

BUDGET REVIEW COMMITTEE

MARCH 27, 2023

A meeting of the Budget Review Committee was held Monday, March 27, 2023, at 7:13 p.m. in the Aldermanic Chamber.

Alderman Richard A. Dowd, Chairman, presided.

Let's start the meeting by taking a roll call attendance. If you are participating via Zoom, please state your presence, reason for not attending the meeting in person, and whether there is anyone in the room with you during this meeting, which is required under the Right-To-Know Law.

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  
Alderwoman-at-Large Shoshanna Kelly (via Zoom)  
Alderman John Sullivan

Members not in Attendance:

Also in Attendance: Alderman Derek Thibeault  
Alderman Thomas Lopez  
Alderman Patricia Klee  
Matt Sullivan, Community Development Director  
John Griffin, CFO/Treasurer/Tax Collector  
Cheryl Lindner, Treasury Management Officer

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ROLL CALL

PUBLIC COMMENT - None

COMMUNICATIONS

From: Matt Sullivan, Community Development Director  
Deb Chisholm, Sustainability Manager (on behalf of Conservation Commission)  
Re: Authorization request for \$13,000 from the Board of Aldermen from the Conservation Fund (#4080) for Beaver Management in the Hassel Brook Area

***There being no objection, Chairman Dowd accepted the communication and placed it on file.***

UNFINISHED BUSINESS - None

NEW BUSINESS – RESOLUTIONS

**R-23-090**

Endorsers: Alderman Ernest A. Jette  
Alderman-at-Large Michael B. O'Brien, Sr.  
Alderman Patricia Klee  
Alderman-at-Large Melbourne Moran, Jr.  
Alderman Richard A. Dowd  
Alderman Derek Thibeault  
Alderman-at-Large Lori Wilshire

**AUTHORIZING THE EXPENDITURE OF UP TO \$13,000 FROM THE CONSERVATION FUND FOR BEAVER MANAGEMENT WORK IN THE HASSELL BROOK AREA**

**MOTION BY ALDERMAN O'BRIEN TO RECOMMEND FINAL PASSAGE, BY ROLL CALL**

ON THE QUESTION

Chairman Dowd

Does anyone have any questions on this? Alderman Jette?

Alderman Jette

Yes. I was asked by the Conservation Commission to sponsor this Resolution and I see that Chairwoman Dutzy is here as well as Director Sullivan. Do you have a plan to present?

Alderman Dowd

Do both of you want to come up?

Matt Sullivan, Community Development Division Director

As Alderman Jette mentioned, we're joined this evening by Sherry Dutzy the Chair of the Conservation Commission. The sort of genesis for this legislation request before you this evening for \$13,000 for the Conservation Fund is based on increased storm water runoff, snow melt conditions, and other environmental conditions. We're seeing an increase in flooding within the Hassell Brook area along a set of private properties as indicated on the memo that I provided to you this evening. But what's really exacerbating these conditions is the fact that we've had several beaver dams ranging in size and scale and location that have actually been constructed by nature's engineers along this corridor that are exacerbating these environmental issues. That's been evidenced by the fact that this year we've seen unprecedented level of outreach from folks who live adjacent to this specific corridor. They're seeing water rise into their back yards, even some groundwater impacts as well within basements. While we can't exclusively attribute it to this beaver issue, we believe this to be a major contributor to those conditions.

I should also mention that one of the key considerations for us bringing this forward is the fact that there are several roadways that could be impacted in the event that one of these beaver dams suddenly fails. We saw a similar issue in Amherst earlier this year where we saw some overtopping of a bridge or road and we certainly don't want that to be the case. So again, addressing these beavers directly is what we believe is the best activity to move forward.

Now as far as strategy, we've yet to determine the final strategy but in consultation with Skip Lyle who is the President of Beaver Deceiver's, LLC, who has not been selected for the project but was brought in to provide some expert testimony and sort of support for us, we do believe there will be some need for some level of removal and installation of what are referred to as "beaver devices" or "beaver deceivers" to actually handle flow but also deter the beavers from doing some of the work that they've been doing in the corridor. So while this money is dedicated to beaver management, it's not clear exactly what the treatment will be but we're pretty confident this \$13,000 will go a long way in addressing these issues.

Happy to answer any questions you might have but the Conservation Commission as well as Public Works have been dealing with a lot of resident complaints about this over the past months and we hope this will go a long way in solving these issues. Just for frame of reference for the future, there is about \$1.75 - \$1.77 million in the Conservation Fund so this is a very appropriate investment of these monies based on current available funds.

Chairman Dowd

Are there any questions for Director Sullivan? Mr. Sullivan?

Alderman Sullivan

Director Sullivan I was reading through the memo and I was hoping that you could put a finer point on the geographic location of this because I know where Salmon Brook is in relation to Almont Street. That's what you were saying, right? Almont Street? If you could just explain where this is impacted that'd be great.

Matt Sullivan, Community Development Division Director

Yes, happy to. I'll actually use the BG playing fields as sort of an orientation point. If you actually look at the map that was

presented in the memo that I provided to the Committee, there is a green area on the bottom right of that map where the text box is. That green area is actually the BG athletic fields across Almont Street. So this Hassel Brook area is directly to the west of that from those BG athletic fields that are aligned with Almont Street if that helps orient you and other members of the Committee. Specifically if you're familiar with Pell Avenue, that's another area that is impacted and then the other street network shown on this map right here, but really we're looking to the west of the BG campus and school Alderman Sullivan. And just again if folks are looking at this, this green area on the bottom right-hand corner, that is the BG athletic field right here.

Alderman Sullivan

Okay. Oh yeah, I got it now.

Chairman Dowd

Any other questions? Alderman Jette?

Alderman Jette

Thank you. Through you to Director Sullivan. So this Hassell Brook is northwest of Salmon Brook on Lund Road.

Matt Sullivan, Community Development Division Director

Yes.

Alderman Jette

So I know that there has been flooding problems in the past where Hassell Brook starts on the other side of the Everett Turnpike along Progress Avenue and that area. Will this alleviate any of that?

Matt Sullivan, Community Development Division Director

That's an excellent question and perhaps a bit of an unknown. What we do know is that each of these changes whether it's three or four treatments that we install is going to have an impact downstream if you will. We don't know exactly what that impact will be but we're hopeful that this will not create or exacerbate the condition that you're referring to Alderman Jette. I can't commit to the fact that this will or will not solve some of those issues we've heard about historically but we believe that these installations will not greatly exacerbate that flow but will resolve the condition that exists right in this area. The answer is its most likely not going to impact that area but every activity within the watershed if you will does have some level of up-stream and down-stream impact. So it's possible it could have some change.

Chairman Dowd

All set Alderman Jette?

Alderman Jette

Yes, thank you.

Chairman Dowd

Okay any other questions for Director Sullivan? Alright thank you very much.

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

Yea: Alderman Wilshire, Alderman Sullivan, Alderwoman Kelly, Alderman Jette, Alderman Caron, Alderman O'Brien, Alderman Dowd 7

Nay: 0

**MOTION CARRIED**

**R-23-092**

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

**RELATIVE TO THE SUPPLEMENTAL APPROPRIATION OF \$1,771,199 OF FY2023 UNANTICIPATED REVENUE INTO FUND #1001 "CAPITAL IMPROVEMENTS", DEPARTMENT 160 "PUBLIC WORKS – ADMINISTRATION & ENGINEERING"**

**MOTION BY ALDERMAN O'BRIEN TO RECOMMEND FINAL PASSAGE, BY ROLL CALL**

ON THE QUESTION

Chairman Dowd

I'm going out on the limb and say are you Mr. Griffin and Miss Lindner here to talk to that or?

John Griffin, CFO/Treasurer/Tax Collector

I was expecting someone maybe from DPW but I can handle it. Alderman O'Brien is going to be thrilled with this. We actually got more money from the State than we were planning on. So due to hard work, we received additional funds related to bridge repair. We're fortunate to get these funds and put them in a fund we can use not only for the match for the two bridges going across from Hudson but also other much needed bridge repair. So we received these funds during FY'23. We can't spend them without the Board of Aldermen accepting them and supplementally appropriating these funds for taking care of these issues. So hopefully that answers questions and I'd be happy to answer any other questions.

Chairman Dowd

Any questions for Mr. Griffin? Alderman Klee?

Alderman Klee

Thank you Mr. Chairman. Just a quick question. Would you be able to do some of the for lack of a better term, the redline bridges like things that go across Canal Street or into those areas and so on or is it just only for the large bridges, the Hudson Bridge project and so on.

John Griffin, CFO/Treasurer/Tax Collector

It's my understanding, if I may Mr. Chairman, that the allocation that we got, this is a \$36 million statewide funding source and based on size of bridges or other things, it's my understanding that it can be used for the City bridges. I'm not quite sure if it's singling out certain longer bridges spanning rivers and other things. Director Fauteux was very interested in putting this in a fund that it could be used across the board.

In addition to that, there's a Senate Bill 270 as I recall that's trying to appropriate \$20 million. So our hope is if we are in support of that, we get a fraction of the \$20 million so we got \$1.77 million from \$36 million. So my assumption would be if it's \$20 million, we'd get something a little bit less but non-the-less important.

Chairman Dowd

Follow-up Alderman Klee?

Alderman Klee

Thank you so much. I just want to comment to it that I'm glad to see this money coming. Infrastructure has been suffering and there's only so much everybody can do to help so thank you for bringing this forward.

John Griffin, CFO/Treasurer/Tax Collector

Thank you.

Chairman Dowd

Any other questions? One question I have is there any work that needs to be done on the Main Street Bridge and if so, would this cover any of those repairs?

John Griffin, CFO/Treasurer/Tax Collector

I'm not sure Mr. Chair what work needs to be done. I would assume these funds could be used for bridge repair. Thank you.

Chairman Dowd

Any other questions? Would the Clerk please call the roll?

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

Yea: Alderman Wilshire, Alderman Sullivan, Alderwoman Kelly, Alderman Jette,  
Alderman Caron, Alderman O'Brien, Alderman Dowd 7

Nay: 0

**MOTION CARRIED**

**R-23-096**

- Endorser: Alderman Richard A. Dowd
- Alderman-at-Large Michael B. O'Brien, Sr.
- Alderman Patricia Klee
- Alderman-at-Large Melbourne Moran, Jr.
- Alderman Thomas Lopez
- Alderman-at-Large Ben Clemons
- Alderman Alex Comeau
- Alderman Tyler Gouveia
- Alderman Derek Thibeault
- Alderwoman-at-Large Gloria Timmons
- Alderwoman-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 TEACHERS' UNION, LOCAL 1044, AFT, AFL-CIO, UNIT C, SECRETARIES FROM JULY 1, 2022 THROUGH JUNE 30, 2026 AND RELATED TRANSFERS**

**MOTION BY ALDERMAN O'BRIEN TO RECOMMEND FINAL PASSAGE, BY ROLL CALL**

ON THE QUESTION

Chairman Dowd

I did want to mention that I was just at the Board of Education meeting and the President of the Union Mr. Marcoux was there with probably 150 people on an item that was coming up tonight at the Board of Education. He sends his regrets. He's not here but asks the Board of take positive action to approve this contract. The secretaries are negotiating good faith and aren't highly paid to begin with. Are there any additional questions? Alderman Sullivan?

Alderman Sullivan

Thank you very much. I have two actually. I was just curious to know this covers 73 employees according to the contract. I was just curious to know how they were doing on staffing levels to see if they're able to fully staff that department but I can understand. There's probably nobody here to answer that.

Chairman Dowd

Mr. Griffin do you have any idea?

John Griffin, CFO/Treasurer/Tax Collector

No.

Chairman Dowd

The last I knew I think they were short but not many.

Alderman Sullivan

Okay. One more?

Chairman Dowd

Yes.

Alderman Sullivan

Thank you. It says on the Resolution that we have thirty days to pass. I'm assuming this was signed on 1 March 2023 so that's when the clock started? First of March, so we have until the 1<sup>st</sup> of April to pass this?

Chairman Dowd

Yes. It has to come before the full Board.

Alderman O'Brien

Within 30 days, right?

Chairman Dowd

Yeah.

Alderman Sullivan

So it's gotta be here tomorrow?

Chairman Dowd

Tomorrow. I believe when I talked to Donna that this is on the agenda tomorrow night.

Alderman Klee

It is.

Alderman Sullivan

Is it?

Chairman Dowd

But if it were not passed and if it's not on tomorrow night's agenda, we have a meeting on the 11<sup>th</sup> and we would approve it then. If it goes over the 30 days, we just need to talk to the Union and get holy water. Usually it's not a problem but. It's not on the agenda? So it will be the 11<sup>th</sup>. Any other questions? Alderman Thibeault?

Alderman Thibeault

I guess it's a question. I know I'm not on Committee so thank you Mr. Chairman for letting me speak. I know that there was a big meeting at Board of Education tonight so I understand why people from their Union couldn't be there but I'm hoping that when it does come to the Board we can have somebody here along with DPW even though, obviously we're

getting money so that's a good thing, but just to answer any questions that any of us might have because these things come before us and we read all that stuff but sometimes we have questions that we want to answer. So I'm just curious if we can make sure when we do have the full Board that somebody...

Chairman Dowd

I talked to Adam a couple times. He will be here.

Alderman Thibeault

Thank you so much.

Chairman Dowd

I'm not sure about the DPW but we can talk to Director Fauteux. Any other questions? Alderman O'Brien?

Alderman O'Brien

Thank you. Just more than an observation. Maybe if this helps out Mr. Sullivan. I, too, am very disappointed that Mr. Marcoux isn't here with the representative or somebody to represent the Union for something as important as a contract that comes up. From another gentlemen who lights a candle on both ends, I can appreciate one being busy. But that being said, there are certain protocols that the Board of Aldermen needs to follow. We don't do the nuts and bolts negotiations with the particular unions. That is usually done by the appropriated Board, their Division Directors, and everything. Our job here is just basically to make sure that the money is available, and that it's reasonable, and within the public, and trust to be funded. So the nuts and bolts and everything else although we may have the right to question, I think we would face an unfair labor practice if we did challenge way too much of what was done in collective bargaining. So it's a very fine line. We've walked it many times in contracts here but again, my displeasure. I hope that when we convene again that a representative of the Union is here to answer some questions and everything for everybody. Thank you.

Chairman Dowd

As I explained, I did talk to him twice and he will be here. The item that's coming before the Board of Ed. tonight late in their agenda is extremely important to the union evidently as all of the Officers are there and quite a few teachers and Channel 9 is covering it so.

Alderman O'Brien

We've been preempted by Channel 9?

Chairman Dowd

I try to keep my face off camera.

Alderman O'Brien

I don't blame you.

Chairman Dowd

Any other questions? Seeing none, will the Clerk please call the roll?

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

Yea: Alderman Wilshire, Alderman Sullivan, Alderwoman Kelly, Alderman Jette,  
Alderman Caron, Alderman O'Brien, Alderman Dowd 7

Nay: 0

**MOTION CARRIED**

**R-23-097**

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

**RELATIVE TO THE RESCINDING OF AUTHORIZED UNISSUED DEBT****MOTION BY ALDERMAN O'BRIEN TO RECOMMEND FINAL PASSAGE, BY ROLL CALL**ON THE QUESTIONChairman Dowd

I'm pretty sure that Mr. Griffin and Miss Lindner here to discuss. Could be wrong.

John Griffin, CFO/Treasurer/Tax Collector

So Mr. Chairman to my right is Miss Cheryl Lindner. Cheryl spent a lot of time on this particular item. Very important for the City to rescind and she'll provide some definition but to rescind bonds that we're not going to sell. So with that, I'll turn it over to Cheryl. Thank you.

Cheryl Lindner, Treasury Management Officer

Good evening. The legislation before you tonight is the City's annual rescinding of debt. The total comes to just over \$17,000,000. Due to the City's strong financial position and AAA bond rating, our bonds are very attractive to bidders. This allows us to sell our bonds for premium which is an amount (inaudible) higher than par value of the bonds. The premium is then applied against projects and the bond sale to decrease the amount that we have to borrow. So where we're bonding less than the authorized amounts, we need to rescind authorized but unissued debt around once a year to clear off the remaining amounts covered by premium and reflect the actual borrowed amounts.

By doing this, we're able to accurately report the amounts bonded and remove amounts not far out from the City's debt portfolio. In this Resolution, you'll see a couple of items that are related to solid waste and wastewater projects so what we do is try to see where we get the best rate for those projects. So if getting a bond is a better interest rate, we'll go that way but a lot of times it's through loans - the SRF loans and so we will use those. As part of that program, there are certain projects that are eligible for first principal payment forgiveness. So you'll see a couple of the smaller amounts on here that that pertains to. Again, the amount borrowed is less than the actual amount that we're paying and so we just need to reduce those off of the debt portfolio. Does anybody have any questions?

Chairman Dowd

Thank you. Any questions? Alderman Sullivan?

Alderman Sullivan

Yes. This is my first trip around the rescinding of debt merry-go-round so forgive me if I – I heard what you said. I don't know if I understood it. So let's just go through the first one and I'm going to repeat back if you don't mind and then just correct me where I'm wrong just so I can understand it. So we passed a Resolution in '08 for the Broad Street Parkway for \$37.6 million. We have bonds against that. We issued \$31 million of the \$37 million and so there's \$6.6 million left over that we didn't bond. Where you started off your presentation by saying that because of our outstanding accounting practices and where we are as a City that people want to buy those bonds from us. Can you explain that?

Cheryl Lindner, Treasury Management Officer

Yes. So our bonds - we are a very safe, secure investment vehicle. Our City has a very good reputation with the AAA credit rating some places actually need to buy those investments that are AAA rated because they're so secure. So people are interested in buying our bonds because it is a safe, secure investment and they know they're going to get their money back. We're going to pay it back. We're not going to default on that. So the bidders are willing to pay a little bit more than the face value of the bond, the par value of the bond.



So we also frontload our payments. We do a level debt payment so we pay back a higher amount the first year. If you read our fiscal notes, it says the payment is higher the first year and then it gradually decreases until we get down to a smaller amount. We don't do a level payment so they're actually getting their money back quicker when they invest in our bonds as well. Does that help?

Alderman Sullivan

It does. Could I follow up?

Chairman Dowd

Follow up question.

Alderman Sullivan

So are you saying that we own the bonds and we still owe that money but they borrow that for a higher rate and then we take? Am I making sense because it's really...?

Cheryl Lindner, Treasury Management Officer

It's hard to think (inaudible) finance like for you or I why would pay more but for an investment vehicle for companies that are looking for secure investments, they're willing to pay a little bit more to get their money back faster and also to know their investment is secure. We do have multiple bidders which tends to increase the price a little bit. Yes.

John Griffin, CFO/Treasurer/Tax Collector

I could probably help a little bit. Thank you for the introduction but there is a couple things going on here and if you followed some of the banking issues that have happened recently where there was - and I don't know it fully either - but the investments that the bank made didn't keep pace with the rising interest rates, so sometimes you get these underwater investments.

Regarding the City, Cheryl is absolutely correct that we generally get ten to thirteen very aggressive bidders and we know that because the difference between the losing bidders and the winners - like fractions of percents. So what they're trying to do is provide an investment stream where they need to pay the premium to drive up the interest rate that's required by the investors. So for example, an institutional investor would buy our bonds and then they sell them. So what we do on our end is we've got a premium where our Hilltop Securities, who's our investment experts, they basically say we're going to buy down. We're not going to borrow the \$37 million. We're going to borrow less. So they ask us where do you want us to put this premium and because of the interest rates rising, the last premium was substantial - the one from August 4, 2022. So we're borrowing less is really the end of the game and what Miss Lindner is indicating is we're never going to sell those bonds because we already sold the bonds and got the premium.

I would like to add that having been here when Treasurer Fredette was selling these Broad Street Parkway bonds, we had the ability to sell \$37 million. We sold about \$33 or \$34 million. The two reasons to rescind is what is the premium eliminates the need to ever sell them. Secondly checking with the folks that have been part of the Broad Street Parkway, now Veteran's Memorial Parkway, the likelihood of us having to sell additional bonds is remote. So up and down the line here, it's a combination of premium that enables us not to have to sell the par value as Miss Lindner indicated and also, the project costs were much less than the amount we have in the bond authorization.

So if we have that, if that makes sense to you, there's another thing that Alderman Dowd brings up every now and again which is the repurposing of bonds that are actually sold. So for example if we had a project and it happens a lot in the school district buildings. If we bonded, that's not the case tonight, but if we bonded like \$30 million to fix the school and it costs us \$28 million, Alderman Dowd would come in and say let's take that \$2 million and repurpose it because we've already got the money and sold the bonds, right? So I wanted to clear that up too. In this case with the next Resolution, we don't have that luxury for various reasons so we're going to borrow more. So we're asking you in this case to authorize additional bonding authorization.

This is important when Miss Lindner and I come before you in probably early May with our annual bond plan review. You're going to learn about the limitations that we as a City have on bonding for school projects and for non-school projects. This is a way to reduce that percentage of bond authorizations. It's called "authorized but unissued". You want to reduce that if you possibly can. Not sure it's quite similar to folks that maybe have 3 or 4 credit cards and they want to

get rid of one of them. Somehow that's a bad idea but in this case, it's a good idea. Thank you.

Chairman Dowd

So another way of looking at it is the Broad Street Parkway still has bonding available if this Board decided and we want to do something else on the Veteran's Memorial Parkway, we have money already set aside in the bond to use. This way we take it off the books and we don't tempt ourselves to spend it. Is that correct?

John Griffin, CFO/Treasurer/Tax Collector

That would be a way of phrasing it, yes. Thank you.

Chairman Dowd

I thought that might be very interesting to you Alderman Sullivan.

Alderman Sullivan

It would. So when we go through the budget season will I expect to see - because I know there is a page in the budget book where we have listed out all the bonds - I'm assuming we'll see all of these bonds fall away?

Chairman Dowd

Yes, right?

John Griffin, CFO/Treasurer/Tax Collector

Maybe if I could. The bonds that are listed on the sheets that Alderman Sullivan is referencing, we've sold those bonds. What we keep track of is the authorized but unissued. So if we didn't sell the bonds, there's no debt service associated with it and what you're looking at is the debt service listing that you folks are appropriating the money to pay the debt service back.

Alderman Sullivan

But there will be no debt service against those because...

John Griffin, CFO/Treasurer/Tax Collector

Correct.

Alderman Sullivan

Okay.

John Griffin, CFO/Treasurer/Tax Collector

But we could produce and we will produce the unauthorized and unissued that we've kept. So you'll see that.

Alderman Sullivan

Okay. That will be great.

John Griffin, CFO/Treasurer/Tax Collector

I think that's a good suggestion and we can certainly do that as well.

Chairman Dowd

All set.

Alderman Sullivan

Yes. Thank you very much, I appreciate it.

Cheryl Lindner, Treasury Management Officer

You're welcome.

Chairman Dowd

No other questions? Will the Clerk please call the roll?

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

Yea: Alderman Wilshire, Alderman Sullivan, Alderwoman Kelly, Alderman Jette,  
Alderman Caron, Alderman O'Brien, Alderman Dowd 7

Nay: 0

**MOTION CARRIED**

**R-23-098**

- Endorsers: Alderman Richard A. Dowd
- Alderman-at-Large Michael B. O'Brien, Sr.
- Alderman Patricia Klee
- Alderman-at-Large Melbourne Moran, Jr.
- Alderman-at-Large Ben Clemons
- Alderwoman-at-Large Gloria Timmons
- Alderwoman-at-Large Shoshanna Kelly
- Alderman-at-Large Lori Wilshire

**AUTHORIZING THE MAYOR AND CITY TREASURER TO ISSUE BONDS NOT TO EXCEED THE AMOUNT OF TEN MILLION DOLLARS (\$10,000,000) TO FUND ADDITIONAL COSTS FOR THE DESIGN AND CONSTRUCTION OF A NEW MIDDLE SCHOOL AND RENOVATIONS AND EXPANSION OF PENNICHUCK MIDDLE SCHOOL INCLUDING THE PAYMENT OF COSTS INCIDENTAL OR RELATED THERETO**

**MOTION BY ALDERMAN O'BRIEN TO RECOMMEND FINAL PASSAGE, BY ROLL CALL**

ON THE QUESTION

Chairman Dowd

Okay. The motion on the floor is to recommend final passage of R-23-098. Again, we are not adding any additional work to the project. We approved the guaranteed maximum price quite some time ago and this \$10 million has been on the bond plan since then and the Mayor and Treasurer have been fully aware as well as the Joint Special. Are there any questions, additional questions? Alderman Jette?

Alderman Jette

Thank you. As I read the Resolution, it talks about how we had authorized the issuance of bonds not to exceed \$118 million and that was for the new middle school.

Chairman Dowd

Preschool. Pennichuck, Fairgrounds, and McCarthy.

Alderman Jette

The three schools. So can you break down - the McCarthy School what's their portion of that?

Chairman Dowd

When we got the guaranteed maximum price on the McCarthy school, it was \$77 million. Quite frankly, Harvey did an excellent job of keeping it to that. There's a school being built similar to this in the Concord area that is up around \$156 million because of everything that's happened. We were able to get in and buy a lot of our material up front and saved a lot of money. There were some things that doubled in price but it's all in the guaranteed maximum price. The reason we didn't go into this earlier is we were hoping that we would have additional savings from Fairgrounds and Pennichuck which we didn't realize because there were things added like the bollards that we added because of Homeland Security requirements in front of every single door and that includes the McCarthy school. There's a lot of doors. We had to put in a new fire panel at Pennichuck because there wasn't enough space to cover the existing with the addition because we doubled the size of the school. We ran into additional costs with the wiring of the high definition cameras. It's a long story but it costs more. I think everybody on the Joint Special is keenly aware of that.

So there are additional costs that came up on Pennichuck. There's dehumidification that we'd like to do at Pennichuck at least in the two new wings we built because we had to use fans last summer, especially when they have black solar panels on top of the roofs. It doesn't help cool things down. We have recognized the saving at Pennichuck but if we take the savings from Pennichuck and the savings from Fairgrounds, we have all or substantially all of the cost I believe we'll need to do the dehumidification at Pennichuck. When I went for the bond to have this legislation written, I did take \$1 million and put it towards Pennichuck just in case and \$9 million for McCarthy school. Now that money, a lot of it's going to be in contingencies, and escalation costs, and things that hopefully because we're far along and things are going well so far that we'll have money left and we'll be back in the same situation where we'll be not bonding the money that's left or allocating it to something else. We don't intend to spend it all, but with the world as it is today with supply chain management and inflation, I hesitate to not go for the full \$10 million because if you have to do back later for another time to get bond money even if it's only \$1 million, it takes two months. I can't have contractors sitting around waiting because a million would turn into \$2 or \$3 million waiting for contracting. Because once contractors leave, getting them back is impossible especially as busy as they are. So this is the safest bet to make sure that we open the school on time and under budget.

Alderman Jette

So if I could follow up. Help me to understand - you said that the \$77 million for McCarthy is a guaranteed maximum price and we're not exceeding that and that we're under budget on Pennichuck and Fairgrounds. So why do we need another \$10 million on top of the \$118 million?

Chairman Dowd

Because when we did the guaranteed maximum price, we knew we needed more money in the bond. The \$118 is not going to cover it. But we were waiting to see just how much money we had left with Fairgrounds and Pennichuck. If we didn't have the dehumidification to think about at Pennichuck, which the Joint Special thinks is pretty important, we would have taken that money - \$2 - \$3 million - and put it towards the McCarthy school and I'd be only back here asking for 7. So if we had that savings and didn't do the dehumidification and went in for 10 several months ago, we'd end up with a lot left at the end – more at the end - but we're trying to avoid having to much allocated. Yes, Alderman Jette?

Alderman Jette

Thank you. So to help me understand this better, what you're saying is that the guarantee maximum price is not being exceeded. In fact because the Fairgrounds and Pennichuck came in under budget, you're able to put some additional money towards Pennichuck for this dehumidification you speak of. That's all within the guaranteed maximum price but the bond that we initially issued 118 just was not enough for that. It was less than the guaranteed maximum price?

Chairman Dowd

You have to remember that Fairgrounds and Pennichuck both had guaranteed maximum prices. McCarthy by itself is \$77 million and we want to ensure that as we're getting further and further downstream that we have the money to cover all of it.

Alderman Jette

One last point. So am I correct in saying that we're not exceeding the budget, we just didn't - the \$118 million bond that we issued we knew that was less than the budget and...

Chairman Dowd

When we went in for the \$118 million, that was before we started getting into COVID, and a war that made worldwide supply chain issues, and inflation that caused prices to increase out of sight, and if we hadn't had Harvey doing an excellent job, we'd be back here for a lot more. But we were able to buy a lot of stuff upfront and save money and we want to make sure we can finish this school with available funding. Can we finish it for what we currently have? I doubt it. Even to get close, we'd have to void the dehumidification at Pennichuck and we would still probably need some additional monies so we'd be coming back here later. But if you wait until the end to try get additional bond money then, you've got contractors leaving site and sitting it off for two months while it goes through the process. Getting bonding takes time. Follow up?

Alderman Jette

Please. So I don't know why - I'm not disagreeing with you. I'm just trying to get you to confirm in plain English that even though the cost of these three schools is according to the budget that you came up with, the amount that you borrowed was less than what we needed for the budget, and either because we thought we might be able to come in far enough under budget that we wouldn't need to borrow any more money, and we were just being conservative about the amount of money we need. So now we learned that we may need as much as \$10 million more, but that's not increasing the budget, it's just increasing the amount that we're borrowing.

Chairman Dowd

First of all it's not increasing any amount of work. That's the same. It's just that we need the money to cover. The \$10 million was put in the bond plan long over a year ago, I believe, the Mayor was informed and it's been in the bond plan for quite some time showing that we need the additional 10. It was just a question of trying to calculate whether we needed the full 10. What was the other part of your question?

Alderman Jette

I'm not sure I'm conveying to you. I'm just trying to for the public, I think, I'm trying to say we're not exceeding the budget, but the bond that we initially issued was less than we...

Chairman Dowd

Yes. The original bond was before the guaranteed maximum price on the McCarthy school and when we got the guaranteed maximum price on the McCarthy school, we needed more money. The question was how much.

Alderman Jette

Okay. Thank you.

Chairman Dowd

I forget who was first. Alderman Klee?

Alderman Klee

Thank you Mr. Chairman. I guess to kind of clear things up. Just again for the public, everything doesn't happen at once. We don't get the guaranteed maximum price for every project all at the same time when we do the bond. So based on the best possible estimates and so on, this is what we're kind of indicating as to how much it's going to be. We go for that bond and as the project progress starting with Fairgrounds, then Pennichuck, and they do cross over. Certain things are happening at a certain time. The guaranteed maximum price when it finally came in we realized it's not enough. In past, the projects have always allowed for that - I don't want to say that they were overly estimated in price. So everything that you're saying is absolutely accurate. Everything that Chairman Dowd was saying was accurate. It's just talking at each other a little bit. In some respects though, we are going over the \$118 million. So yes its \$10 million over what we originally bonded but the time we go to the not to exceed or guaranteed minimum price, we realized at that point we were \$10 million over what we were going to need. So to your answer, yes you were right in what you were saying.

Chairman Dowd

Yes and we just wanted to see how much we could save. I've done twelve school projects. They've all been finished on time and under budget. Fairgrounds and Pennichuck were on time and under budget. There's some additional that we're

considering for Pennichuck, otherwise that money would have gone to McCarthy school and we would have taken that off the \$10 million. There's additional work needs to be done to Pennichuck if the Joint Special School Building Committee so desires. So it's safe. It's very critical that we open the McCarthy school in September of 2024. The School Department is in the middle of a redistricting and they're going to be shifting people over all 18 schools and that didn't open on time, that jigsaw puzzle is going to be a mess. Alderman Sullivan?

Alderman Sullivan

Thank you. Okay so I won't bury my lead. I'm going to vote for this. I'm fine. I'm all in but when you say that the school, the guaranteed maximum price for the school is \$77 million, I am looking at right now the proposed budget for the Brian S. McCarthy Middle School project is \$93 million. So if I'm at home right now listening to this and I have this spreadsheet up in front of me, I would say how is it that we keep talking about \$77 million when the proposed budget clearly states its \$93,515,000. Are you saying that the budget is one thing and the cost is the other?

Chairman Dowd

The budget has excesses in it to make sure we're adequately covered. There are some things that right now may appear in the budget we're not doing. We're going to be having a meeting on that later this week.

Alderman Sullivan

When all is said and done, when you right all the checks for the Brian S. McCarthy Middle School is that number going to come out to \$77 million or is it going to come out to \$93 million? Because I'm under the impression when everyone asks me how much does this middle school cost, I say \$93.5 million. Am I accurate or am I spewing misinformation?

Chairman Dowd

Well there is a couple things involved. Remember we have an additional \$2 million that the Mayor gave to us, so the bond is 118, we actually had 120. We had this 130 and there were some other things being covered on the McCarthy school being covered by other funding sources that are security related that I can't get into here.

Alderman Sullivan

Okay. I understand that. Is the school going to cost \$93.5 million or is it going to cost \$77 million?

Chairman Dowd

It's not going to cost \$93 million. First of all we can never, ever exceed what has been bonded. So with the \$10 million over at 118 + 120, \$120 - \$130 million we can't exceed that, period. So we're going to have to go through the budget item by item but there, again, are some things on the budget that are being covered by other funding sources and they're security related.

Alderman Sullivan

I understand that but is the school going to cost \$93 million or \$77 million because the budget is \$93.5 million?

Chairman Dowd

The three schools aren't going to cost any more than \$130 million. If it was, I'd be in here requesting \$20 million not \$10 million. Alderman Klee?

Alderman Klee

Thank you Mr. Chairman. I don't know if the question should be is the school going to cost the taxpayers \$93 million or \$77 million? There are other funding sources like ARPA funds, etc. if I'm not mistaken, that are kind of helping to defray some of the cost but the taxpayers and the not to exceed will be \$77 million. Is that correct?

Chairman Dowd

Yes.

Alderman Klee

Thank you.

Alderman Lopez

I just want to acknowledge and thank the Special Building Committee and yourself as well because as was illustrated earlier in this meeting, we could bond way more than we need and then have to give it back, or we could aim for an appropriate target and then as we encounter need, come back and engage the Alderman process to deliberately decide whether an increase is needed to meet these goals. All the questions being asked right now, for example, are making sure that we really need this and we don't have such a surplus that we're tempted to add more things than necessarily need to be added. To me that makes sense. This is the school that is going to replace Elm Street and it is the project that redistricts and re-balances the schools, all three of them, across the City of Nashua. So I think there's a lot of work that's being done here.

I think it's very complex and to Alderman Sullivan's point, it is very difficult to keep track of and it is very difficult for a person sitting at home trying to use arithmetic to keep track of which agencies are putting what in. Is ARPA money taxpayer money? Probably because I think everything the federal government has comes from us. It's very complex and this is a very complicated project but I think it's accomplishing something that will last generations. I think it's something very important for a growing City to address. I think students that we're never even going to meet are going to appreciate, I mean would appreciate hypothetically if they knew shorter bus transportation routes, better special education facilities, and hopefully we never have to find that all these security arrangements that we're making were well intended and were necessary. So I think the project here is incredibly important, and it is complicated, and it can be a little bit exasperating trying to figure out one nuance area or another.

But I think fundamentally, the principle of making sure we are building a quality school building for our schools, making sure that we're investing what we need to in our education facilities and our children, both from education standpoint, logistics, and also safety standpoint, and making sure that we're going that with an eye towards not just starting out with a blank check but working our way up to the actual amount that we fully need is a prudent one. I think as has been said many times here, we show a lot of incite in purchasing supplies ahead of time and managing the cost of this project. So those are all things that I want to commend yourself and the Committee for.

Chairman Dowd

Any other questions? Seeing none, will the Clerk please call the roll?

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

Yea: Alderman Wilshire, Alderman Sullivan, Alderwoman Kelly, Alderman Jette,  
Alderman Caron, Alderman O'Brien, Alderman Dowd 7

Nay: 0

**MOTION CARRIED**

NEW BUSINESS – ORDINANCES - None

TABLED IN COMMITTEE - None

GENERAL DISCUSSIONChairman Dowd

Alderman Sullivan?

Alderman Sullivan

Thank you very much. I appreciate and understand the back and forth. Please understand I'm not debating at all. I think that the school - I sit on the Joint Special. I sit through those meetings and I even went back and looked at the original

presentation that was done back in 2019 where the cost to renovate Elm Street was higher at the time than building a new middle school. Obviously, I think that that wouldn't change right now. I just think on the merits. We need to put the middle school where the middle school is. I think it makes plenty of sense. It's where the City is moving. That's where it's going.

What I was trying to get to is that I think that so you have been - and when I say "you" please don't - I'm not a character assassination or anything - but you're deep in these projects all the time, all the time, and I see you with your binders, and I see you with tracking, and understanding, and explaining for me especially because I'm still new to this that why we're doing and why we're doing that. I think sometimes I come at it like I said if I'm watching it on TV and I have the spreadsheet up and we're talking about this number yet I'm seeing this number, in my world a budget is how much it's going to cost. So we're kind of doing this a little bit. I'm trying to understand behind the gap. I'm trying to understand what the gap is so you and I are on the same page. Because I'm speaking French, and you're speaking English, and I want to make sure that we have subtitles.

Chairman Dowd

Just as an example, one thing that might help you like Birch Hill and Main Dunstable which we are now deeply involved in with renovating these schools. In the project, there are two boilers. One boiler is being covered by actually the ESSR funds with EEI. The second boiler is being covered under Shawn's deferred maintenance account. So is the City paying for it? Yes. Is it part of the bond? No. So it's things like that, so we can go over the whole budget with you.

Alderman Sullivan

All it is really it's someone used the word "nuance". It might be nuance because how much are two boilers going to cost? \$1,000. I know it's not \$1,000 but I'm just using round stupid numbers. But how are we going to pay for it? Well \$500 is going to come from this fund, and \$750 is coming from that fund, and this, that, and the other thing. So it may only cost us \$250 but at the end of the day when I see two boilers \$1,000, I go well it's going to cost \$1,000 but you don't look at it that way.

Chairman Dowd

I look at it as what it's really going to cost and where.

Alderman Sullivan

Right.

Chairman Dowd

And there is a major expense in security, which I can't get into in detail, but its several hundreds of thousands of dollars that is not being paid for by the City taxpayers. It's money that's been given to us by other sources.

Alderman Sullivan

And that's incredible.

Chairman Dowd

It certainly is. It's a sophisticated system. We can go over more of the budget when we go in Joint Special. No I'm not going to tell you what the security system is. Alderman Thibeault?

Alderman Thibeault

Thank you Mr. Chairman. I was actually going to ask that. How come we don't know that? It's being paid. But I will say I just want to echo Alderman Sullivan's thoughts there. What we'll get in the paper if we had a paper would be 93. It wouldn't be the 77. It's just trying to understand it so when we do have people ask those questions that we just don't go, we'll its 77, or 93, or 77 because that's what the argument will be in. So I just think it's good to talk about it because it's important for us to know what we need to say to the people. What they're responsible for because we do get so many questions on and we hear that we're overspending on everything all the time and I really believe that but then we have to go back and explain the numbers to people who ask. So I just want to comment that I thought it was a good conversation at least the talk go back and forth on it.



Chairman Dowd

Mr. Griffin well knows that if I needed \$20 million I'd be in for \$20 million not 10, correct?

John Griffin, CFO/Treasurer/Tax Collector

Correct.

Chairman Dowd

We've been looking at this for a long time. Well over a year now. Again, I didn't want to bond money that we didn't really need. We probably aren't going to need the \$10 million all of it so some of it's coming back but I can't tell you what that number is because again, unknown unknowns.

Alderman Sullivan

I just want you to know I have a tally of how many times you use the phrase "unknown, unknowns".

Chairman Dowd

You'd have back to BAE. I used it for 33 years.

Alderman Sullivan

Come on. I'm on six pages of hash marks right now.

Chairman Dowd

Everybody understands what unknown, unknowns are right? It's when you're into a project and bid all the stuff and all of a sudden Homeland Security said you have to put bollards in front of every single door. Hello! Any other general discussion? Seeing none.

PUBLIC COMMENT - None

REMARKS BY THE ALDERMEN - None

ADJOURNMENT

**MOTION BY ALDERMAN O'BRIEN TO ADJOURN, BY ROLL CALL**

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

Yea: Alderman Wilshire, Alderman Sullivan, Alderwoman Kelly, Alderman Jette,  
Alderman Caron, Alderman O'Brien, Alderman Dowd 7

Nay: 0

**MOTION CARRIED**

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

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