

City of Nashua FY 2015 Proposed Budget Presentation

June 16, 2014

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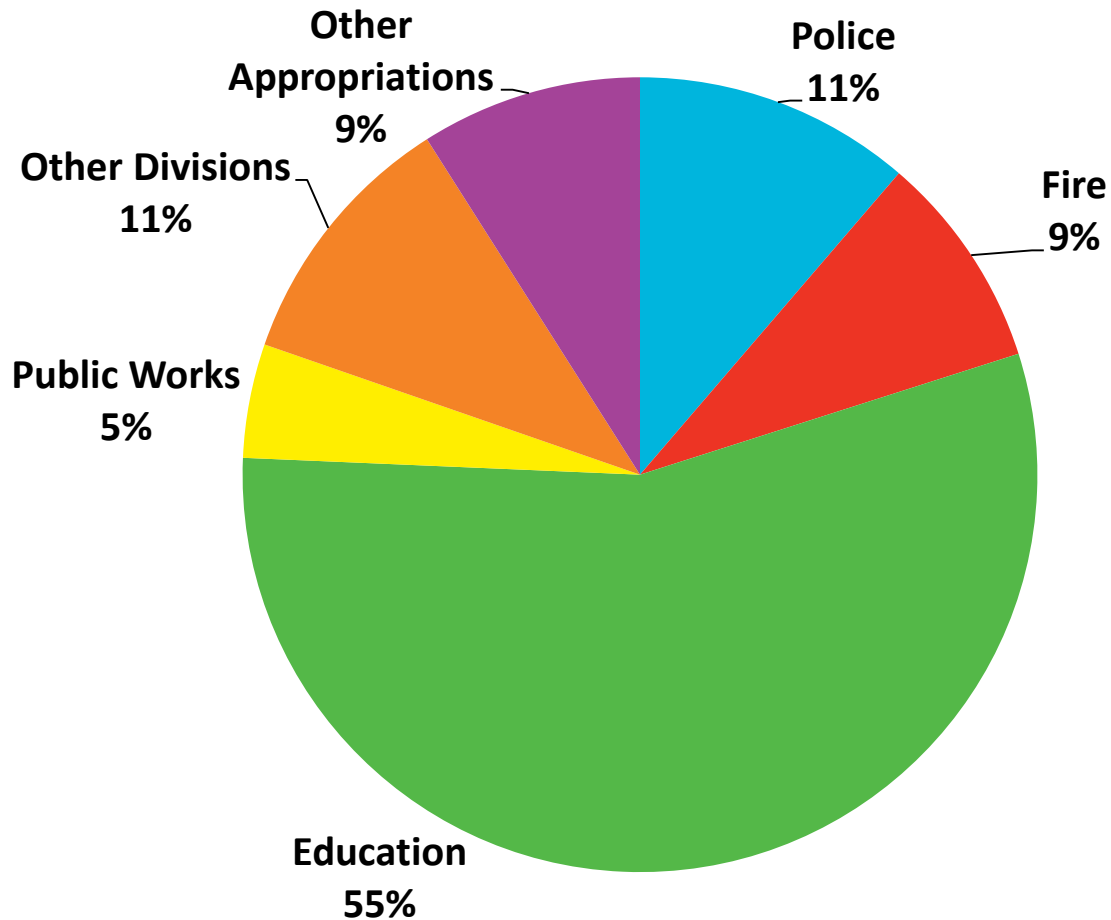


Proposed FY 2015 Budget

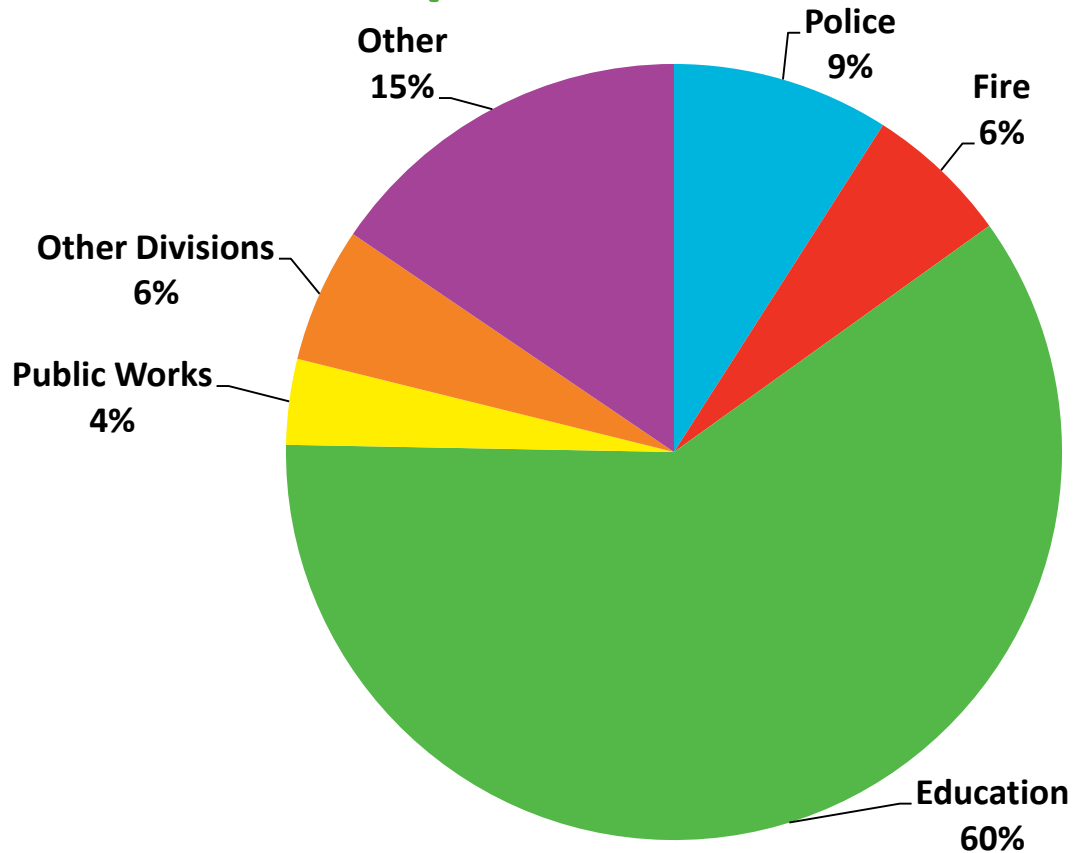
- Proposed Operating Budget - \$241.2 Million
 - CPI-U Northeast Spending Cap Percentage – 2.1%
 - \$ Amount under the Spending Cap - \$209K
 - Increase Over FY 2014 Budget - \$5.2 Million
 - Projected Tax Increase – Less than 3.0%
 - Revenues
 - Revenues continue to be budgeted conservatively
 - Modest increases in motor vehicle registrations
 - Continued depressed interest earnings on investments
 - Increase in revenues from School Medicaid Reimbursements



Proposed FY 2015 Operating Budget



Proposed FY 2015 Share of \$5.2 Million Increase



Operating Budgets FY08 to FY15

	Budget	\$ Increase	CPI-U %	\$ Under Cap
FY15	\$241.2	\$5.2	2.1%	\$0.2
FY14*	\$236.0	\$5.3	2.3%	\$0.4
FY13	\$230.7	\$3.5	1.7%	\$0.5
FY12**	\$227.2	\$3.8	2.0%	\$1.0
FY11	\$223.4	\$4.7	2.2%	\$1.3
FY10*	\$218.7	\$5.6	3.4%	\$1.4
FY09	\$213.1	\$5.3	3.3%	\$1.7
FY08*	\$207.8	\$5.4	3.1%	\$0.8
\$ in Millions				

* State Contribution Rate Changed

**Zero Subsidy



Revenues Losses from FY09 to FY11

- Motor Vehicle Registrations (\$2.9 million)
 - Interest Income (\$6.0 million)
 - Revenue Sharing (\$6.0 million)
 - State NHRS Contributions (\$1.3 million)
- 3 YR Reduction from FY08 Base **(\$16.2 million)**



Cost Drivers for FY08 to FY15

	FY 2008	FY 2015	\$ Change	% Change	7 Year Avg.
Wages	\$107.6	\$128.4	\$20.8	19.4%	2.8%
Benefits	\$28.0	\$26.0	(\$2.0)	-7.1%	-1.0%
→ Pensions	\$15.8	\$27.6	\$11.8	75.0%	10.7%
Operating	\$56.5	\$59.1	\$2.6	4.7%	0.67%
\$ in Millions					

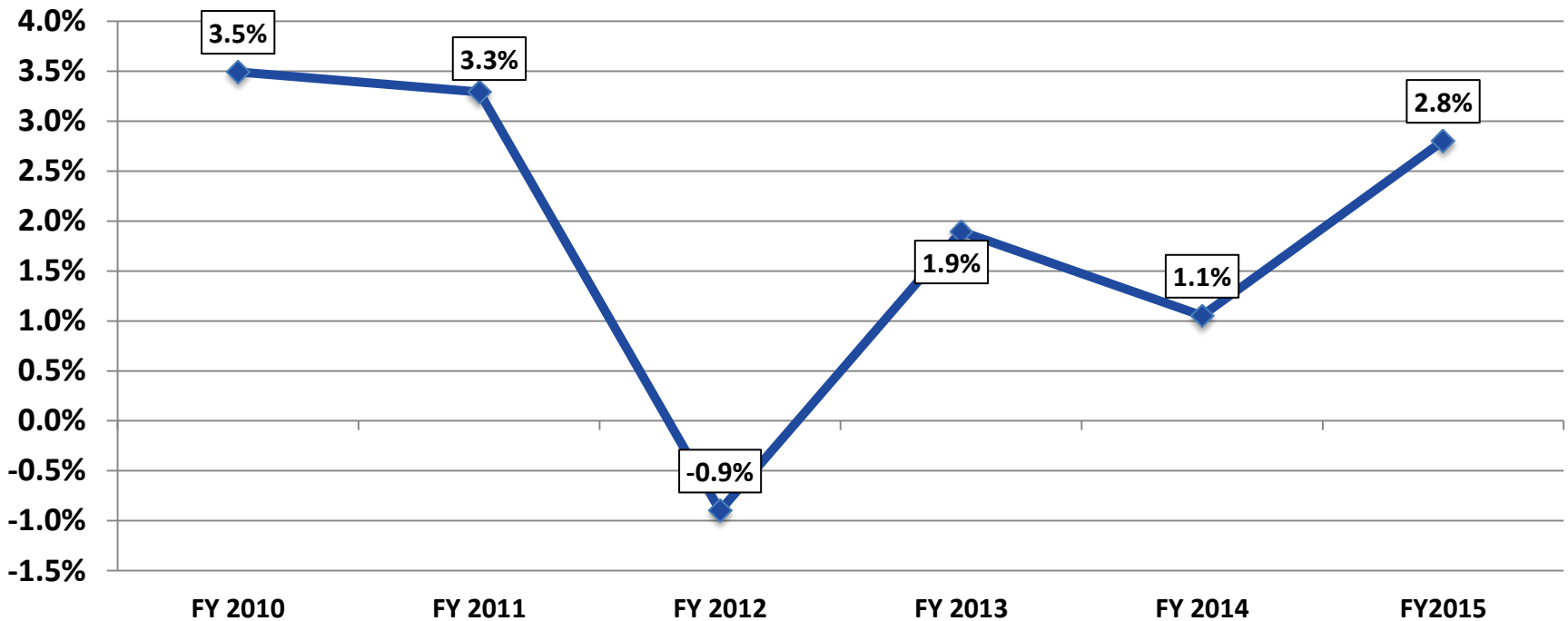
	FY 2008	FY 2015	\$ Change	% Change	7 Year Avg.
Totals	\$207.9	\$241.1	\$33.2	15.9%	2.3%



Cost Mitigating Strategies

Slowing Wage Growth

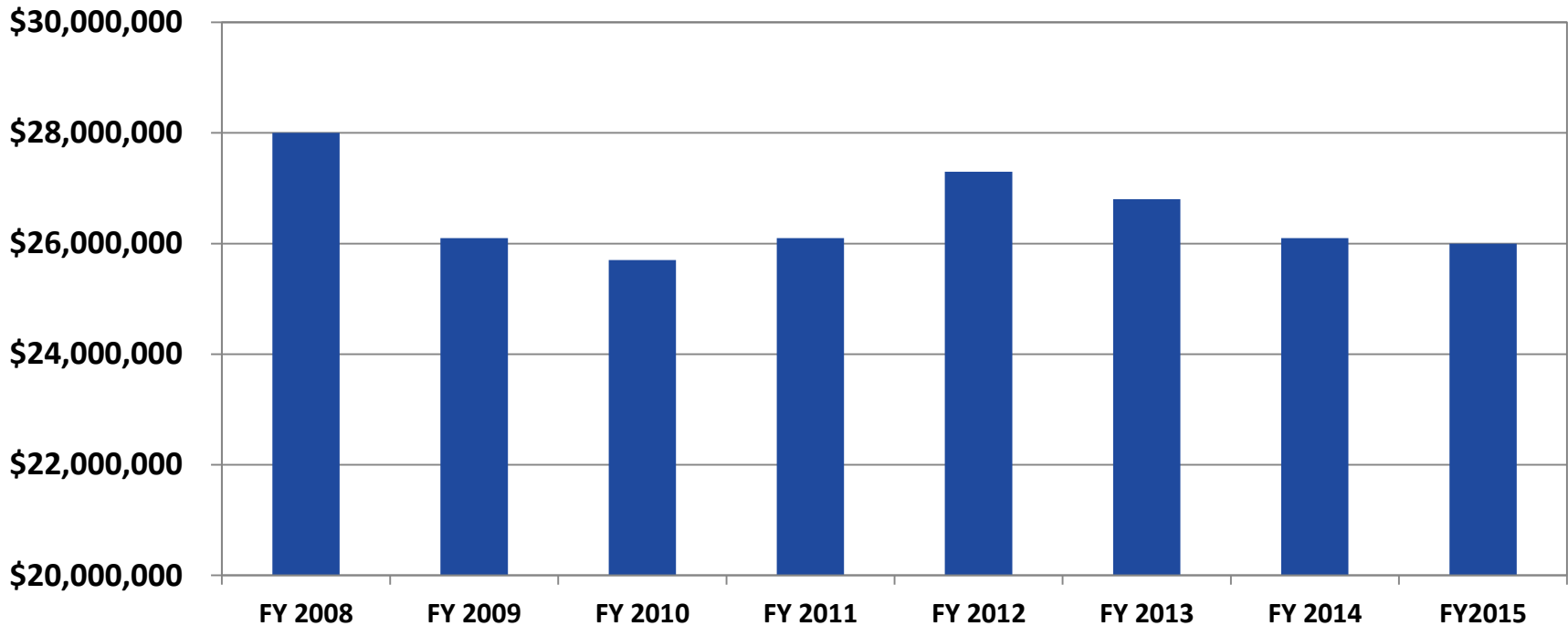
Year over Year % Change in Wage Appropriations



Cost Mitigating Strategies

Reduction in Benefits Appropriations

From FY 2008 Base Year

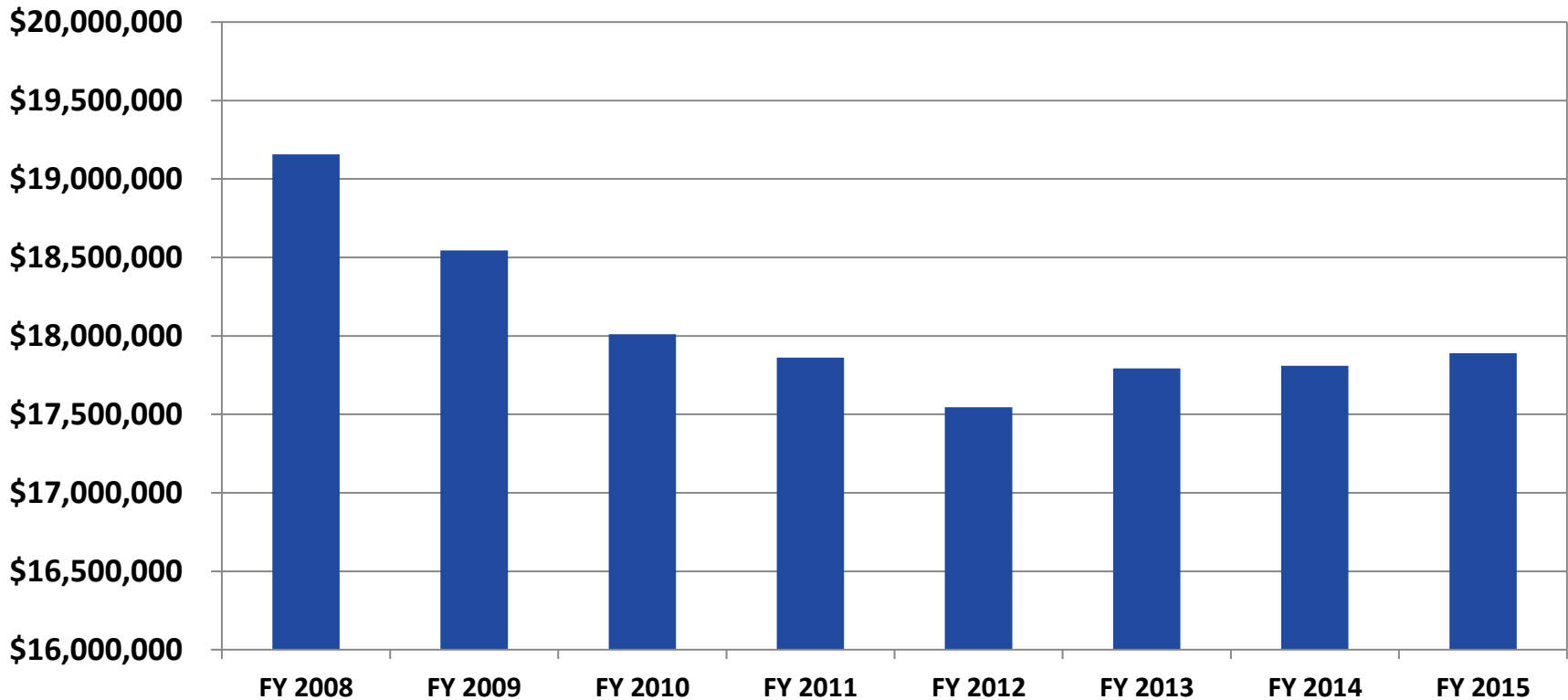


Other Cost Related Initiatives

- CERF Funding Plan
- City-wide Fleet Assessment
- Alternate Fuel Vehicles
- Purchasing Energy from Third Party Suppliers
- Competitive Bond Sales – 2.86%, 2.43%, 2.96%
- Refinanced \$28.3 million in 13 State Revolving Fund (SRF) Loans
 - @2.16 % saving \$2.4 million
 - First time in NH State history that an SRF Loan was refinanced



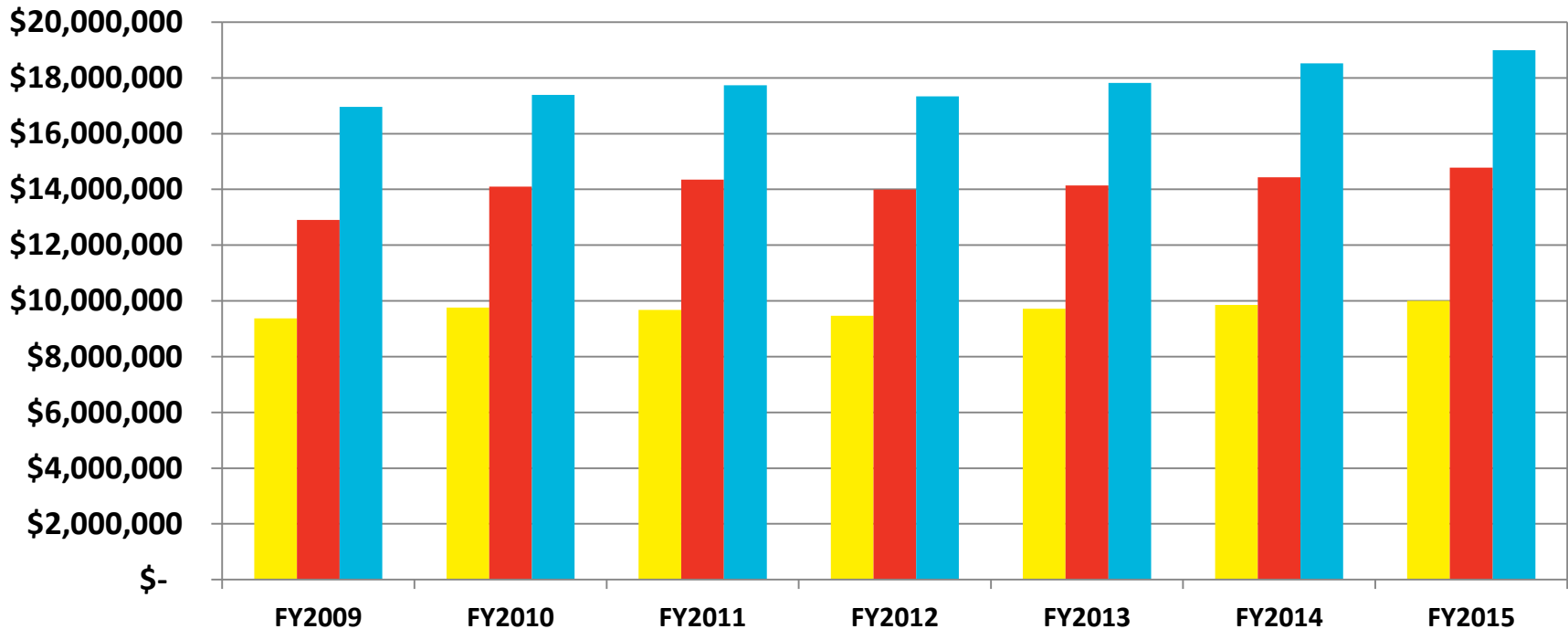
Reduction in Annual Debt Service



Police, Fire & DPW Operating Budgets

Exclusive of Benefits

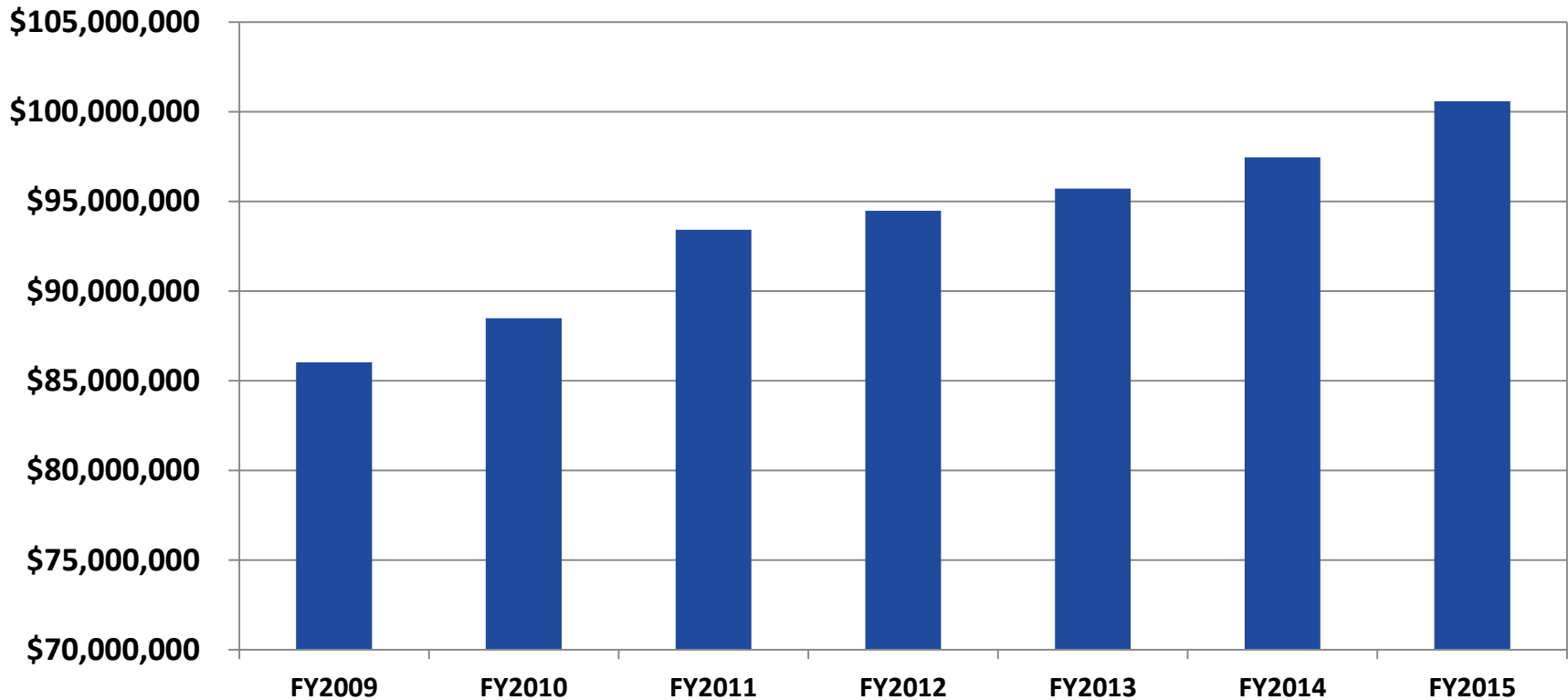
Public Works Fire Police



- Police: FY 2009 to FY 2015: 21.5% increase
- Fire: FY 2009 to FY 2015: 14.9% increase
- Public Works: FY 2009 to FY 2015: 6.7% increase



School Department Budget



➤ FY 2009 to FY 2015: 16.9% increase in the budget

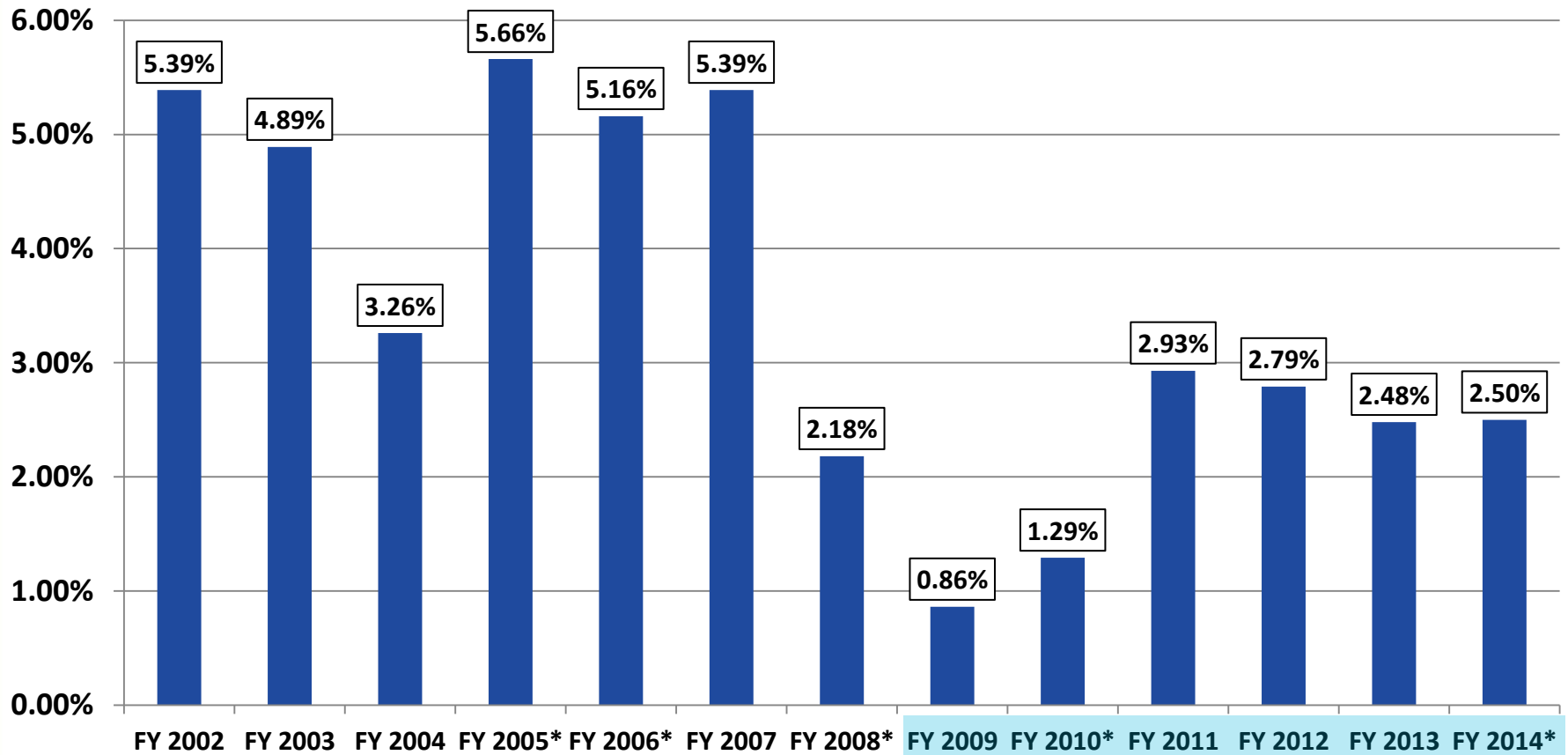


Changes from FY 2014 Budget

- Street Paving – New Special Revenue Fund Proposed
 - FY 2015 Proposed Appropriation - \$2,047,000 – doubles the typical annual appropriation
 - State Highway Block Grant - \$1,347,000 moved as a revenue source
 - Motor Vehicle Permits - \$700,000 moved as another revenue source
 - Annual street paving appropriation removed from General Fund Operating Budget
- All Departments proposed increases are 2% or less per the Mayor guidelines with the exception of Education (3.0%) and Police (2.5%)



Tax Rate Management



*Update Year - % increase in amounts raised by taxes



FY 2016 Budget Challenges

- FY 2016 Budget Issues
 - Increases in NHRS Pensions Costs
 - CPI-U Northeast for Spending Cap will likely be less than 2.0% and could be as low as 1.5%
 - The new amount available under the spending cap for FY 2016 could be as low as \$4.0 million
 - The NHRS can raise the Employer Contribution Rates in FY 2016
Preliminary projections - \$2.5 million increase for Nashua in FY 2016
 - \$2.5 million represents 62.5% of the new \$ amount available for FY 2016
 - Increases in wages and costs – undetermined

