vendor payments to individuals performing the following services:

- City Camp Counselors
- City Game Officials
- Cable TV Videographers
- School Tutors

The IRS determined that the individuals performing the above services in 2013 should not be classified as vendors and should to be treated as employees subject to withholding and employment taxes.

The IRS also examined employee reimbursements and concluded that wellness reimbursements for gym dues made during 2013 and 2014 to Police Department employees are a taxable fringe benefit and are also subject to withholding and employment taxes.

The audit findings result in a total tax payment due to the IRS in the amount of \$19,473.72. No penalties or interest will be assessed and no additional taxes will be imposed for 2014, 2015 and 2016 provided that the City agrees to comply with the reclassification requirements.

Sufficient funds are available within FY2016 departmental budgets, account #52100 FICA/Medicare taxes, to cover the additional tax due.