

BUDGET REVIEW COMMITTEE

FEBRUARY 27, 2023

A meeting of the Budget Review Committee was held Monday, February 27, 2023, at 7:07 p.m. in the Aldermanic Chamber.

Alderman Richard A. Dowd, Chairman, presided.

Let's start the meeting by taking a roll call attendance.

Members of Committee present: Alderman Richard A. Dowd, Chairman
 Alderman-at-Large Michael B. O'Brien, Sr., Clerk
 Alderman-at-Large Lori Wilshire
 Alderman June M. Caron
 Alderman Ernest Jette
 Alderman John Sullivan

Members not in Attendance: Alderwoman-at-Large Shoshanna Kelly

Also in Attendance: John Griffin, CFO/Treasurer/Tax Collector
 Shawn Smith, NSD Plant Operations Director
 Jeffrey LaFleur, Superintendent of Solid Waste

ROLL CALL

PUBLIC COMMENT

Chairman Dowd

Mr. Smith do you want to give an overview of the contract now?

Shawn Smith, NSD Plant Operations Director

I could if you wish.

Chairman Dowd

You can come up and either take a seat or whichever is more comfortable for you.

Shawn Smith, NSD Plant Operations Director

I sit all day long so it feels good to stand. So this is the Custodial Contract. Last one expired in June 30, 2021. So it's about a year and a half later. We concluded our negotiations this past December, reached tentative agreement in the middle of the month, went through several red-lined copies back and forth, and then you have the final copy in front of you. This is a four year contract. The wage increase is 2.5% per year. So that's for most of the members of that Union.

The exceptions are the Master Plumber and the Electrician. They get a 22.5% raise starting this past July. They get 2.5 for the first year and then 22.5 thereafter - one time. So then after they get the one-time jump it does back to 2.5. The HVAC Technicians get slightly more 23% one time and then it goes back to 2.5 after that. The reason we did that is just trouble hiring Master Electricians and Master Plumbers. I currently have no Master Plumbers at all. I've been without them since last summer. I have two Master Electricians but one's been on the wounded list for 6 months so it feels like he's been gone as well. HVAC trade now requires a gas-fitters license, which is a pretty rigorous license to go out and get. I don't think it's quite the same level as a master license in electrical or plumbing but it's getting up there. So that's why we increased them as well. I've been without an HVAC Technician - I have one at each high school and three district-wide HVAC Technicians. I've been down one since last summer.

Other highlights and changes, we did agree to extend short-term disability to the entire Union. So those of you who have been here for a while, we drew a line on November 1, 2019 saying that everybody that came in after that fact could not get short-term disability. They pushed hard for it so all those members plus all the new ones that joined after November 1,

2019 to get it. We agreed to that. In return to that, there's a waiting period before you go on short-term disability that increased from 14 days to 21 days. So my main concern was absenteeism. I just want to make sure everybody is at work as much as possible so that's why we increased it to 21 days. They agreed to that.

There are a lot of little changes. I've got four pages of tentative agreement stuff. It's mainly editorial things. Minor changes here and there but they also agreed to the healthcare program which the City has offered them which I think was a big get. Not as big as the Teacher's Union but it was good for this Union. So that's my summary.

Chairman Dowd

Thank you Mr. Smith. If anybody has questions when we bring up the Resolution, we'll call you back.

COMMUNICATIONS - None

UNFINISHED BUSINESS - None

NEW BUSINESS – RESOLUTIONS

R-23-084

Endorsers: Alderman Richard A. Dowd
Alderman-at-Large Michael B. O'Brien, Sr.
Alderman Patricia Klee
Alderman-at-Large Ben Clemons
Alderman Tyler Gouveia
Alderman-at-Large Gloria Timmons
Alderman Derek Thibeault
Alderman-at-Large Shoshanna Kelly
Alderman-at-Large Lori Wilshire

APPROVING THE COST ITEMS OF A COLLECTIVE BARGAINING AGREEMENT BETWEEN THE NASHUA BOARD OF EDUCATION AND THE NASHUA SCHOOL CUSTODIAN UNION, LOCAL 365/COUNCIL 93, AFSCME, AFL-CIO FROM JULY 1, 2021 THROUGH JUNE 30, 2025 AND RELATED TRANSFERS

MOTION BY ALDERMAN O'BRIEN TO RECOMMEND FINAL PASSAGE

ON THE QUESTION

Chairman Dowd

Motion is to recommend final passage. It's Council 93. Discussion? Alderman Sullivan?

Alderman Sullivan

Thank you Mr. Chairman. I'm curious just about staffing levels. At the bottom under "notes" it says HVAC, Electricians, and Plumbers and in parenthesis it says "nine". Is that nine total across those three positions and are we fully staffed? You did mention that you wanted to bump the pay but are we fully staffed at this point?

Shawn Smith, NSD Plant Operations Director

I think Alderman Sullivan you're in one of the appendices. Is that where you're it from?

Alderman Sullivan

No, I'm just on the very first page line 49 and 50. It says, "Pay adjustment fiscal year '23 HVAC, electricians and plumbers". Then in parenthesis, it says nine. So I'm assuming there's 123 employees in this Union. Nine of which fall into those categories.

Shawn Smith, NSD Plant Operations Director

So if you'll indulge me I'll use my fingers. Two electricians, two plumbers, one HVAC each in the two high schools, and then I've got three more HVAC, so nine is the total for HVAC/Plumbers/Electricians.

Alderman Sullivan

Okay and are you fully staffed?

Shawn Smith, NSD Plant Operations Director

That's my full staff. I currently do not have two plumbers and one HVAC Technician.

Alderman Sullivan

Okay. So you're down three. One more follow-up?

Chairman Dowd

Go ahead.

Alderman Sullivan

Thank you. Of the, I'm going to assume the remaining 123 are various positions. How is the School District overall in staffing levels to that 123 save the mention the threeish that you just mentioned. How are we doing overall?

Shawn Smith, NSD Plant Operations Director

Pretty well. There was a time, well the pandemic is still ongoing somewhat. I'd say last spring we had some troubles getting people to apply for facility positions. That seemed to resolve itself. Now when we have an opening, it's typically filled within a couple of weeks.

Alderman Sullivan

Oh okay. Very good.

Chairman Dowd

Alderman Jette?

Alderman Jette

Thank you Mr. Chairman. So Mr. Smith I'm looking at the Contract Analysis.

Shawn Smith, NSD Plant Operations Director

I don't have that. Mr. Donovan put that together.

Alderman Jette

Okay. So I've got a bunch of questions about that so who can I ask that to?

Alderman Jette

Maybe Mr. Griffin?

John Griffin, CFO/Treasurer/Tax Collector

Good evening. With regard as we go if I may Mr. Chairman, Mr. Donovan created that spreadsheet and then I put in the medical, dental, and life insurance. But I'm familiar enough with that particular spreadsheet that if you wanted to ask questions I'll try to answer them. Thank you.

Alderman Jette

Do you have the spreadsheet?

John Griffin, CFO/Treasurer/Tax Collector

I don't have a copy.

Alderman Jette

I don't want to unfairly question you about it if you don't have it. These questions are just for clarification. Do you have it? So on line two, it's got 2.5% across the board. What is that 2.5% refer to?

John Griffin, CFO/Treasurer/Tax Collector

That would be the amount that Mr. Smith just indicated was the raise for the folks in this particular union.

Alderman Jette

Okay. So on line 10, it says "real annual percentage increase over prior year" and for Fiscal Year '22, it's 2.5%. Then for '23, it's 4.5%, and then '24 and '25 are both 2.5%. What's the reason for that bump there?

John Griffin, CFO/Treasurer/Tax Collector

Certainly. If we look at line 7. I believe Mr. Smith talked about one-time payments in Fiscal '23 to attract and compensate fairly the members of that Union. You'll see the \$123,983. That's added into the amount that brings the annual increase from about \$130,000 to \$240,000. The \$240,000 divided by the \$5.4 million is 4.5%.

Alderman Jette

Okay, thank you. Could I continue?

Chairman Dowd

Continue.

Alderman Jette

In line 29 for retirement costs for '22 it's got 19% and then '23, 4.4%, then it goes down to -.2%, and then it goes back up to 2.5%. What's the reason for the big bump to 19%? Just that many people retired in '22?

John Griffin, CFO/Treasurer/Tax Collector

If I may Mr. Chairman. This is the NH Retirement System that this particular Union is a member of like most other unions in the City. Just to explain this particular line item, this is the amount that the City pays on behalf of the employees for the employer cost portion. Believe it or not in the out-years, there's actually a reduction of about 2% in the employer rates. So that's why the increases went down. Looking at this, I'm not quite sure why the first number is 19% increase but I can certainly check that out.

Chairman Dowd

Did it have something to do with the increases in the nine staff because their retirement would be increased as well?

John Griffin, CFO/Treasurer/Tax Collector

The nine staff, the one-time payment, is in the following year. So I'd have to go through this a little bit more detail and get back to the Committee if that would be okay?

Alderman Jette

Yes, that's fine.

John Griffin, CFO/Treasurer/Tax Collector

It just doesn't jump out to me as to why that number would be.

Chairman Dowd

We can you get an answer before final passage of the full Board just for clarification. Additional questions Alderman Jette?

Alderman Jette

No, that's it. Thank you very much.

Chairman Dowd

Alderman Thibeault?

Alderman Thibeault

Thank you, Mr. Chairman. I just want to clarify something Mr. Smith said. So when you said you have nine and you're down three, you really would be fully staffed at twelve or are you missing three and you only have six right now?

Shawn Smith, NSD Plant Operations Director

I only have six right now.

Alderman Thibeault

Okay. Perfect. Thank you.

Chairman Dowd

The other important aspect of increasing this pay is we've just had four schools with brand new HVAC equipment. Actually McCarthy School is not on line yet but it will be critical that we have people that know what they're doing to handle all that new equipment.

Any other questions? Seeing none. Thank you Mr. Griffin.

MOTION CARRIED

R-23-087

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

AUTHORIZING THE MAYOR AND CITY TREASURER TO ISSUE BONDS NOT TO EXCEED THE AMOUNT OF FIVE HUNDRED TWENTY-FIVE THOUSAND ONE HUNDRED FIFTY DOLLARS (\$525,150) FOR THE PURCHASE OF ONE NEW 850L CRAWLER DOZER FOR THE DIVISION OF PUBLIC WORKS

MOTION BY ALDERMAN O'BRIEN TO RECOMMEND FINAL PASSAGE

ON THE QUESTION

Chairman Dowd

Motion is to recommend final passage. Are there any questions and Mr. Lafleur is back on. Are there any questions?
Alderman Sullivan?

Alderman Sullivan

Yes, thank you very much. First, I'd like to thank Mr. Griffin for forwarding me the balance of the CERF Fund and then also a detailing of purchases that have been made so far in Fiscal Year 2023. The one question that I did have because I was going through the Record of Expenses and I see, forgive my ignorance, but I see trucks on there. I wasn't sure if these trucks were for Public Works or if they were for another department because when I cross-referenced the CERF plan when we went through budget approval, I don't see any of those trucks under Public Works. So I guess my question is have these purchases that have been made so far this Fiscal Year are those coming out of Public Works? Are these add ons to what they had originally forecasted in the Fiscal Year '23 budget under the CERF plan?

Chairman Dowd

Mr. Griffin?

John Griffin, CFO/Treasurer/Tax Collector

Yes, so what's coming out of the CERF account, first of all we have purchase orders. So the purchase orders encumber the funds. So what Alderman Sullivan is talking about is he notices that we've actually spent and purchased \$779,000 worth of items out of CERF. We have another \$2 million that you folks in the Finance Committee have recently given the green light to go through the encumbrance process. So that's about \$2.8 million. Now that could be made up of items because of supply chain issues, etc. for Fiscal '21, '22, and '23. When you're looking at the CERF schedule, it could be police, fire, other departments in addition to Public Works.

Alderman Sullivan

Okay. So if I hear you correctly what you're saying is some of these purchases for vehicles could be out of Public Works. It seems like they are because there's plows on them and what not. So I'm assuming that but they're not showing up in Fiscal Year '23 because of the delays in supply chain. So maybe they were slated to be bought in previous fiscal years but now since the vehicles come on line, they're able to buy it now.

John Griffin, CFO/Treasurer/Tax Collector

That could be especially over the last several years with the supply chain issues, definitely.

Chairman Dowd

Just for clarification, the Park and Rec has plows on their trucks. The School Department has plows on their trucks and there are trucks in the Fire and Police Department. You all set?

Alderman Sullivan

Thank you for that.

Chairman Dowd

Alderman Klee?

Alderman Klee

Thank you Mr. Chairman. I'd like to if I may address just some of the comments that were made here. Being on fiscal, we had a number of items that came in and you would see that it was originally on CERF maybe in Fiscal '22 or '21. Some of those were deferred just to save money. Then what happened was I know in the case of some of the Park and Rec items, they actually came in almost double what we had put them on CERF for. I know that they are now going through the CERF list to bring those prices up somewhere. I shouldn't say double. Somewhere like anywhere from 8 to 10% over what we had budgeted for. So we had a lot of those things come through. Some of those were because we did defer the purchase. Some of them was kind of red tape within City Hall. It went through Public Works and then come to Finance which created a delay. So we've asked them to stop that practice and it will come to Finance and Public Works at the same time so we don't get some of these increases.

Part of the problem is they're not guaranteeing us these prices like they did before. So we order it, we do this, and a year later there's actually a price increase from when we kind of ordered it to that. With this whole COVID and supply chain, it's really becoming a mess. Even something as simple, which I know is not here for us to talk about, something as simple as

the dog catcher's vehicle went from like I think it was \$30,000 up to \$65,000 when we were finally able to buy it. So that's some of the issues that we're seeing now.

Chairman Dowd

Just a couple of other points. CERF doesn't really work in connection with its name. If CERF were working correctly, the Aldermen and the Mayor which put aside if a vehicle had a 10-year life span, they'd put 1/10th of the replacement cost into the CERF account every year. It's a long story why that was not done properly in past Boards of Aldermen but there's not enough money in there to cover all the vehicles that we're talking about.

The other thing is because of the interest rates in the past few years, our most expensive vehicles are being bonded which I'll let Mr. Griffin explain the difference between money coming out of CERF and bonds. The other thing that's happening is the newest fire truck – the ladder truck that we're buying here - has that gone through yet? I think it has.

John Griffin, CFO/Treasurer/Tax Collector

Yes it has.

Chairman Dowd

Because it's going to take 36 months for them to build it which throws the CERF a little out of kilter. So the vehicles we're buying now are taking much longer and that's why they're much more expensive. Do you want to address the bond versus the money out of CERF?

John Griffin, CFO/Treasurer/Tax Collector

Sure, if I may. So this particular item is bonded because of the fact that it's supposed to last seven years. It's a half million dollars. The debt service on this particular piece of equipment is \$85,000 a year over seven years. The debt service on purchases that Solid Waste has made is about \$3 million a year. So it's going to go from \$3 million. This would add another \$85,000.

With regard to apparatus, and that's an important thing to know, it used to be less than a year to build it. Chief Buxton has informed me and the Mayor that it could be up to 36. So the challenge we're going to have is bonding things three years before we even get it. But bonding gives us the authorization to spend. It's not that we run out the next day and sell bonds. We basically have that in the queue to bond at some point. Chief Buxton has also indicated that there may be some payment plans that these builders have for us because they recognize the challenge of funding something potentially day one and not getting it for three years. But that's probably for another day.

With regard to things on CERF as Alderman Klee's mentioned, I'm on the hook to let you folks know at the Board of Aldermen level if something's more than 10%. I'm also on the hook, as you most recently had, we flip flopped a 10-wheel dump truck. It wasn't available for a six-wheel dump truck. So we have to be a lot more nimble and flexible as we go through this. Five or six years ago, you print the schedule and that's the end of it but now we've got challenges with pricing increases, etc. So this particular bond is part of our plan. As Alderman Sullivan asked, what's the fund balance because he wants to know what's the fund balance? It's \$5 million at this point. The payments will come out of debt service out of the Solid Waste. They won't affect the balance in CERF. That's the reason why we bond certain items. Why we put them in CERF is we want to capture them that we actually need these vehicles, and this apparatus, and so forth going forward.

But one more point on the CERF. When I arrived in 2010, they had just changed it from that. If something last 10 years, we'll fund 10%. Mathematically, it doesn't matter if you put enough money in every year. The fact of the matter is - I hate to use the old spending cap because we're in the midst of that - but if you're trying to pay people, you want to keep the people we just talked, about and you want to do other things, pay the benefits, and pension, something's gotta give and it's the funding of CERF. You learned last year during the escrow process that we're really, as Alderman Klee says, that the team gets together and defers things and pretty soon you got a log jam. That used to be \$3 million a year is now \$6 million a year. So you really have to be nimble on that as well. We're going through that process right now. When we go through CERF, it will be, I believe, a little more rigorous this year than most years.

But the hope is, is that we have an interesting dilemma here. We have a challenge that I'd like to speak about. We have a Finance Committee that essentially is put together to approve contracts and most importantly, that the Purchasing Agent of the City – the Purchasing Manager is following the procurement process. That's why the communications come from Amy Girard as opposed to anybody else. And then you have the Department of Public Works that if I was on that Committee,

I'd be very interested in approving the actual purchase of the item. However, all those folks at the Public Works they review the CERF list at the budget. As late Alderman McCarthy tried to do is not have a separate CERF Committee, have the discussion in May and June of the CERF items so number one, you know what they are. Number two, you know what the funding needs to be, and number three, it's not a mystery when we keep coming in with the CERF. It's kind of like Alderman Caron used to say there's going to be a lot of expenses on trucks and heavy equipment because we need it and there is also going to be a lot of expenses on wastewater because you need to spend some expensive things.

So I just wanted to take the time to say as we go forward to the next budget, we're going to have challenges in funding because we're at that point where inflation is kind of running rampant. Disappointed that it went up from last month. The bonding amounts aren't – they're not 2% anymore so we've got to be careful there. Just things that cost of goods and services have gone up all over the place. So that's a little bit of background of why we're here and why I'm supporting what Mr. Lafleur and Director Fauteux are presenting here. Certainly, we want to protect as much air space as we can as we go forward through this process. So thank you.

Chairman Dowd

So a couple of things. You and I have discussed that they ought to bring those May meetings back about CERF and having a look at it before we get into the meat of the budget.

The other point is, do we on a regular basis go into CERF and do we increase those vehicles every year with the cost of living or because if you don't do anything with the increases when you get out to buy the equipment, that's why it's so far behind the price.

John Griffin, CFO/Treasurer/Tax Collector

So a couple things Mr. Chairman if I may? We always have had a 5% escalator. We've been very fortunate to buy most of the vehicles less than what we had in there with the 5% escalator. But obviously if we need a 9% escalator plus the shortage of the actual parts to make the machinery and the availability, we've adjusted Police, Fire just about every group - Parking. Every group, we've come up with a new base price that's significantly more than the last base price that we usually key off of.

Chairman Dowd

I was pretty sure we did that I just wanted to make that known to everybody.

John Griffin, CFO/Treasurer/Tax Collector

Right. We did.

Chairman Dowd

Alderman Thibeault?

Alderman Thibeault

Thank you Mr. Chairman. I just want to thank Mr. Griffin for going over that. Making that tough decision back with the escrow and putting that money back in CERF when we could have easily just put it back into the taxpayer I think is why we had to make that tough decision. Because we're at points now where these vehicles are going up so much that we have to have money from somewhere. We can't bond every single vehicle that comes through. I appreciate you going through that and thank you.

John Griffin, CFO/Treasurer/Tax Collector

You're welcome.

Chairman Dowd

Any other questions? Alderman Jette?

Alderman Jette

Thank you Mr. Chairman. So Mr. Lafleur just to clarify. The purchase of this dozer - this is a planned purchase? This is replacing something that has been in service and that who's useful life is about to expire is that correct? Could you talk about that?

Jeffrey LaFleur, Superintendent of Solid Waste

Correct Sir. Yes we have a dozer currently at the landfill. We're starting to incur some pretty big expenses on repairing it. So this one replaces that. It's a seven year old dozer and that piece of equipment is used daily - every day out there covering the trash, using side slopes. We use it heavily. It's a lot of back and forth with this piece of equipment. I am going to keep the other one, repair it, and have it as a back-up to this one because when the equipment's down for any amount of time, it makes it really difficult for us to cover trash properly. As I said, it's very important to have it running. So we'll have one as back-up and this new one to run when we can.

Chairman Dowd

The other thing Mr. Lafleur and you're going to be at some point here in the not-to-distant future working on Phase IV which is a pretty big sizeable amount of area as we've seen. The other thing is any equipment that we buy, having been in logistics over 40 years, I can tell you it's a real issue with the military. As things get older, spare parts become much more expensive because the companies don't want to build them and then they come to a point where they're not available and have to be special ordered, which is even more expensive. So the repair of equipment that gets older is far more expensive than replacing the vehicle in the new one. That's just the facts of life. Any other questions? Alderman Jette?

Alderman Jette

Follow up. The analysis that was provided to us says that this legislation should be referred to Board of Public Works for its review and approval. Has that been done yet or not?

Jeffrey LaFleur, Superintendent of Solid Waste

I believe yes it went to Public Works last month, I believe.

Alderman Jette

So they've already reviewed and authorized the purchase?

Jeffrey LaFleur, Superintendent of Solid Waste

I've gone to Public Works and Finance with this machine.

Chairman Dowd

It went through the others.

Alderman Klee

It went to Finance as well.

Chairman Dowd

I just talked to Lisa this afternoon so it should be all set. Any other questions?

MOTION CARRIED

NEW BUSINESS – ORDINANCES - None

TABLED IN COMMITTEE - None

GENERAL DISCUSSION - None

PUBLIC COMMENT - None

REMARKS BY THE ALDERMEN - None

ADJOURNMENT

MOTION BY ALDERMAN O'BRIEN TO ADJOURN

MOTION CARRIED

The meeting was declared closed at 7:41 p.m.

Alderman Michael B. O'Brien, Sr.
Committee Clerk