

BUDGET REVIEW COMMITTEE

JUNE 14, 2021

A meeting of the Budget Review Committee was held Monday, June 14, 2021, at 7:20 p.m. in the Aldermanic Chamber and via Zoom teleconference.

Alderman Richard A. Dowd, Chairman, Chairman, presided.

Members of Committee present: Alderman-at-Large Lori Wilshire
Alderman-at-Large Michael B. O'Brien
Alderman-at-Large Shoshanna Kelly
Alderman Jan Schmidt
Alderman Ernest Jette

Members not in Attendance: Alderman-at-Large Ben Clemons, Vice Chair

Also in Attendance: John Griffin, CFO/Comptroller
David G. Fredette, Treasurer/Tax Collector

Chairman Dowd

It is June 14th, 2021, I'd like to call the meeting of the Budget Review Committee to order. We are in the Aldermanic Chamber and there's also availability for people to attend by phone or teleconference via Zoom or by TV Channel 16. So would the Clerk please call the roll?

ROLL CALL

Alderman Jette

I am here in the Chamber.

Alderman Schmidt

I am present in the Chamber.

Alderman Kelly

I am here, I am alone and I can hear everyone.

Alderman O'Brien

Alderman-at-Large Michael O'Brien is present in the Chamber. Alderman-at-Large Lori Wilshire?

Alderman Wilshire

I am present.

Chairman Dowd

Yes, I am present and I am in the Chamber.

Alderman O'Brien

Mr. Chairman also in attendance we have Alderman Lu. Also in attendance this evening is John Griffin, CFO, Comptroller; and David Fredette, Treasurer and Tax Collector, both of the City of Nashua.

Chairman Dowd

OK very good. The first item of business we have this evening is public comment. Is there anyone that wishes to be heard on items on the Agenda this evening that would like to say something in public comment? Seeing no one we will move on to Communications.

PUBLIC COMMENT - None

COMMUNICATIONS - None

UNFINISHED BUSINESS - None

NEW BUSINESS – RESOLUTIONS - None

NEW BUSINESS – ORDINANCES - None

TABLED IN COMMITTEE

R-20-016

Endorsers: Mayor Jim Donchess
Alderman Linda Harriott-Gathright
Alderman Thomas Lopez
Alderman-at-Large Michael B. O'Brien, Sr.

AMENDING THE PURPOSE OF A FISCAL YEAR 2020 UNLIKE ESCROW FOR THE COMMUNITY DEVELOPMENT DIVISION

(tabled at 4-20-20 mtg)

MOTION BY ALDERMAN O'BRIEN TO TAKE FROM THE TABLE R-21-142 BY ROLL CALL

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

Yea: Alderman Schmidt, Alderman Jette, Alderman Wilshire
Alderman O'Brien, Alderman Kelly, Alderman Dowd 6

Nay: 0

MOTION CARRIED

R-21-142

Endorsers: Mayor Jim Donchess
Alderman Linda Harriott-Gathright

RELATIVE TO THE ADOPTION OF THE FISCAL YEAR 2022 PROPOSED BUDGET FOR THE CITY OF NASHUA GENERAL, ENTERPRISE, AND SPECIAL REVENUE FUNDS

- Public hearing scheduled for 6/21/2021 at 7:00 p.m. in the Nashua High School North Auditorium

DEPARTMENTAL REVIEWS OF THE PROPOSED FY21 BUDGET FOR THE CITY OF NASHUA

<u>Dept. #</u>		<u>REVENUE</u>	<u>Appropriations</u>
	<u>Financial Services Division</u>		
126	Financial Services	33, 34	136
	<u>Capital</u>		
	Capital Equipment Reserve Fund (CERF)		359
1001	Capital Improvements		274
	<u>Other</u>		
159	Hydrant Fees – Fire Protection		165
162	Street Lighting		166
193	Debt Service		267
194	Contingency		271
198	Interfund Transfers		272

Chairman Dowd

This evening we are going to be reviewing Departments 126 – Financial Services; 1001 Capital Improvements; we will also be looking at CERF and Department 159 – Hydrant Fees; 162 – Street Lighting; 193 – Debt Services; 194 – Contingency and 198 – Interfund Transfers. The first item will be Department 126 – Financial Services. Mr. Griffin and Mr. Fredette would you like to come up and sit?

John Griffin, CFO

Sure, thank you.

Chairman Dowd

Now we get into the real meat of the budget. OK so Financial Services, Revenue is on Page 33 and 34 although I think he may direct us to another page as well and Appropriations are on 136.

Mr. Griffin

Mr. Chairman?

Chairman Dowd

Yes.

Mr. Griffin

John Griffin, Chief Financial Officer and if I may say a few words before we begin.

Chairman Dowd

Sure.

Mr. Griffin

First of all, it is great to see you all without a mask and in person. The Chamber looks fantastic, I can see whatever I need to see here but thanks to everybody that was part of this. As far as the Financial Services Division, we were able to continue all of our activities both in the City and remotely. Most of the things we try to achieve which is a high bond

rating, Triple AAA Achievement award of financial reporting and so forth and trying to maximize the revenues that we tally; we generally do well with. I would to thank every single member of the Financial Services Division for their diligence, effort and tremendous customer service over the last year. I had the pleasure of working in the partial reopening July 6th of 2020 conceptualizing the appointment setting with a great team to kind of work out the kinks.

And most currently with the completion of the motor vehicle area and tax area, welcoming those individuals back into those areas and really feeling very proud about the work they do each and every day for our citizens. Sometimes on the back end Financial Services doesn't get recognized, but they just put a tremendous amount of effort in very difficult times. And, matter of fact, if I think back almost a year ago I was in the line with them outside trying to greet our customers and make them feel comfortable especially during that time with the pandemic raging. So thank you for allowing me to say that at the beginning and we look forward to reviewing our budgets and other areas of appropriations. So with that, Mr. Chairman, I will let Mr. Fredette review the revenues. He will also review the 126 Financial Services Division. He will review Debt Service and then I'll handle most of the others as well. Thank you.

Chairman Dowd

Mr. Fredette?

Dave Fredette, City Treasurer

Yes thank you. You want to go to Page 33 in the yellow pages. This sheet here is called – Other General Government and it is really miscellaneous type revenues that we collect, the largest being of course Cable TV Franchise Fees of around \$900,000.00 a year. There's really not too much changes here, there seldom are. The biggest change, I think John you can talk about it, is this interest income from 201 Main Street.

Mr. Griffin

Certainly, Mr. Chairman if I may, John Griffin, CFO. You are going to see two new line items in this particular budget; one revenue and one expense. As you recall, the Board of Aldermen approved the comprehensive package relative to the Performing Arts Center. Part of that package contained a loan of about \$7 million from the City to a third party, I think it is the Realty Corp. there's two distinct non-profits or non-taxable entities. But this is literally 1% annually of that amount that was loaned to the Performing Arts Center; one of the Performing Arts Center entities.

Chairman Dowd

That's 45208?

Mr. Griffin

Yes that's 45208 that's correct. Prior to going to the 126 appropriations I am going to point out, Mr. Chairman, another line item that we added and I'll explain that when we get there. But then you Mr. Fredette for letting me explain it. Thank you.

Chairman Dowd

Treasurer Fredette.

Mr. Fredette

The other item on the bottom is Account 49720 – transfers from UAW Education Tier.

Mr. Griffin

Yeah Mr. Chairman I can explain that. As you recall during the approval of the most recent UAW Contract, the UAW members agreed to fund what I would refer to at Fiscal '22 is a one-time increase for those lower paid individuals. And they funded it with an amount included in the Education Expendable Trust Fund that generally gets an appropriation every year. I believe you have already reviewed the Human Resources budget, that's what that \$10,000.00 amount is every year. It is for educational pursuits of the UAW members. They decided, because of the significant amount of balance they had, that they would rather have applied to the UAW members that got that one-time increase that Director Kleiner would have reviewed with you at the approval of the contract. Thank you.

Chairman Dowd

Treasurer Fredette?

Mr. Fredette

I don't know if there's any questions on this Page?

Chairman Dowd

Any questions on Page 33 of the General Fund Estimated Revenue? Kim Kleiner just joined us. I don't see anybody's hand up. So a couple of questions real quick. On the 45880 – the Clocktower, the previous year was \$30 K that's because they were behind in paying us, right.

Mr. Griffin

That's my recollection.

Chairman Dowd

Now they are back to the \$10,000.00 a year?

Mr. Griffin

Correct.

Chairman Dowd

Just wanted to make that clear for people. And everything else is pretty level. Are there any questions from anyone on that page? If not we will move on. Treasurer Fredette?

Alderman Kelly

Alderman Lu has her hand up.

Chairman Dowd

Alderman Kelly? Oh Lu.

Alderman Kelly

I was just pointing out that I believe Alderman Lu has her hand up yes.

Chairman Dowd

Alderman Lu? Are you on mute? Alderman Lu? I think she dropped off.

Alderman Kelly

Yeah I was just going to say that, it looks like she dropped off.

Chairman Dowd

Alright, Treasurer Fredette?

Mr. Fredette

OK Page 34 which is the Financial Services page for revenue which consists of the majority of the revenue brought in besides the School Department and for the City. Things here are fairly flat except for let me see, I don't think there's really that much to even ...

Chairman Dowd

It looks like most everything is pretty level.

Mr. Fredette

The one area is down is, I think this 43516 Municipal State Aid, we receive that over a two-year period and Fiscal Year '21 was the last year of that two year period. So there is none of that coming. I believe there is in the works of some increases in a few of the items on this page. But we have heard nothing or received anything formally from the State. But if something changes that we get from the State, we are required to use that number when we fill out the tax rate sheets in the fall. So if something does go up or down, but as far as I hear it, it could go up, that could help with the tax rate at the end of the period. The main area here is of course motor vehicle permit fees and that whole section there. Interest Income is a little lower than last year, as you probably know, rates are very, very low. They have been for over a year and they still are. I'm not sure I'll even make the amount I budgeted last year. But we should be close. And that's really what is mostly in here is motor vehicle, that is the biggest of this sheet.

Chairman Dowd

OK. Any questions on this Page? Alderman Jette?

Alderman Jette

Yeah thank you Mr. Chairman. So Tax Revenue – 41221 the Payment in Lieu of Taxes. I see last year you budgeted \$150 but we actually got over \$400,000.00 and you are looking at \$420,000.00 for next year. Why did we get more than you ...?

Mr. Fredette

Because between last year and this year they have a new pilot with the Hunt Community and that was not a pilot last year. So that is why the revenue is up this year.

Alderman Jette

OK and could you explain the Payment in Lieu of Taxes. This is from entities that are exempt from tax but they make an agreement to pay something in lieu of taxes voluntarily or reach some agreement with the City. Can you explain?

Mr. Fredette

Well of course that is all done by Assessing and Legal but yes, the two that we have now is Nashua Housing Authority has a pilot with us, has had one since 1946 or '47. I looked up the original Resolution this year on that and that formula is based on rents. It is very different than any other pilot. And then the Hunt was something that was negotiated I believe between the City and that group. But yes, they are considered non-profits but there's always discussion on exactly how non-profit are they? Like I said, I don't get involved in the negotiations with them. That is done by Legal an Assessing and everything, I believe, is approved by the Board of Assessors.

Chairman Dowd

Anything additional Alderman Jette?

Alderman Jette

Yes, please. So entities like the two hospitals and Rivier University, the churches, I guess other schools are they all tax exempt do they pay no taxes.

Mr. Fredette

Some of them are; the hospitals pay some taxes they are not a pilot, they go through the system and they actually get a tax bill. But as far as I know churches are exempt unless one of their buildings are being used for something that is not church-related, which I don't think happens too much here in Nashua. But the hospitals do pay some taxes, both hospitals, other agencies too pay through regular tax bill they just get some type of reduction, some type of charitable deduction on the bill itself. And I think that is also usually done through Board of Assessors for discussion with these groups.

Alderman Jette

And what about Rivier University, are they exempt or do they pay anything?

Mr. Fredette

Well I am sure they pay some taxes on their dining room services and things like that but I wouldn't know off hand exactly how much that would be.

Alderman Jette

OK so I am speaking specifically of a real estate tax.

Mr. Fredette

Well you really need to talk to the Assessing Department about that, I don't determine what tax somebody pays. We do the bill and the collection of it.

Alderman Jette

I'm not asking you, I know you don't make the decision. I am just asking you do we get anything or don't we?

Mr. Fredette

I believe we get something from the college, I don't know what that amount is.

Chairman Dowd

I think it depends on the use of the building. I think if the building is being use for education it gets a waiver. I know in the hospital we had issues where they were buying buildings and using them for doctor's offices. And I think we had an agreement several years ago on some payment of taxes because it wasn't actually being used for the hospital. So the specifics of what they pay, he's right it would be in the Assessor's Office. But generally, educational facilities and churches are exempt.

Alderman Jette

OK. So could I ask a follow up?

Chairman Dowd

Sure.

Alderman Jette

So this amount, this \$420 can you provide us with an itemization as to who is paying that.

Mr. Fredette

This year \$152,000.00 was from Nashua Housing Authority and the remaining was from the Hunt.

Alderman Jette

OK and those are the only two? OK, thank you.

Chairman Dowd

Any other questions on the revenue.

Mr. Griffin

Mr. Chairman if I may I would like to speak to the Committee about the School Revenues.

Chairman Dowd

OH yes, the pink pages?

Mr. Griffin

This would be in the yellow, Page 46; Page 46 in the yellow pages.

Chairman Dowd

Ah yes, OK.

Mr. Griffin

And the reason why I want to speak the Committee at this time on this page is because most of the Revenue, as you've gone through the other budgets, most of the revenue is what Treasurer Fredette just spoke about and the School Department revenues. With regard to the School Department revenues, if I look at Account 43549 – State Adequacy Aid, that is what Mayor Donchess speaks to when we look at Fiscal '21 – estimated revenues in Fiscal '22 he speaks to that sizable reduction due three things actually. One is Free & Reduced Lunch reductions because everybody got a free lunch sort to speak. The reduction in ADM which is the head account of students which I think Mr. Donovan indicated was about 860 less students in Fiscal '21 than '20. And then, as you may recall, the Legislature provided one-time revenues to augment the Free & Reduced Lunch by about \$1.5 million. So that's why you'll see that reduction.

As the Mayor planned his proposed budget, we became aware of the American Rescue Plan Act. And as a placeholder what the Mayor is proposing and he has spoken about this on a few occasions, what is referred to as lost revenue. So we are learning about to calculate lost revenue, but it is clear that we can use inter-governmental amounts, not Federal amounts, but any loss of inter-governmental amounts such as State Revenue would be part of the calculation. I did also review the meeting that you had the other night with the School Department and I am aware of certain Bills that would like to restore funding at pre-pandemic levels but we are not sure if that is going to prevail. That's where they essentially take the ADM counts and the Free & Reduced counts October 1st of 2019 and instead of October 1st 2020 and I know that as the Mayor indicates the delegation is working very hard to restore that money to the extent it isn't restore, the plan that the Mayor has portrayed here is to use American Rescue Plan Act.

Now if you think about a lost revenue calculation, if the State restores the revenue, we don't have lost revenue, so you are not going to need the American Rescue Plan Act for that. So as Treasurer Fredette says, we are going through the budget setting process. We are going through the knowledge of what the State Legislature does, what Governor Sununu signs and then the tax setting process in September, October, November. You will get from us the Mayor's analysis of surplus and overlay on or around September 1st. I promise to bring the escrow amounts in, the First Reading in July so you can review them in August and approve them First Reading in September and the Mayor is onboard with that. So we are going to have a lot of work to do in that regard. But I wanted to share this with you that this is a tremendous loss of revenue and it definitely impacts the tax rate. But putting the \$4.4 in there helps out a little bit. But as we go forward I can speak further on it but I wanted to share with you that Mr. Donovan would have handled this as well but I was more familiar with the revenue of the American Rescue Plan.

Chairman Dowd

So if the lost revenue, we don't use that revenue, we will be in a better position than if we do and use the \$4.4?

Mr. Griffin

My hope is that the State Legislature restores the revenue to pre-pandemic levels. That is going to automatically reduce the amount of loss we have so we can use the ARPA Funds for some other use. When everyone talks about the ARPA Funds they say, use these as a last resort, go through your planning process, which the Mayor is doing now, don't use them unless you absolutely have to because there are other funding sources out there. Mr. Donovan did a great job articulating the CARES Act Revenues that he has in. I think his ARPA is called ESSER, I mean there's all kinds of acronyms. But to use it as lost revenue the whole plan, it is one of the cogs in the plan of the act itself is to restore some fiscal stability to the municipalities. And we were one of the cities, as you know, that got direct aid and it is safely in the Treasurer's Account right now. We did receive the aid, which is good \$8 million this year we will get \$8 million next year; 12 months from when we got the first \$8 million. And the whole key here is to use as efficiently and effectively as possible.

Chairman Dowd

Alderman O'Brien, did you have a question?

Alderman O'Brien

Yeah I did. Thank you Mr. Griffin for mentioning what I would call the chaos up in Concord. As a member of the New Hampshire House I have never saw anything in my life, the smoke and mirrors that have been used up there recently. As you know, you and I worked together to try in one vein and that was the State Pension System. And trying to get the State to realize its obligations that it made in 1967 to the State Pension by paying the 35% to which they rode it back to 0 but the 35% never vaporized and now it is the responsibility solely of the Nashua Tax Payer. It is phenomenal what Concord does and the roll back and now with the education, it is just one more thing.

Should we as a Budget Committee, here's my question if I may, anticipate with the chaos up there and the way the power is being led at the particular time. I am not sure we might have a budget in a timely manner, to when we have our budget. Are you capable to give us what would happen in those type of scenarios?

Mr. Griffin

Sure, Mr. Chairman if I may. John Griffin, CFO. Although we'd love the State Legislature to make decisions in time for our budgets we realize that's a lot of times not possible or practical. So the key behind this budget is to portray a reasonable plan of revenues, coupled with as I mentioned the Mayor's strategic use of the American Rescue Plan. We have until the fall to determine what revenues are coming in and how to set the appropriate tax rate. One of the questions you asked the other day, I believe it was Alderman Dowd or Chief Operating Officer at the School, Dan Donovan, "what happens if the 860 pupils come back". Well as Mr. Donovan indicated it is all based on October 1st. But they payments that we already receive are based on the 860 less students and I had provided you a Communication about a year ago on that or half a year ago now in November.

So the State gives you that estimate in November about what is going to happen the following year and right now it is producing a \$32.8 million dollar amount; nothing close to the \$38.5 last year. So in Communication with Mr. Donovan what will happen is we will get 25% of that number this year, you know, first quarter, we will get another 25% of it. And if, in fact, the October 1 numbers are better, we will get the remaining amount in two different payments. So it could happen that this \$32.8 is augmented by \$4.5 million which was what the loss was in ADM which is the pupil count and Free & Reduced Lunch. I guess the answer is we have time. I am not sure if the City Budget, I guess it could go into October/November. I'm not sure, David, I know you ...

Mr. Fredette

That doesn't happen very often.

Mr. Griffin

Right, so hopefully it is the August/September timeframe.

Chairman Dowd

So we recognize that revenue further into the year, it is not going to help from a tax rate for 2022.

Mr. Griffin

Correct. It would be ...

Chairman Dowd

Because the money will be coming in too late.

Mr. Griffin

Correct.

Chairman Dowd

So we will end up with excess revenues.

Mr. Griffin

It helps. I mean every revenue is good revenue, but it will help the following year. We will take it, as we always say.

Chairman Dowd

Alderman Lu did you have a question? We can't hear you. No? Alright. OK any other questions on Pages 46? OK. Are there any other School revenues that you wanted to address or is that it?

Mr. Griffin

I believe that's it.

Chairman Dowd

OK you want to go to Appropriations on 136.

Mr. Griffin

If I may Mr. Chairman, I'd like to just briefly discuss as I mentioned on the Appropriations side, Page 135. What this is, is this is a rental payment for the taxes that will be rendered in Fiscal '22 for that Performing Arts Center Building. So as you can imagine, this is a nominal amount that will eventually grow as the building gets constructed and assessed and so forth. But I wanted to call this to your attention so I have \$50,000.00 here and we have \$71,000.00 in revenue in the revenue section. So we are to the good right now. That was, as you approved that set of things like an omnibus thing, but it is complicated, but we have a great team working on deciphering all of this stuff. These are the two impacts for Fiscal '22.

Chairman Dowd

OK.

Mr. Griffin

Thank you.

Chairman Dowd

Alright. Let's see. Yes Alderman Jette.

Alderman Jette

I was trying to find what line you were talking about but you may have explained this and I missed it completely. So this account 54808 “Rent Nashua Performing Arts Center”. This is money we are paying out and to whom are we paying this?

Mr. Griffin

As you remember, you approved a rental agreement or a lease agreement because the City actually sold the building and then there's a rental payment that is made to the owner of the building which I believe is NPAC and they need to pay property taxes.

They use it as – there's rent- and then there's additional rent and the additional rent is the taxes. It is a little bit more complicated in this particular forum but I can definitely get you the details.

Chairman Dowd

All set Alderman Jette.

Alderman Jette

If I could just follow up. This is about the New Market Tax Credit Scheme.

Mr. Griffin

I hate to use the word “scheme”.

Alderman Jette

I didn't mean anything derogatory about that I just meant it is a plan, a complicated plan.

Mr. Griffin

It has everything to do with that, that's correct.

Chairman Dowd

OK, continuing on.

Mr. Fredette

Page 136 the Appropriations for the Financial Service. Again there's not too many changes here overall. The salary adjustments for unaffiliated and UAW is of course found under the 51000 accounts. The increase includes the UAW adjustment of about \$14,800.00 paid out of the UAW Education Fund that was mentioned on the revenue side as part of the agreement to try to get some of the lower paid employees, which unfortunately are mostly in my area a boost. So instead of \$15.10 an hour they might be around \$16.50 an hour, which is still very hard to find anybody to apply for in this day, I hope it changes but right now we are finding it very hard to find employees, people to apply. So that's basically that area there.

The other area that went up is postage. And in 2021 the bulk rates were increased so postage went up because of that but also because since COVID-19 more people are mailing stuff in instead of coming in to the building. So we have to mail more stuff out, which is fine, but of course that increases your postage also. Back last summer our mailing costs went up 30% each month because we were basically closed until July and everything was being done by mail and drop off and everything was being mailed out mostly. So that's not happening now but people are mailing more still than they did before this started, which is good, but of course we have to pay for the postage to mail the things back to everybody. So besides that, most of the line items did not change much at all, some went down a little some went up a little but that was the biggest increase besides the salary area.

Chairman Dowd

Any questions on Page 136 from any of the Committee Members? I have one. In the Telephone/Cellular most of the Departments have gone up, a lot of increased usage because of changes in policies. I noticed your actuals through March 31st are \$1,650 with a budget of \$600 and you are budgeting \$622. Do you expect that to be that low or do you think that your cellular service will increase?

Mr. Fredette

No it's low, it went up this year because certain employees had to have a cell phone while we were closed, of course, now we don't need that. There are only a few people that receive the stipend for that, that's a cell phone stipend, I never wanted to and I am happy not to.

Mr. Griffin

Mr. Chairman this is my stipend. So the others, they don't have it anymore.

Mr. Fredette

So it is just one.

Mr. Griffin

If I may Mr. Chairman also I would be remiss if I didn't point out line 52300, Benefits. Due to the adoption of the new plan, high deductible HMO by the Unaffiliated and the UAW, I just want to recognize that they were instrumental in saving about \$65,751.00 from one budget to the other. And also we are part of the ... if you recall the Mayor indicated that he grouped a bunch of like departments and referred to it as City Hall, so we are part of that group to make sure that we came in under budget.

Chairman Dowd

I notice most of the Departments have gone down because of the new insurance.

Mr. Griffin

Correct. And one other point on the line above it, most of the Departments that you reviewed that have NHRS employees, those lines have gone up and that's when the Mayor talks about \$4.4 million dollars of pension increase without even impacting wages, it is completely related to what is called the 'employer rate'. The employer rate went up too, for a few reasons. One is to get close to full 100% funded in 2039 but also that the Board of Trustees of the Fund reduced the rate of return another .5 and every time you keep going down by .5 it is more dramatic on the future earnings of the fund.

Chairman Dowd

I wish Treasurer Fredette were running that account because we'd be a lot more in the positive than they seem to be. Yes, Alderman O'Brien.

Alderman O'Brien

Thank you. Just for clarity Mr. Griffin, just so that people know that this is hand-in-hand with the vacancy of the 35% responsibility from the State, the ULL Liability was invented by the Legislature to come up to make the restitution. So this is another mandate of rollback to the municipality that we are liable for that will increase the tax rate between the two items, you know, before we even get out of the gate. So it is shameful but it is what is happening in Concord. Thank you.

Chairman Dowd

OK any other questions before we move on? So the next item is CERF, one of my favorite subjects. That's on Page 359.

Mr. Fredette

As you know Mr. Chairman, this page is in here each year. It reflects the items that are going to be purchased in '22 from the CERF Trust Fund. There is a night, when you meet with the Police, there is a letter from me on your agenda that is making a slight change here. So it is very simple but the Police are replacing, right now instead of having one of the motorcycles they are going to replace an Impala, I think a 2009. It's on that letter that you will have on your Agenda. You already have the Agenda for Thursday. So it is like a net increase of \$16,000.00 – that doesn't have any effect on the Budget or the Budget resolution because all of this comes from a Trust Fund. I just wanted to point that out.

Chairman Dowd

The question I have on the CERF Account going through these, some of the items being bought this year have been in service for 12, 15, 20 years. And some of them are fairly significant costs. Why wouldn't we be bonding items like that rather than coming out of the CERF Account. I mean we do it for fire trucks but some of the fire trucks are obviously wicked expensive. And we are doing it for 1, 2 3, 4 items right now, no 3 items for bonding I believe. Since CERF doesn't exactly function the way the definition states, if CERF worked the way a CERF Account should work, we would be putting money aside every year for something we have in service so when that when it comes time to replace it we would have the majority of the funds to buy it and we don't do that.

And we have ended up bonding some of the larger vehicles because the bond rate right now is ridiculously low. And I guess the other question I have is can we package 2 or 3 items and put it under one bond? Do we bond everything that we are going to buy in CERF under a single bond? Question?

Mr. Fredette

Well there's a lot there. The CERF Plan was changed in 2010 by the current administration and the Board of Aldermen at that time.

(Background interference / conversation)Mr. Fredette

And that plan Sorry somebody is talking. That plan at the time had mostly the fire engine, ladders and certain public works vehicles to be bonded. Nothing else was going to be bonded under that plan in 2010, everything else would be cash. But unfortunately we haven't, as you said, funded it at the cash levels that it really needs. Over the years, the Mayor has been able to escrow money in there which has helped. But it is a tough situation. You could bond more vehicles if you wanted, personally I am not sure if that is a good thing or a bad thing. But it was agreed at that time that only vehicles from the Fire Department and Public Works would be bonded. So that is what we have been doing ever since.

Chairman Dowd

Yeah I'd only be interested in the really expensive items, not cars and motorcycles.

Mr. Fredette

Well like you have a bomb trailer here for \$324,000.00 that's something that probably could be bonded, that's a large amount.

Chairman Dowd

Yeah that was one of the ones I had a question mark on.

Mr. Fredette

And under Police you've got the freight liner. There are a couple other items that could be, yes.

Chairman Dowd

The water truck and the Caterpillar 3120 wheel excavator which is \$275,000.00 and has lasted 15 years. Now on Page 360 under the Fund 7026 Capital Equipment Reserve, I believe that's where we buy this stuff out of, correct?

Mr. Fredette

Yes.

Chairman Dowd

That's got \$3,633,940.00 and right now we are looking at \$2,442,175.00 funded by cash. So if we bonded, where do we take into account the Debt Service on the bonds just in your regular bonding scheme?

Mr. Fredette

Solid Waste is in the Solid Waste Budget the Debt Service payments. For the Fire Department it is in our General Fund Debt Service Budget.

Chairman Dowd

OK. Alright, I knew it was somewhere else. Anyway, we are not trying to solve that puzzle tonight but I was just curious if there was a possibility there and I guess the bigger question is if we reduce the cash amount that we have to spend out of the CERF account, does that help us in any way on our Budget.

Mr. Fredette

No.

Chairman Dowd

Where is the line item – where is the money that is going back into the CERF account, is that done in the end of the year in August when we are talking about re-appropriating the surplus?

Mr. Griffin

Well if I may Mr. Chairman let me take a step back. You have dutifully noted that there is a \$3.6 million dollar balance in the fund as of March. There are things on the Fiscal '21 list that are going to be bought from that. Then you mentioned the \$2.4 million we are asking to approve in this plan, that's coming out of that balance as well. What Mr. Fredette is referring to is when we get to the transfers, the Mayor because of other budget considerations, he's not proposing to put any money into the CERF Fund as part of the Fiscal '22 proposed budget. What we have done historically is put a sizeable amount in through escrow as Mr. Fredette described – last year I believe it was \$1.8 million. So to get anything close to the \$2.4 we needed to appropriate \$1.8, re-appropriate with Board of Aldermen approval into the fund.

As far as the fund itself, it ran out of steam about 2015, it was going pretty good but we ran into the – bumping up against the spending cap. And one of the ways of meeting the obligations of salaries, wages and other things, is you don't fund the full amount of the CERF requirements. So what Treasurer Fredette and others do is they keenly review the request and then at the end of – right before we put the budget together – the Mayor brings the large users of CERF in and they do a great job of trying to lessen the burden. But as we all know, if you are taking assets that you mention are 15, 16, 20 years old, and pushing them out, that's not the intent of CERF. The intent of CERF is to fund with cash for those things that you need to buy with cash when they are due. OK, now another strategy that was used historically before I arrived is the Operating Department funded about half – like the Fire Department would fund like half of the cost of a pumper, half of the cost. But that just eats up budget dollars as well. So when my predecessor Mr. Gilbar got here, he said why don't we not do the depreciation method that I think Alderman Deane used to speak of. But go on the replacement method and it will work if you have funds to stick to it. It's just I think we always kind of were meant to, we really – that last set of \$1 to \$2 to \$3 million dollars we really can't fund and have a tax rate that is reasonable.

So what we are doing is, we will hopefully have appropriations not spent that we can once again apply to the CERF and buy things that are desperately needed or needed, that's the plan. It is unfortunate because it was a very good plan but when it comes down to making sure that we have people to do the work that the machine is going to help do, you kind of

go with the worker, less on the machine. And then when you are hit by healthcare, pensions and other things, it is hard to budget. No spending cap plan is going to be able to assist with controlling costs when they are either Federal Government mandated like EPA and NHDES on a State level for Waste Water and Solid Waste. But on the other side the pension that we just talked about, that's a large dollar value for as Alderman O'Brien and I testified, it was a good experience for me but just about every State and Town in the State of New Hampshire affected by it, but kind of to no avail. So that's a little bit about CERF, we could go on a little bit more but that's what we are trying to do is manage it as best as possible and get that equipment out to the people that need it to do their jobs.

Chairman Dowd

We could have cut the Legislative pay but they only get \$100.00.

Alderman O'Brien

Should charge them more, maybe get some intelligence.

Chairman Dowd

Any questions on CERF? Alderman Jette?

Alderman Jette

Thank you Mr. Chairman. So forgive me Mr. Griffin for not understanding this better but if you would be so kind as to explain this Page 359. So there are a list of pieces of equipment, vehicles of various sorts. And then it has got purchase year and then it has got life and current replacement cost and then it says funded by cash. So like for example the number 10 from the Police Department, a 2006 Freight Liner MT 55 Van, purchase year 2006, lifespan is 16 years.

Chairman Dowd

That means it has been existence in Nashua being used for 16 years.

Alderman Jette

OK and then the current replacement cost is listed and funded by cash. Now is this money that is in a CERF Fund or is this money that's going to come out of the General Fund.

Chairman Dowd

Mr. Griffin?

Mr. Griffin

John Griffin, CFO. This is in the fund, this is in the Capital Equipment Reserve Fund.

Chairman Dowd

The next page.

Alderman Jette

So I guess I misunderstood what Chairman Dowd was talking about. So, in fact, we have been putting money aside into a Capital Equipment Reserve Fund so that the money is there for us to use to replace these various items now.

Mr. Griffin

That is correct, but as we just discussed we are not putting nearly enough, we don't put in nearly enough. So last year the Mayor proposed and the Board approved about a \$1.8 million dollar infusion into this account, amongst other things, \$1.8 million went into this account and that's why we are able to ... we couldn't propose this particular page if we didn't have enough money. It needed simultaneous appropriation to put into the Capital Equipment Reserve Fund to pay out of it. So we are about a year behind, we have to do something for Fiscal '23 because the balance subject to check is going

to be in the \$400,000.00 to \$500,000.00 range for starters and then you need about \$2.5 to \$3 million every year to fund these items.

Alderman Jette

So may I continue?

Chairman Dowd

Sure.

Alderman Jette

So when the Chairman asked you like a half a million dollar item, with the bond rates as low as they are now, wouldn't it make more sense to bond this as opposed to trying to come up with half a million dollars. I am not sure I understood your answer; is that a good idea or a bad idea.

Mr. Fredette

I think I answered that one. In my own personal opinion I don't like it but it could be a good idea, yes the rates are very low. So the whole idea of the CERF plan in 2010 which I think Alderman Wilshire was here anyways, was we wanted to pay cash for items. So if they would have put – if it would have been funded properly at \$3, \$3.5, \$4 million dollars a year we would have had the cash but it hasn't happened. So yes, you could bond it and the rates still are very low.

Chairman Dowd

I might point out that every time I walk into Treasurer Fredette's office he is leery because he thinks I am going to ask him for more bond money. He's very conservative on spending bond money as I am sure he will explain further in a few minutes but that's why he says – but if you've got an item that is going to last 16, 20 years, we can bond at the current rates, 1.63%.

Mr. Fredette

That was last fall.

Chairman Dowd

Last fall.

Alderman Jette

I understand if the rates were 10 or 12% it doesn't make any sense. But when it is less than 2% it's almost like getting free money, isn't it.

Mr. Fredette

Close, not quite.

Alderman Jette

It just occurs to me it would be a way out of the current predicament of our having not put enough money into the CERF account to begin with so now we are short and we have to – it is being suggested that we need an influx of new money and given the constraints that we are under in this large tax rate increase that is hovering over us that everyone fears. Maybe bonding something like this might for this year, might be a way out.

Chairman Dowd

Yeah I brought it up as something to look at it; I am not suggesting we do them all. But we certainly might look at all of the numbers and see what makes sense, but we won't do that this evening.

Mr. Griffin

One final point, I arrived in 2010 my predecessor and Mr. Fredette and the then Mayor worked very hard on this program. They were coming off the Great Recession. They were moving from a percentage of erosion or depreciation to this model which is, I have the money funded on the exact year I need to replace it. Certainly with money at 1.65% on the debt side, we could more aggressively bond these items. The thing about bonding is you definitely have to pay it back so whether it is 1% or 5% and you have seen that. I know Alderman Wilshire and probably Alderman Dowd and Alderman O'Brien you have seen what happens when you bond the gas sets at the landfill and the soil well at the landfill. At some point the cash going out equals to debt service and every additional debt service is adding to the problem. So it has to be a combination of both but certainly could be looked at.

Mr. Fredette

The other thing you have to think of too is remember we have debt limits in the City and the City-side is 2% of assessed values, so that's something you have to consider too. That's all.

Alderman Jette

I thought you pointed out to me recently that we were on the City-side we were well below that.

Mr. Fredette

We are below it. It's the School side we are very well below it because they have a higher threshold than the City. The City is below it also but our threshold is not as big as schools.

Chairman Dowd

So we might not want to do all of them but if financially it works, we might want to do one of them. But we will wait and see. Any other questions on CERF? I don't see anyone.

Alderman Wilshire

Alderman Lu had her hand up.

Chairman Dowd

Alderman Lu, have you fixed the communication issue?

Alderman Lu

Can you hear me?

Chairman Dowd

I can hear you, yes.

Alderman Lu

OK. I just wanted to find out if you could hear me, I am not going to go back to the questions I have. Thank you.

Chairman Dowd

Alright. The next item is Capital Improvements on Page 274.

Mr. Griffin

So I have that Mr. Chairman. John Griffin, CFO. As you can see the Mayor is proposing \$1.129 million. And on the next page is the array of capital projects. As Mr. Lynch described during his visit here on the Budget from the airport, they are able to secure CARES Act Funds for their 5% so that was great. So that's why there's no proposal for Airport money in Fiscal '22.

Chairman Dowd

OK but we are on the hook for the \$185,056. For '21?

Mr. Griffin

Subject to check, he might have covered that as well. But I will check on that.

Chairman Dowd

So just out of curiosity, if that was completely covered by Federal Funds, what does that allow us to do? Is that something that ends up we discuss in September if it adds to the ...

Mr. Griffin

Yes, we would discuss it then. Yes. As Mr. Lynch mentioned, he's going to have more projects coming in the future so we might be able to use it for those. But we will definitely have a discussion on that particular item.

Chairman Dowd

So just one thing I am going to mention – the School Deferred Maintenance of \$100,000.00 is ridiculous but you know, we have got 18 buildings and tons of equipment and I remember last year or the year before we had \$100,000.00 in the budget and they had to replace 1 pump at the High School for \$90,000.00 out of Deferred Maintenance. I had a lot of people that said, oh my god, a pump \$90,000.00? No the pump is half the size of the room. And I took people on a tour to show them where the pump was. So we have had to bond some things on the school side because they don't have the deferred maintenance. It's one of these pay me now, pay me later. So Mr. Smith is willing to try and sneak by with \$100,000.00 this year but any glitches ... one of the reasons is we have basically are building a new school and re-building two others so that's under separate funds so that helps. But typically \$100,000.00 in Deferred Maintenance for the School Department is crazy. It should be significantly more than that and we are going to have to start building that up year to year or funds are going to come from somewhere else. If they have an issue, it has got to come from somewhere. But anyway, I just wanted to point that out. Any questions on Capital Improvements? Alderman Jette?

Alderman Jette

So the original budget was \$1.8 million and the available budget was \$5.1. Where did that extra money come from?

Chairman Dowd

Which page is that?

Alderman O'Brien

274.

Chairman Dowd

Oh 274.

Mr. Griffin

So the original \$1.8 if you recall last year we had the one-time revenues from the State for one-time programs. So that's the difference between the \$1.825 and the \$1025. The question you are asking is the Capital Improvements. When we do that year end moving of escrow money, the first thing we automatically do is move the Capital Projects forward. So, for example, believe it or not if we budget \$100,000.00 for the School Department Deferred Maintenance and they spent \$90 of it, \$10 would go into the following year because it is available. So that's why that number is rather significant. It has a lot to do with the projects that are moved forward in the budget from year to year. So unlike General Fund expenses, let's say someone was to escrow money for a conference or a seminar, that's either going to be spent on that or lapse to surplus. The Capital Items we carry over because they are long-lived. So you will see as Chairman Dowd pointed out, you are going to see a modest amount for Street Infrastructure improvements, you are going to see a

modest amount for Fire Deferred Maintenance to the extent that they'd don't spend it all in one year, we automatically move it forward. That can be a like for like, so as you recall you have the like for like that is approved by the Mayor and then the unlike is we are asking the Board to use it for a different purpose than the original intent.

Chairman Dowd

It doesn't happen too often though, especially in the accounts you were just mentioned.

Mr. Griffin

It doesn't happen too often, right.

Alderman Jette

Thank you.

Chairman Dowd

OK. Any other questions on Capital Improvements. The next then is Hydrant Fees on 165.

Mr. Griffin

So Mr. Chairman, I will cover that. The hydrant fees are billed to us by Pennichuck Corporation and whenever they have a rate increase for Pennichuck Water Works which covers the City of Nashua, they raise the cost based on cost of service studies and PUC rulings, they raise the cost to the City. So what we have done here is recommend that a \$200,000.00 increase pursuant to their most recent rate increase and we feel comfortable that we are not going to underspend this account, which is what we try not to do in any given year. This is up there with street lights, so we try to cover this and make sure we are not looking for an additional appropriation throughout the year.

Chairman Dowd

OK. Alderman O'Brien?

Alderman O'Brien

Yeah I would just like to say, Mr. Griffin jump in if I do have it wrong, but it is my understanding yes we pay a fee for hydrant and this is the municipal cost. However, you've got to keep in mind our fire trucks pump somewhere in the avenue of 1,500 to 2,000 gallons a minute. We are not charged by the gallon by Pennichuck, correct? So we pay this flat fee, if we have major fires that we do use copious amounts of water, we don't receive a bill from Pennichuck for that.

Mr. Griffin

That's correct.

Chairman Dowd

Good point.

Mr. Griffin

And then Mr. Chairman moving on to the page to the right, Street Lighting. As you recall, several years ago that electricity was \$850 to \$900,000.00 and Mayor Donchess along with you and the Board of Aldermen at the time and Director Fauteux, they have this comprehensive program to put LED lights in where the old, I am not even sure what they are called, the incandescent lights or something, but whatever the street lights were before we are saving a tremendous amount on the wattage charges. So we are comfortable with \$500,000.00, again not to go over. The second line Street Light Maintenance, as you might imagine if there's a street light that goes out, we need to have on stock the replacement light and then because you need a specialty to change out high voltage street lights, we need to contract with Eversource to have them changed. So I am happy to report that through 3/31 there's only been \$4,000.00 spent on the maintenance part of it. So they have done very well throughout the City, they have stood up to what was recommended and what was anticipated with the lights.

Chairman Dowd

Just an anticipated question, the new lighting we put along the Riverfront, is that covered under the TIF?

Mr. Griffin

I believe so. Any Capital Investment part of that TIF Riverfront Project would have been covered under installation ...

Chairman Dowd

So the electric cost?

Mr. Griffin

The electric cost, subject to check, I believe that wouldn't be covered by the TIF unless it is the O&M part of it, but we can check on that.

Chairman O'Brien

OK. Alderman O'Brien.

Alderman O'Brien

Thank you. Mr. Griffin, this has been one of my pet peeves that the municipality pays for the safety of having street lights and unfortunately from time to time even with the new LED lights, one may fail and nobody notifies anybody. We do not pay anybody to drive out at 2:00 in the morning to check the street lights. So if one of our good citizens should notice that a street light is down, that they could go to the pole and see the numbers, the pole number and the example 356 over 22 called that into Eversource and that can start the ball rolling to repair the light to which we are paying for. So I would recommend any of the citizens that see that, you see a street light down, please let Eversource know so we can get the best bang for our buck in what we are paying for. Thank you. Do you agree?

Mr. Griffin

I would agree, they could contact Eversource or Public Works. Because Public Works is managing this maintenance set of light bulbs.

Chairman Dowd

My experience at least in my Ward, they are changed pretty fast. So they don't let them sit there for a long time before they are out there replacing the bulb. And I don't think they have to replace them anywhere near as often when they've got the LED's. It's the old ones that don't last. Any other questions on Street Lighting? Alright, moving along to Debt Service on Page 267.

Mr. Fredette

That would be me, Mr. Chairman, Dave Fredette, Treasurer. This basically reflects a few months ago when there were a few bond resolutions, at Public Hearings here I presented the most current bond plan and this basically represents that current bond plan for General Fund Debt Service. I know here it says, "Debt Service Page 267" but this is General Fund Debt Service. We have Debt Service also in the Landfill, Waste Water, Special Highway Fund and Pennichuck. So it is not just on this page, this is the General Fund Debt Service that's paid for with property taxes. And that plan that I presented showed a list of items that we plan to sell in Fiscal Year '22, the biggest being the Middle School Project. I am hoping to sell \$40 million only because that wasn't in the original plan but given the rates are so low, I want to try to sell as much as possible because the rates will probably start going up a little in the next couple of years. They have already started and I am sure you've heard a lot of this talk about inflation coming back so who knows. But anyways that plan included, that was the biggest item but there were CERF items, there was the Public Works Building Admin Building but I am not sure exactly where that is going right now. We haven't sold the other building yet so....

Chairman Dowd

Next week.

Mr. Fredette

I've been hearing that for months but OK. We will see. Property Revaluation, Public Health Building and some miscellaneous items so that kind of represents this section here and it is basically pretty much flat from the current budget. And that's what the plan represented, next year, well Fiscal year '23 you will see some increase because of course we will be selling a lot more of the Middle School Bond.

Chairman Dowd

I could be wrong but I think the Public Health Building is finished right?

Mr. Fredette

The Public Health Building is finished, but that had 3 separate bond resolutions. That originally started in 2008, we had a bond resolution in 2008, one later than that and then we had one just a couple of years ago, maybe a year ago. So the first two resolutions were sold but the last one was not, so that would be sold this year. I believe the total is around \$3.5 million for the whole project. Anyways, and of course we estimate the rates, we estimate conservatively, that's why we tend to have money left over in the bond account each year. I try to be very careful about the rates that we use when we plan. I mean I would never have thought it would have been 1.63, that is really the lowest I have seen in 21 years. And I think if you go back further than that, you won't see that low, that's really tremendously low. And even in the taxable bond if we sold the PAC and (inaudible) in January we got 1.85 for taxable, again extremely low. So hopefully that will last a couple more years while we get through the Middle School Project.

Chairman Dowd

Any questions on Debt Service? Alderman Schmidt?

Alderman Schmidt

When we see something more than once it means that a second bond or a third bond has been issued.

Mr. Fredette

So you have an exact one?

Alderman Schmidt

We'll say Mine Falls Dam Series B, Mine Falls Dam, Series A, it's right at the bottom.

Mr. Fredette

One series was taxable and the other one was not, they break it out. Offhand I am not sure which one was taxable but they determine, it depends on your contract you have with the company that is running the dam and they determine who much is taxable and which isn't. So they break it out like that. We had that at Holman Stadium years ago when they renovated Holman Stadium with the luxury boxes, a portion of that was taxable, the other portion wasn't. So they do that, not that often but it does happen.

Alderman Schmidt

Thank you.

Chairman Dowd

All set Alderman Schmidt?

Alderman Schmidt

All set.

Chairman Dowd

OK any other questions on Debt Service? Seeing and hearing no one, we will move on to Contingency on Page 271.

Mr. Griffin

Mr. Chairman, John Griffin, CFO. Contingency on Page 271 has and has had 4 line items. The first one is what is referred to as the General Contingency, try to appropriate \$250,000.00 a year for things that are unforeseen and unbudgetable if that's the right word. Contingency – Education Priorities, that is a line that was used for a few years when additional monies came down from the State and they were one-time amounts that based on a plan from the School Department, the Board of Aldermen would basically move that money over to the school to pay for things. Contingency – Police Grants; this has been an annual grant through I believe the HOPWA Grant. So this is the City match to the grant, an annual grant that the Police Department gets. And Contingency for Negotiations – so I wanted to take you back to the most recent information gathering session with Dan Donovan the COO of the School Department. We moved, I know Alderman Dowd indicated that somehow I was the translator and chief. My staff, Rose Evans in particular, she works with Dan extensively and she does a great job putting this together.

But I wanted to say we use all the same accounting. Back when Mr. Donovan and Rose Evans and a few redid the Charter of Accounts they made a conscious effort that every like account is the same across every Department. So what Mr. Donovan did is he has got a budget, when he prepares his budget to communicate effectively to the School Board and eventually to provide information to the State on the back end, he is budgeting by building, by program, things like that. But at the core and I think you got to it which was great, the two digits are all the same; the 55's are the same, the 56's, the 58's, the 61's etc. So what is really different about his budget when it comes over to us is we add in the benefits, we add in the FICA money, we add in the pension. We also take what he has given us as a contingency for negotiation we take that money and we put it in this account.

So when you asked a great question, Alderman Jette, how come your budget is going up \$5 million? It is very interesting, it went up \$5 million because if you take the almost \$2 million here and add it to what you saw, it is actually going to go up 7. We took the \$2 million out that the Mayor kind of granted as you recall, the Mayor Proposal 1.5 School Board proposal 1.7 the Superintendent and Mr. Donovan and we settled on 1.6. That's that \$119,000.00 that Chairman Dowd mentioned.

I want to just explain this to you because it is very important to how this things works. The contingency for negotiation is in this account and only gets moved by the Board of Aldermen upon the approval of a collective bargaining agreement. That's when we have the authority as the accounting team to move the money from this particular account in to their budget to pay for the increases. I believe there's several bargaining units outstanding at the school and actually it is interesting none at the City. It was a heavy lift last year as we recall but most of them not all of them have been settled. Now at the school what happened as the Mayor indicated in his opening remarks, we budgeted the school's healthcare as the programs that are available to them. So that's why he mentioned they haven't had a chance yet to bargain in good faith and adopt maybe the high deductible HMO Plan. But it needs to be in there because if they subscribe to the healthcare we need to fund it. So we can go back there and look at it but that's an increase.

And the other one that we spoke of earlier is they've got a fairly sizeable increase in pension cost because they are NH Retirement System members. But I wanted to shed light on that because I took notes on Friday or whenever I watched it and I wanted to make sure that you had kind of a translation sort to speak from when they send their budget over to what we put in our pages. As you know, they have like 6 pages for the School Department; it is a big operation. And Alderman Dowd with his experience, both reviewing the budget and being on the Board of Education, there is a whole volume of material that's available to everybody. It gets into the programs, it gets into the questions that you asked Alderman Jette like where do I see in the City Budget how much the athletic department costs? You are not going to see it in here, it is going to be part of other costs. But there is a whole, my understanding of the School Budget is kind of like us, they talk about items, programs, throughout their budget session. So they will have a whole session with the athletic director, they will have a whole session on Special Education, a whole session on Curriculum & Development.

I have watched a few, try to watch the Finance & Ops Committee because that's where the money is kind of talked about. But I found that very helpful if you are trying to learn kind of the main points or the strategies that the School Department is trying to use. So with that, any questions on this, I would be happy to answer them.

Chairman Dowd

When the question came up about like athletics, they have – you can get a – it's probably about that thick. When they have the meeting with the athletic director, Mr. Gingress, you know, every sport is detailed in cost; how many participants. I mean any possible question you could think of asking in sports would be in that budget pages. And what Mr. Donovan does is carry over the end number, not all the details that we don't get into. But it is all on the Board of Ed Website, you can go over and look at, and fortunately they've been doing it all digital, I used to get this book like this, you know, killed a lot of trees. I am pretty sure there's 5 unions and a significant number of employees because one of the unions is teachers. I know teachers, custodians, not sure of the others.

Mr. Griffin

Paraprofessionals and there's secretaries and the AFSCME the custodian group.

Chairman Dowd

Food service but they are self-funding so that's not a real issue. So that number possibly could be lower.

Mr. Griffin

The number used.

Chairman Dowd

We put aside a conservative number.

Mr. Griffin

Correct.

Chairman Dowd

OK. In other words maybe a worst case scenario if you will, that they are willing to negotiate but they probably want to negotiate lower but you know, and that's only for this year. The contracts are probably 3 or 4 year contracts so it is in the out years. They are still working that. Any questions on contingencies? Nope? Alright. Interfund Transfers on Page 272.

Mr. Griffin

Mr. Chairman I will handle that. Transfer to City Retirement, we recommend the same amount \$500,000.00. Transfer to CERF, we decided that due to competing interests or competing items we didn't put any money in for that. The next three items are funded essentially as you recall when you met with one of the Departments, they talked about the cell towers and the revenues from those cell towers, those are used to fund these expendable trust funds; Holman Stadium, Mine Falls Park and David Deane Skateboard Park. There's another transfer for the agreement Stellos YMCA Capital Reserve. This next line is the Housing ETF that Alderman Dowd talked about the \$30,000.00 that went in there this year and the \$10 that's going to go in there next year.

Some discussion about parking fees and trying to attain the \$728,000.00 – that was not possible. So this transfer to the Downtown Improvement ETF of \$100,000.00 that is pursuant to Alderman Clemons' resolution that recommended, at a minimum, putting \$100,000.00 into their program. And the transfer to Parking ETF we set that up to capture dollars with the difference from revenue from parking tickets minus the expenses associated with such activity on a calendar year basis. So this is the amount \$155,303.00 that's the excess of revenues over expenses in the Parking Enforcement. So Parking Enforcement Revenue minus Parking Enforcement expenses provided that number. That is used to fund parking initiatives such as a study, infrastructure study on the status of the garages and other projects that Director Cummings has come before you to speak of.

Chairman Dowd

So this is funding that is coming out of the General Fund into the Special Revenue Funds?

Mr. Griffin

It's coming out of – it is on a calendar year basis so we actually know what the number is – and it's the difference between the calendar, parking enforcement ticket revenue minus parking enforcement expenses like the meter people and the maintenance people. And it is reducing surplus revenue and it is creating an expendable trust fund to invest in those programs that Mr. Cummings usually speaks about. And it is a good idea because there is no other funding that I know of that would be able to do that. You've got the parking, you know, the threshold the \$728 which we historically met before the pandemic, funding the Downtown Improvement Committee, so you've got that covered. It is covering the studies or infrastructure needs of what to do with the parking garages and other surface lots. Thank you.

Chairman Dowd

Any other questions on Interfund Transfer? Alderman Jette?

Alderman Jette

Thank you Mr. Chairman. So at the top it says “transfers in / transfers out” and I see a list of transfers out but I don't see any transfers in. Like the Holman Stadium, the Mine Falls Park and the David Deane Skateboard Park. We are getting money from the cell phone towers but I don't see where that is coming in before it goes out. Can you explain that?

Mr. Griffin

That's a great question Alderman Jette. The two (inaudible) is kind of a traditional accounting, fund accounting this. It doesn't necessarily mean that there's going to be a two on this page but the notion is that it is coming from somewhere and going to this. But let me bring you to the, if I may, the cell tower revenues. And I am going to look and I believe David...

Mr. Fredette

It's on Page – I think maybe 41 in the yellow pages maybe.

Mr. Griffin

Let's take a look. So when you had met, Mr. Chairman if I may, when you met with the Department of Public Works they more than likely reviewed the revenues and that's where you will see the Holman Stadium Cellular Tower fees, Mine Falls and the Skateboard Park.

Chairman Dowd

So the revenues from the cell phone tower come into them but then it gets transferred in this section to the Special Revenue funds. So it doesn't go into DPW or Parks Rec Budget, it goes through it.

Mr. Griffin

And the difference, Mr. Chairman if I may, these are expendable trust funds funded by appropriations. So you are appropriating money into these funds. I compare it to when you looked at the food service and other things the other night and the pink pages, those are special revenue funds. Special revenue is they are self-containing, the fees for service match the cost of service. You are going to have expenses out of it but you need to put money into it. So your choices are to set up an expendable trust fund funded by appropriations and that is what you have done there. You also have the opportunity from time to time expendable trust funds funded by donations. You can accept those and there are a few those but they are listed at the very back of the book. One we looked at tonight was the Capital Equipment Reserve. You can't spend out of it unless you put money into it, so that's how that works.

Chairman Dowd

And each one of them has a spending authority listed.

Mr. Griffin

Correct. There's what is called an agent to expend; sometimes it is the Board of Aldermen, sometimes it is the Mayor, sometimes it is the Mayor and I, sometimes it is Economic Development Director, etc.

Chairman Dowd

I think we discussed last year whether there were some of those in that account that could be discontinued, maybe not many but some.

Mr. Griffin

They are all set up for a purpose, something happened during the course of the City's evolution and continuing and I think Treasurer Fredette, from time to time you may petition to eliminate them.

Mr. Fredette

We, in the past, have suggested closing some out which we have. But we haven't done that in a few years, similar to how we send bonds like we did last year, we have done that for the trust funds too.

Chairman Dowd

OK. Alderman Jette.

Alderman Jette

If I could just follow up. Thank you for that explanation and I see the amounts like for the cell towers, the amounts on Page 41 for revenue they exactly match the amounts for transfers out on Page 272. So the money that we are paying into the expendable trust fund, it is not tax money, it is money coming from the rent of these cell towers.

Mr. Griffin

That's correct.

Alderman Jette

Thank you.

Chairman Dowd

Any other questions? Any final questions for Mr. Griffin or Mr. Fredette? Alderman Jette?

Alderman Jette

I had a question, it is not directly concerning the budget that you have explained to us tonight. But we Aldermen all received an email from a taxpayer who listed increases. She made a list of what she said were increases in the tax budget from 2015 to 2021 and in one year from 2019 to 2020 she says the tax rate went up from 1.3% to 20.82% and that over that period of time which I think is 8 years, it went up a total of 41.87%. Have you seen this email, have you had a chance to review it? Do you have anything you'd like to say about tonight?

Mr. Griffin

I did see it, and my quick review is knowing that we didn't have a 20% increase in any one year because the tax rate would have been significantly higher. I believe the author of that might have used the General Fund Appropriations for the first several years like '15, '16, '17 and maybe shifted to the resolution that is provided to the State to include General Fund, Special Revenue Funds and the Enterprise Funds because that would get you that. If you only included General Fund for a certain period of time and then you might have taken the wrong number and you added those other items, you are going to get a large increase. And I think my quick read of it, she continued using the same metric in the most recent years. And we can certainly put together what it would be for General Fund because we generally report on that every year to the Board of Aldermen. The Special Revenue Funds, they are pretty consistent as we just described, the Waste

Water and the Solid Waste may go up and down based on the requirements; the Capital requirements most importantly of those areas. But the simple answer to your question is it needs to be consistent from one year to the next as to what the basis is. General Fund would be what the taxpayers like to see a modest increase in the budget.

Chairman Dowd

Alderman Jette?

Alderman Jette

So the tax rate reflects the General Fund, what comes out of the General Fund. These other funds like the Solid Waste and Waste Water, those are self-funded, those come out of a – they don't come out of the amount that people - the property tax bill, they come out of fees for Waste Water and other, I am not sure I am explaining it. I am sure you can explain it better.

Mr. Griffin

Mr. Chairman if I may, the Waste Water as Director Fauteux indicated when she appeared, she calls it kind of a true enterprise fund, but they are both enterprise funds. That's where the fees associated with the Waste Water activities are funded completely by user fees. In the City of Nashua, we don't have enough revenue to fully fund the Solid Waste activity. That's not a problem, it just means as you have seen on the transfer to the General Fund you need money from the General Fund into that Solid Waste Fund. And you've seen that in the green pages where we simply list the revenue, let's say \$3 million and the expenses are \$9 million; you need a \$6 million dollar appropriation. So that has an effect on the taxes. Part of the property taxes are paying for Solid Waste Services. And if you look at it, you could not increase the user fees enough to have it fully paid for.

I know some of the Aldermen here, there's been discussion of why don't we separate the collection part of Solid Waste and put that in like the Streets Department. But it is probably not worth changing the operation significantly; it seems to work pretty well. So those are the differences and the Special Revenue Accounts you don't want to have those in the calculation because those wouldn't affect the taxes as well. And furthermore and this is kind of Treasurer Fredette's alley, but when he does the tax rate, the first thing they ask us is what is our General Fund Appropriations. We have to submit documents up to DRA that assigned by the City Clerk and all of that. There's a whole process called the MS Process to get the tax rate certified by the State.

Alderman Jette

And one last thing. When you have more time, could you produce a response to this email, this question?

Mr. Griffin

Sure.

Alderman Jette

OK thank you.

Mr. Griffin

I'd be happy to. Thank you.

Chairman Dowd

Anything else either one of you gentlemen would like to add?

Mr. Fredette

I just wanted to mention again Mr. Chairman on Thursday when the Police come, again, I just want to – you will see that Memo from me that the CERF Page needs to be replaced because of that switch they are making. So I would suggest that somebody would need to make a motion to replace that Page 359 with the one that is attached to the Memo that you will have on your Thursday Agenda. It should be replaced in the book.

Again it doesn't change the budget all or the resolution; it is just a change on a vehicle or two.

Chairman Dowd

Alright. If there's nothing else. Alderman O'Brien?

MOTION BY ALDERMAN O'BRIEN TO TABLE R-21-142 BY ROLL CALL

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

Yea: Alderman Schmidt, Alderman Jette, Alderman Wilshire
Alderman O'Brien, Alderwoman Kelly, Alderman Dowd 6

Nay: 0

MOTION CARRIED

GENERAL DISCUSSION - None

PUBLIC COMMENT - None

REMARKS BY THE ALDERMEN - None

POSSIBLE NON-PUBLIC SESSION - 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 Schmidt, Alderman Jette, Alderman Wilshire
Alderman O'Brien, Alderwoman Kelly, Alderman Dowd 6

Nay: 0

MOTION CARRIED

The meeting was declared closed at 9:09 p.m.

Michael B. O'Brien, Sr.
Committee Clerk