

BUDGET REVIEW COMMITTEE

JUNE 16, 2005

A meeting of the Budget Review Committee was held Thursday, June 16, 2005, at 7:00 p.m. in the Aldermanic Chamber.

Alderman-at-Large Steven A. Bolton, Chair, presided.

Members of Committee present: Alderman-at-Large David W. Deane, Vice-Chair
Alderman David MacLaughlin
Alderman David D. Lozeau
Alderman-at-Large Paula I. Johnson
Alderman Lori Cardin
Alderman Robert Shaw

Members not in Attendance:

Also in attendance: Alderman-at-Large Brian S. McCarthy
Alderman-at-Large James R. Tollner
Alderman Kathryn D. Vitale
Richard Seymour, Div. Dir., Dept. of Public Works
Nick Caggiano, Superintendent of Parks
June Caron, Superintendent of Recreation
Wayne Husband, Superintendent of Traffic
Scott Painter, Program Coordinator, Park & Recreation
Carol Anderson, Chief Financial Officer/Comptroller
Maureen Lemieux, Div. Dir., Administrative Services Div.

COMMUNICATIONS - None

DEPARTMENTAL REVIEWS

- **Public Works:** Waste Water User Fund (802) (Sewerage Disposal System/Combined Sewer Overflow)

Solid Waste Disposal (801)
Public Works & Engineering (551)
Parks and Recreation (552)
Street Department (553)
Traffic Department (555)
Parking Lots (557)
Nashua Reg'l Solid Waste (505)

- Presentation by Department Representative

- Questions by Committee Members

- General Comments

WRAP-UP SESSION

- Alderman Johnson

Thank you Mr. Chairman. I would like to talk about the Education Funding – about yesterday at the State House. Myself and Mrs. Shaw were called into the Mayor's office on I believe it was Monday to talk about the Education Funding, and Mrs. Nelson had asked me what I thought was going to happen. What I predicted happened yesterday – we went down fast and dirty with the Education Funding. Manchester walked away with \$47,011,061. They got \$4.9 million more this year than we got. I had asked the State Rep., and she said because you took it from us last year. I think \$47 million for Manchester is a lot of money – it is a real lot of money when you look at all of the cities and towns around New Hampshire that really got killed in this. We walked away yesterday with \$23,861,844 – a lot less than what we predicted at the beginning. It is \$2,143,923 less than what we got last year. It is really a shame that no matter how hard we fought up there yesterday the deck was stacked against us. I think about 96 of us voted in favor of the Nashua Bill for us to get money to send it to Committee on Conference.

It is sad. Manchester really got a lot of money. I would like Mrs. Lemieux and Mrs. Anderson to talk about I think it is Londonderry, Litchfield, and maybe even Nashua trying to sue. This is what I am being told. I would like to get some clarification on this.

Chairman Bolton

There are some discussions going on. Londonderry is to some extent taking the point on that and have gotten I believe it is about 9 communities to pledge monetary support to that effort. At some point Nashua may well consider joining them or taking our own path. My understanding is the Mayor is giving some consideration to having a special meeting of the Board of Aldermen to consider our options. That is about all that can be said at this point. That is all that is known at this point.

Alderman McCarthy

Except that the special meeting will be Monday at 6:30 p.m.

Chairman Bolton

Apparently that consideration is a little further along that I had been aware of. I left the meeting a few minutes earlier than Alderman McCarthy did.

Alderman Johnson

May I ask President McCarthy a question through the Chair – is the special meeting on Monday going to be a public or non-public?

Alderman McCarthy

To the best of my knowledge it will be public.

Alderman Johnson

I think everybody in the city really needs to understand what this has meant to us budgetary wise again because where we started from and where we ended up – again it is not over until it is over, and who knows what will happen now. I guess people should understand that Londonderry last year they got \$15 million and they wound up with \$12.8 million. A lot of communities really dropped. I know Manchester is to the north and somehow that word Manchester this year has not played out very well to the City of Nashua and even certain people. They really walked away with a bag full of money and we got the short end of the stick here. I think we need to really take a look and see what we can do to try to recoup money that should be coming to us, and help this community.

One other thing I want to say many years ago a lot of us said don't bank on this money because it might not be here all the time. Unfortunately we have been really banking on this money to help us budgetarily. Who knows what will happen from year to year with this money. They still haven't really found the right solution – although they say they have the solution it is going to be challenged if it is constitutional or not so you never know where we will end up in this whole process. Thank you.

Chairman Bolton

Maybe you can help me Alderman Johnson – I never understood how we could do other than rely on this money. It comes to us and we use it every year to reduce what we would otherwise charge people in taxes. I don't know what else we could be doing with it other than that. The first year we got it the result was that there was a general approximately 10% reduction in taxes in this community and since then as is the case generally each year taxes have gone up whatever percent they have gone up. When we have done relative year-to-year getting more state funding of education that has had a beneficial impact on taxes. When we have gotten as will be the case in the coming fiscal year assuming the action taken by the Legislatures is eventually what happens we get less money and therefore to the extent we get less money more money is raised, and therefore it has a negative impact on taxation, but getting that money other than using it to reduce what we would otherwise charge our taxpayers what else can we do with it?

Alderman Johnson

Thank you Mr. Chairman. We were banking on a higher amount this year, and that is what I am talking about that we are living on this money coming in. I guess everything we have estimated this year has been wrong. We started out hoping that we were going to get \$28 million. That is what we were basing our budget on getting the money. Then we had to reduce it to about \$26 million then we came down to \$24 million. Now we finally ended up at \$23.8 million. We're banking on every year this money going up, but in actuality we lost this year. It didn't go up for us. It went up nicely for Manchester. If you are going to base your budget every year at the projection that Education Funding is going to go up at a certain percent, you can't base your budget on that amount.

Chairman Bolton

In order to do a reasonable estimate at various points of what the tax rate is going to be, and therefore what percentage it will go up or down, you have to assume some figure because if you assume zero in this case that would be assuming \$23 million almost \$24 million in revenue that we are going to receive. If we received nothing that alone would account for an increase in our tax rate of about 17%, and we would not want to go around talking about 17% plus everything else, which would then end up with us somewhere in the mid to high 20s. In order to make an estimate you have to assume some figure for that revenue. I think I agree with you that the Mayor has been painting a rosier than realistic picture every step of the way, but that being the case you can't depend on nothing and make any kind of accurate prediction.

Alderman Johnson

Thank you. I ran a business for 14 years. That business always ran in the black because I budgeted right. If I anticipated my revenues to come in at 8% every year and I fell short and only got a 4% increase I would have been in a deficit situation. When I did my projections in my own business I projected at a reasonable rate given the economy because I ran a vending company. Every year I had to make sure if the economy was good in retail and they hired then of course my revenues went up, but if the economy went bad, and especially around the holidays, and they didn't hire as much, and I projected higher for that year then I would be in the red and I wouldn't have been able to make my expenses. I guess that has to be what the moral of the story is that there has to be reasonableness on what you are going to base your projections on. You can't figure on an 8% projection and only come in with a 3% increase. I think most of the time we take the high road and maybe we should have taken a little bit more towards the low road and this way maybe we wouldn't have been in this mess to begin with. I say that because although I ran a business for 14 years and never went to school for Business 101 got thrown into it and learned how to be a business woman, I would rather take whatever business sense I have and make a projection than to make a false projection and be at a 7% increase for my constituents out there right now, and have to say to them you know what there might not be too much more we can go and this is what we are stuck with because we made all the wrong decisions – someone gave us the wrong information. Thank you.

Alderman Deane

Thank you. I don't think people gave us the wrong information. We have had projection models supplied to us that have had – I have about ½ an inch worth of them here that have been updated as time has gone on/as things have changed, and that is exactly what they are they are models. They are nothing more or less – it is a model for us to look at and to ponder and to try to grasp a location somewhere in there. There is never going to be a comfort level. Quite frankly I am happy that we got those. I think that is a great tool for us to work off of. It provides a lot of information. It goes out a number of years. I stated this before I think the problem that we have in Concord pertaining to the Education Adequacy dollars that we receive every year is that there is so much uncertainty that it really has a lot to do with the quality of life in the city. We sit here and we are waiting – others just move on and we wait. Manchester moves on – their School Department budget is separate from their operating budget. The year that they approved their budget and they got \$5 million less they had to eat it. That is just the way they did it. I think this Board should really step back and get the percentages of the dollars that we get and find a happy medium and say if we get \$26 million one year and \$24 million this year let's put the number at \$24.5 million and leave it there – if we get any more then we are doing okay, if we get any less then we will have to deal with it. I think that is really how we should be looking at it.

We start this earlier, but the biggest amount of money that we will be getting is that Education Adequacy money. That has a huge impact on the budget and the tax rate. When it drops from the as Alderman Johnson had stated from the \$28.3 million down to \$23.8 million and then was at \$26. something million – the fluctuation of \$4 million is about 4.5% on the tax rate. Is that correct to assume?

Chairman Bolton

Closer to 03% but yeah.

Alderman Deane

Here we are in the meantime trying to pick away at different things in the operating budget and as the number is going up and down it is sliding up and down on the scale. I think it is high time that we averaged out a number and use that number and move forward – when the money came then we would have to deal with it. I think it has a real adverse affect on the quality of life in the city. I wish there was another way they could do this, but obviously they haven't found one yet. I just think we spend a lot of time and effort and 90% of it hinges on one number. Nobody is ever happy with what they are getting and bringing people to court and everything else – I wish they would find a better way.

Alderman Shaw

I think I share everyone's frustration in terms of the way the process continues to work at the State level and the way we are yo yoed around in what we can try to figure out. I guess I want to

just quick go back and kind of go through where we have been at. The original Mayoral budgeted recommendation was going to be the \$30.2 million based on law that was in place at the time the budget was being put together even though it was expected it was unlikely that was the number the administration had to work with. Then the recommended by the Mayor was revised to \$28.2 million, which was the Lynch plan that was proposed back in January I believe so that was in time for the submittal to the Board in February. I have notes on March 19th about \$23.4 million was the new target at one point where there were – we saw things fluctuating as low as that already. At other times we were talking about \$22 million or \$23-24 million. The April 29th modification to the administration budget had accounted for the additional \$3.6 million decrease to put us at the \$24.7 million, and that has been kind of the working numbers we have had and now we are coming in at \$23.9 million basically with this plan that looks like it is going to go forward. That is about \$800,000 less than the numbers we have been working with at the moment. I think at least we had gotten to a point where we were working with something relatively close, and of course I am sure we all were very much hoping that we would have ended up on the other side by that much not on this side.

I think the system is broke at the State level. All the towns and cities are left out there at the end of the yo yo, and we still don't know that things might not completely get upheaved depending on what various towns or cities decide to do going forth and court cases or anything like that. It does seem that we're going to constantly be faced with this and no matter where we start we will be faced with having potential fluctuations of still millions of dollars that are beyond our control that we just simply have to deal with ultimately. I think the only good news is perhaps that we were not too far away from the numbers ... **tape ended** ... at least it is one more thing that as far as I am concerned we at least now have the number we should be working with.

Alderman McCarthy

The other night I talked about the fact that we needed to start looking at some headcount reduction and some programmatic changes. I think the conclusion I reach is that we probably won't get all that far with that during budget season this year because of where we are. One of the things I would like to do with that after we are done with this budget – whatever we haven't done, is to start having regular meetings rather than waiting until the budget season to go over some of the program descriptions, look at the headcounts that are involved with those programs, and start looking at them with an eye towards if we are going to have to make changes next year, which everything that is in front of us says we will, where would we do that with one exception. What I want to ask – I don't know how to go about this, and I am not sure that it can be done in its entirety, but with some of the changes that we are seeing in personnel at the moment and the discussions we have had in the past about duplications of services between the city and some of our other agencies I think it makes ultimate sense in the next couple of weeks to look at the Community Services Division and see where there are overlaps with privately provided services. If we can eliminate just having to manage the department it gets us some level of savings. If we can actually find services that we could transfer to the private sector that gets us another level. If we can get that down to the point where we don't have employees in the facility that is now occupied by that division we can get rid of a facility that has frankly cost us

a lot of money, and has some maintenance costs and things associated with it. Given where we are with that division I think it makes ultimate sense to look at that one in the context of the '06 budget particularly given the bad news that we have gotten in the last couple of days, which makes things worse than we were before.

Alderman Johnson

Thank you. I think Alderman McCarthy has made great suggestions. I remember another Alderman who sat here in the last term and we were talking about trying to combine different departments. Look at the School District – I look at their primary function as teaching and our maintenance maybe combined school maintenance and City Hall maintenance. The grounds with Park & Rec. I am sure purchasing between their department and City Hall. There are a lot of departments that could be combined and probably reduced and work very efficiently and effectively in this city and save our money. I would like to take a look at that. I think this becomes a combined effort between two boards also to see could we cut costs and still have a very highly skilled and running departments throughout the city. I want to thank Alderman McCarthy for bringing this up. I think this is an excellent idea. Thank you.

Alderman McCarthy

I was actually going to bring up facilities at some point. Mrs. Lemieux and I had spoken about that earlier today. We have in the past had some times when groups were meeting to look at that. I don't know that we can get that done in time to get a budget for this year, but it should be one of the first things that we look at. Ultimately even if we don't put it in the budget that way if we are able to realize that early in the fiscal year we will still save money during the year, and that would put us in a better position at the end.

I guess I would make a formal request to the Administration that we get an analysis of Community Services Division that we can discuss before the Budget Committee. We are going to have to start somewhere if we are going to look at restructuring things.

Alderman Lozeau

I think if we do that we should include Urban Programs in that because there is a little bit or could be a little bit of things that we could also discontinue the duplication of services. I know it has been said before that we don't have authority over cutting the budget in Urban Programs, but if we can share some of the responsibilities between the two departments.

Alderman McCarthy

I would agree if there is duplication we can just leave those things in Urban Programs and get rid of the duplication. I think there are also things like our Environmental Health Department, which is basically a regulatory inspection function that looks an awful lot like our Code Enforcement Division and those sorts of things. There may be some places where we can at least streamline

management.

Alderman Lozeau

We saw a little bit of it tonight when we questions Traffic Department on whether or not they needed a traffic counter, and there was a couple of other options out there. If I could continue – it has been said time and time again that we need to reduce headcounts, and you look for example at the proposal of cuts that are here today – Parks & Rec. for instance – we go right after a \$14,000 cut in the senior outing and I agree with Alderman Bolton I think that would be a tragic loss to our community. In that 552 account we have 28 full time payroll people and m44 part time payroll people and the explanation there is almost no cut to personnel whatsoever. We're going right after this \$14,000 here and I am kind of disappointed that none of the Department Heads are really hearing the message that we have to cut heads. That is unfortunate, but it is realistic and it is going to save us – cutting one head in Park & Rec will save us almost an entire budget cut. We go after these highly publicized cuts and we have heard it in department after department – the School Department is the same way it is always the big reaction items that seem to get cut. I am just disappointed. Thank you.

Chairman Bolton

I think you are grasping why some of us said you can't just make a bottom line cut because it is not going to be the waste, the inefficiency that shows up first.

Alderman Lozeau

It is frustrating and disappointing. Nobody is getting the message.

Alderman Johnson

Thank you. I got the message. That is why I was trying to ask Superintendent Reine about \$1.1 million in payroll and then if you added everything together with the healthcare that is \$1.4 million between healthcare, dental, and life insurance over in Solid Waste. That is why I wanted to know if there is any waste over there. I think maybe that is where we need to start looking is at personnel reductions.

Chairman Bolton

I don't think Alderman Lozeau meant to say that we didn't get the message. I think he was actually talking about some of the people who come to see us haven't gotten the message.

Alderman Johnson

And I know that it is very hard to reduce personnel within your department because you need

them so badly, but you know the question is we have gone down and we have been making reductions in this committee and we have all worked very hard on the Budget Committee, and I truly believe 7% is still too high to pass on to my constituents this year. I know that I am going to start looking for more reductions. I am working to find other ways to reduce this budget.

Alderman Deane

I share your frustrations Alderman Lozeau, but I also look at making bottom line adjustments as giving the Division Director or Department Heads a little flexibility to hopefully come forth with items other than some of the show stoppers. The Board of Education is a master at it – absolute master. Today I got a copy of a document handed out at Nashua North that the football team and the second item on it is Show up at the Aldermanic Chamber for a discussion on pay to play. When is this nonsense – these people get paid by the taxpayers to do a job, and I don't think going out and politically showboating with the football team to bring stuff home to their parents, and there it is right there, that these are appropriate things to be doing on my dime and everybody else's for that matter. If they want to take that hobby on after work hours feel free to do it. The other item I want to dispel that people just don't seem to understand or don't want to grasp there are a series of e-mails that we have had – to date the School Department has not been level funded. They have an increase in spending to date afforded to them of \$2,891,641 more than they had last year and then I believe Mr. Lemieux there is another \$900,000 on top of that?

Maureen Lemieux

I believe the \$900,000 is part of that.

Alderman Deane

There is close to \$3 million more. If we look at last year's approved budget there was one time costs in there, which I am going to talk to Mr. Conrad about when we paid all of the teachers to move everything from their classrooms around – was that taken out of the budget this year? We had a lot of one time costs there when we had the moving around – we had all that, but yet we get a budget presented to us with a 5.2% increase above what was approved last year. We had these one time costs which were tens of thousands of dollars, and I don't know if they were taken out – I guess not because they are asking for or currently there is close to \$3 million more to spend than there was last year. I keep getting e-mails about level funding and saying why are the Board of Aldermen cutting the Reach Program. We can't cut any programs. Those decisions are being made by the Board of Education. We can't fire people. Those decisions are made by the Board of Education. We cannot recommend not re-hiring people. The Board of Education makes those decisions. We give them money to operate with and they do what they see fit with it. They are not being level funded. That was not my plan. If other people want to get into this and bring them down below the 2.5% then they have the authority to do that. I see that – that football memo that is just way out of line.

Another thing I wanted to discuss was the public libraries. Mrs. Lemieux perhaps you can help me with this one or Mrs. Anderson. Last year's adjusted approved budget was \$2,170,216. The Board of Aldermen just approved the contract where we took what was it \$36,812, which should have been added to the base so if you went from – to bring that base, the '06 base up to \$2,207,028 – when you go to level fund and you are adding that contingency money in then in order to level fund what you have to do is add \$39,774 to the library budget because you took that out of contingency.

MOTION BY ALDERMAN DEANE TO INCREASE LINE ITEM 575-11999 BY \$39,774
MOTION CARRIED

Alderman Deane

I am looking at the level funding concept, and that number had to be moved to that level and then the reductions that were made in order to come up with an equitable number, but I feel it is what I have done with most everyone else. That is called truth in level funding.

Alderman Tollner

I think the whole Board of Aldermen have received a number of e-mails this week and I don't know where this information has been delivered from, but I would also like to reiterate that to my knowledge I have not spoken to anybody on the Board of Aldermen whose intent is to level fund the School Department budget to date. There may be some people out there, but I think the way the budget stands right now as Alderman Deane stated the additional 2.5% over what it was last year. If the public wants to send an e-mail to the Board of Aldermen with concerns about the bottom line that is fine, but I have no knowledge of anybody on this Board even having a discussion with regard to the Reach Program or any other programs that we have gotten the e-mail messages on. I did call the Chairman of the Board of Education Budget Committee the other day to see if I could set up a meeting and have a conversation with him. I will be meeting with him on Wednesday just to have a conversation and explain to him where I am coming from and the original proposal that we have been discussing. Hopefully we can start some dialogue. I think it would be helpful for the Board of Aldermen and the Board of Education to have another meeting together to process this as we move forward. Thank you.

Alderman Johnson

Thank you. I got a couple of calls and e-mails regarding sports – paying to play, and I read an article the night that we met with the Board of Education. I also said if it came down to it and I had to pay that is what I would have to do. I received a call from a constituent and I left her a message saying that basically if that is what came in I would have to do it. I also mentioned that we only have bottom line control. Every year when I would make reductions in the School Department I would give my reasons why each line item knowing that we only had bottom line control. I think it is up to the Board of Education to decide what they are going to do if they are

going to charge parents for sports – they are looking at charging additional fees for parking and bus, which is going to be a lot higher in some respects, but we have no control over that. We just have bottom line control, and it is up to them to make their decision on what they want to charge for parking, for busing, and if they want to charge the parents for their children to play sports. If it came down if I had to pay more what are you going to do? It is all part of the budgetary process. I guess that is just the way it goes.

I have not made any other proposals to reduce the School Budget at this point in time. I am looking at other options first. Like I said I did get one phone call, I left a message, and I explained, and my constituent didn't call me back. I think if they are concerned about this their arguments really need to be brought to the Board of Education to let them know what they want or don't want to see as fees passed down to them. Thank you.

Chairman Bolton

As a matter of law, it is an incorrect statement to say the Board of Aldermen only has bottom line control over the School Department's budget. That has been the practice for many years to only exercise control to that extent. That is not the law. We have the same control over the Board of Education's budget as we have over anyone else's budget. We can set the salaries of every person who works for the School Department, we can cut individual lines, we can take whatever action we take with regard to any other department's budget with regard to the School budget. That is just the truth of the matter.

Alderman Johnson

Thank you Alderman Bolton. I don't want you to get angry over this.

Chairman Bolton

I am not angry I am just telling you what the law is.

Alderman Johnson

Every year that I make the reduction in a line item I am basically told that it can't be line item it is bottom line. If I am wrong I stand corrected.

Chairman Bolton

You have never been told that by me.

Alderman Johnson

That is what I have been told out there that we only have bottom line control, and I really would like to get a good clarification of this I guess from Legal because that is all I have been ever told that we just have bottom line control on that budget.

Chairman Bolton

You have been told by me on many occasions that is not the correct statement of law.

Alderman Johnson

Then I think we need to get it once and for all from Legal because they are the ones that are passing everything and I would like to know once in for all how it is really stated. Thank you.

Alderman McCarthy

It is also true however that the Board of Education once we have passed the budget has authority to move line item around as they wish within it correct?

Chairman Bolton

And the same is true in the Library, in the Police Department, in the Fire Department, in the Division of Public Works, in the Community Services Division, and the Community Development Division and in the cemetery and at the airport and every other city agency has that same authority.

Alderman McCarthy

Does that authority in the other departments override our ordinances that disallows transfers between salary and non-salary accounts?

Chairman Bolton

No and it doesn't in the Board of Education either.

Alderman Bolton

It doesn't?

Chairman Bolton

No – we have the absolute right to set to the penny the salary that will be paid to any employee of the School Department.

Alderman Lozeau

I am a little confused as happens quite often regarding where we are as of this moment in time on the School Department budget. I know the intention of the budget cuts the other night were

to bring that budget from a 5.4% increase to a 2.5% increase over last year. I am not sure if that is where we are.

Chairman Bolton

I think where we are is 2.5% increase plus \$900,000. I think that was where we intended to get or where the people who proposed that adjustment and voted for that adjustment seemed to indicate it was their intention to get.

Maureen Lemieux

The only variation to that is that the \$651,000 the other night that was reduced from the School Department I think the School Department is \$47,000 less than 2.5%, and that has to do with the biddy basketball by adding it into Public Works.

Chairman Bolton

Right. I had forgotten that \$47,000. That is correct.

MOTION BY ALDERMAN DEANE TO INCREASE LINE ITEM 532-99999 BY \$4,904

ON THE QUESTION

Alderman Deane

This was another area where I had a problem. That will put them at level funding.

Alderman Johnson

Is this \$4,000 a major concern?

Alderman Deane

It is the principal behind it.

Alderman Johnson

Thank you.

MOTION CARRIED

Alderman Deane

Through you Mr. Chairman to Mrs. Lemieux – do you have an updated projection sheet this

evening? Have you done those?

Maureen Lemieux

Yes I certainly do. As you recall the other evening once we knew that the Senate had voted and had basically \$23.9 million as our education number I am sure you all recall that I told you that the result of that would be just over a 7% tax rate increase – it was like 7.02 or .03. Since that day, however, though we found out that at least based on it appears the way that the budget has been funded in Concord that our School Building Aid number is going to be coming in higher than we had anticipated. We had either \$2.7 or \$2.8 million on all of the prior sheets that we had given you and were able to increase that number to almost \$3.2 million – it rounds up to \$3.2 million. You can see half way down the page where I have the \$3.2 highlighted that is because that number changed from either \$2.7 or \$2.8 whatever we had been carrying. At this point, we are now at a 6.72%.

Alderman McCarthy

Is that \$3.2 million reflect the full 30% reimbursement or is it pro-rated this year?

Maureen Lemieux

It is the full 30% and so we waited until now to put that number in.

Alderman McCarthy

And it was pro-rated when it was \$2.7?

Maureen Lemieux

Actually it wasn't pro-rated what it was was the School Department hadn't calculated in the building aide that they would get for the last bond that had been sold so in conversations with the State I believe that next year the number is even going to be higher than this, but because we were so late in adding that piece on the State couldn't fund the entire amount. We even have an extra couple hundred thousand I think coming next year.

Alderman Shaw

It was \$2.7 million in the previous.

Chairman Bolton

Director Lemieux in the line about half way down the page, but it is in the other revenues section; you have a line that says less budgeted revenue at 2% increase. Do I take it that means you are anticipating a 2% increase in certain revenues every year?

Maureen Lemieux

Yes. That is what we use for an inflation factor there. The reason that you see the drop is I believe that is the line where we reflected the extra revenue that we put in to this year's budget. At the end of the year the exact item escapes me at the moment, but we received revenue in June that we were really budgeting for this year.

Alderman Deane

Wasn't it like \$600,000 for ...

Carol Anderson

It was more than that. I think it was the revenue on the school that came in. There was revenue on the school – it was the last voc ed money that we anticipated. We got it at the end of June, but it was to be used for the '05 tax rate. That is what the plan was, but we carried that over for the '06.

Maureen Lemieux

That is why you see in ..

Chairman Bolton

This current year – the year we are discussing? In '06 we are seeing the ...

Carol Anderson

Actually that extra money that came in at the end of the year is under surplus revenue several lines down you see the \$8.6 million under '05 – we had to increase that amount by that.

Chairman Bolton

Okay that is not what I am talking about – I am talking about something about 4 lines above that that went from \$23.8 in '05 to \$27.6 in '06 and then drops down to \$26.2 in '07.

Maureen Lemieux

I will check...

Alderman Shaw

We had talked about this before. I think I was the one that questioned it once before. There is

some special cause and I can't recall..

Maureen Lemieux

Tomorrow I will take a look at my ...

Chairman Bolton

Is it the Pennichuck case or ...

Maureen Lemieux

No.

Alderman Deane

Where is that \$2.6 that you mentioned Mrs. Anderson? I remember that, that came in in like June.

Carol Anderson

If you look under '05 and look at the surplus revenue it is the \$8.6 number – it is right in that line item.

Maureen Lemieux

I will take a look at that cell tomorrow morning and I will put a note in your packets to let everybody know what that is.

Chairman Bolton

Thank you.

Alderman Lozeau

That line that you questioned Alderman Bolton jumped from projections of 3/30 that was \$24.4 so it might have been something to make it jump that \$3 million.

Alderman Deane

Mrs. Lemieux we have to – when we are looking at this 6.72% now is that with the cuts to date – the reductions that have been made?

Maureen Lemieux

No. There are still some cuts that have not been made by the committee that are in this number. In fact the CERF account I believe is in here because it was on the Mayor's recommendations to fund that at \$500,000 in stead of even level funding, which is \$697,000 where it is at the moment. I believe CERF is in here at \$500,000. There are a few other items that are motions that you have not made yet.

Alderman Tollner

The \$5 fee?

Maureen Lemieux

Yes the \$5 – the revenue items certainly haven't been made yet. The \$5 motor vehicle registration is part of this. There is \$350,000 for the residential credit. What I can try to do – in fact I spoke with Alderman Lozeau earlier today and just wasn't able to get it done for tonight – what I can try to do is put together a list for you of items that are in here that you have not made motions on yet so it would help you to focus in to determine whether or not those are things that you do want to make motions on, but at least to come up with a list that shows what discrepancies are between where you are with the motions you have made in the budget versus the assumptions that we have in this spreadsheet.

Alderman Tollner

Through the Chair – Maureen when you do that I think the first time or the second time when you and I sat down we talked about those items we had a dollar figure attached to each one of those so when you do this tomorrow for instance the \$5 motor vehicle fee what you anticipate that being worth, and I know what the residential credit is – we just said it was \$350,000, but as we go on those 3-4 other items can you provide the Board with a dollar amount so that when we go to make the decision we have an idea of what it is and then what probably would be helpful is as we move forward with his grid maybe you can have on the bottom letting the Board know as this changes, what an anticipated 1% of the tax rate is worth. I think we are going to get to a stage where if we are moving forward with say for example the level funding and the 2.5% for example – what 1% of the tax rate is worth so as we are moving forward with these different line items we can correlate well if I go with that motor vehicle fee and that is \$500,000 that is worth .6% of an anticipated tax increase.

Maureen Lemieux

For all of your information it is about \$1.4 million is 1%. I don't know that the discrepancy report – I doubt that will be in your packets tomorrow. I will have it ready for whenever the next time is that you are meeting. That may take some time to really go through and understand what has and hasn't been made.

Alderman Deane

Through you Mr. Chairman to Mrs. Lemieux – you have a slight reduction in the county tax, the overlay. Why would that all of a sudden drop from \$12.3 in '05 to \$11.9 in '06 and then back up to \$12.4? Why is that?

Maureen Lemieux

There are actually a combination of things going on with that line item. Because we did the update last year we have actually put I believe it is a million less in overlay on that line item for the '06 budget. However, the Veteran's credit is also captured on that budget. Because of the additional \$100 for the Veteran's credit the Veteran's credit is going up by about \$325,000 that we give out. The overlay is going down by \$1 million, and then we have I think it is 2% in there as an increase for the county budget. There are really three different things going on with that line item.

Alderman McCarthy

Didn't we also see a drop in our share of the county budget due to the changes in the valuation in Manchester?

Maureen Lemieux

We did last year we saw a benefit from it. We don't know that number until just about the time that we are setting the tax rate. We don't know – we're also hoping that this year we will see – I think it was last year it was because of the stratification – the way that they equalized our value is why we saw the drop. This is the year that we should see the drop based on Manchester, but we are not forecasting for it because we don't know in relationship to the rest of the county how much that will benefit us. We are certainly hoping for some benefit there.

Alderman Deane

My other question Mrs. Lemieux is how are we doing on Step 2 of the Assessing process? We're honing in on beyond the middle of June, we started in April – April 1st they said they were starting right?

Maureen Lemieux

April 1st is the assessing date. We don't get a lot of the information until well into May.

Alderman Deane

What is the possibilities of doing some modeling in that area?

Maureen Lemieux

We are certainly hoping to be here by the end of June with forecasts. They will only be forecasts and estimates. We don't expect to really be finished until August 1st is the date that we are shooting for to really have final numbers. We do hope to be here at the end of June with our estimates for you.

Alderman Deane

Right now what is the percentage of equalization isn't that 85%?

Maureen Lemieux

Yes – 84.9%.

Alderman Deane

Across the board?

Maureen Lemieux

That is overall for the city. Obviously the different segments of the residential market are actually lower than that – the commercial market is actually higher than that, which is why we are concerned about a shift.

Alderman Deane

I guess it depends the percentage of what it is at now depends on the style of house you own.

Maureen Lemieux

Yes.

Alderman Deane

Those different houses are not at 85% - the medium ratio? When it was done after the updating the single families were at 80.6%, the two families were at 76.7%, and the three families were at 80.5%. My question is I want to know on this medium ratio where the projections that they are going to bring in where those are going to end up or what he is shooting for. Are they shooting to put them close to 100%?

Maureen Lemieux

To be successful in our review with the State we have to have everything above 90%.

Alderman Deane

We can automatically add on a two family home a 12.3% increase?

Maureen Lemieux

What we have to do – the analysis that we have to do for you is trying to understand and again this is going to be an estimate because it is going to be based on the ratios when we do it for you in June, but the relationship of all of the different segments of residential property to the commercial property. If the commercials are much closer to 90% already the commercials will be going up say 5-8% - some of the residentials may be going up 20% or 20 points really – some of the residentials will be going up like 15 or so. We have to understand the number of properties in each of the different categories and then figure out what the overall impact will be to each category. Again it will only be an estimate when we are back here in June. There is a lot of calculating that we will try to do for you and give you the best estimate that we can. You don't just say because I am at 76% now and I am going up to 95% that I am going to have a 19% tax increase on top of whatever the increase is as a result of the budget. It doesn't quite work that way.

Chairman Bolton

It doesn't work that way at all.

Alderman Deane

I understand that.

Alderman Shaw

-
A follow up for Director Lemieux – regarding when will we have the revised estimates regarding the various health insurance elections by the employees? We still needed to get those properly adjusted – now that it has been a couple of weeks since that election process closed out.

Maureen Lemieux

Thank you. Actually I had all of that information with me the other night and we didn't talk about it, and I don't have it with me tonight. We did have I can tell you by memory we had more employees move off of the JW – the indemnity plan than we anticipated. I think when we came here I think we were forecasting 32 or 34 people moving. I believe we had slightly over 40 people move. However, it doesn't in our predictions or estimates for the year it doesn't but us anything yet because we contribute the same dollar value to JW as we do to POS. All of them moved to POS I think except one, which might have gone to an HMO, which we didn't expect the

people who were on the indemnity plan would go to an HMO anyway. They really migrated as we had predicted. What we did have and I forget the number now, but it was at least 20 if not 30 new people sign up for insurance, which was quite high. We don't typically in an open enrollment have so many people move onto our insurance. Where we have had about 400 employees that do not take their insurance with us 20 or 30 of them signed up for insurance with us. There is definitely some impact there.

I think we calculated it to be potentially about \$250,000 of an impact. We are not looking to do anything with that quite yet until we see where the budget lands, how many people – we have to understand the School Department in particular with the 37 positions that they weren't going to fill, which is now I think 47 positions. We have to understand what our gain is there if you will in insurance. We don't know that yet, but that piece was certainly not good news.

Alderman Tollner

When you mention it that is really probably not surprising because for an employee to join there has to be a qualifying event – qualifying event is your open enrollment. Those people that joined for the first time or joined this year that we are probably surprised probably have been waiting because their spouse's plan probably went up dramatically or if you are in the private sector your payroll contribution probably went up considerably. Those people were absolutely waiting until a qualifying event came, which was the open enrollment time period. When we are talking about a couple of thousand employees that is not very surprising.

Chairman Bolton

Spouse suffering a layoff or people going through a divorce – all of those things account for those kinds of changes.

Alderman Tollner

The other thing is other than picking a plan when you are self-funded \$12,000 claim on JW is a \$12,000 claim on the POS plan is a \$12,000 claim on an HMO when you self fund. It is a good question, but I agree with you you are probably not going to be able to get a handle on whether it was really good news, bad news, or whether it was okay when you are into the plan year. That is probably why you got more people because they absolutely have to wait for an event to take place and this was a qualifying event.

Maureen Lemieux

We do know that. Our Risk Department has talked to some of these people who have signed on, and we do know that certainly some of them it is because their spouse's insurance went up significantly.

Alderman McCarthy

How many people do we have left on JW?

Maureen Lemieux

I want to say in total I think before we started the open enrollment we had in the mid 60s and I believe probably as many as 40 or even a couple over that moved, so I would believe that we have probably at most 25 throughout the city and School Department.

Alderman McCarthy

Are we doing anything to try and accelerate the process with the last few?

Maureen Lemieux

That is certainly how we had so many move this time. There had been a time where we weren't increasing even though it was the same dollar value that the city was contributing to JW I am not quite sure that it was really increasing at the rate that the costs were increasing. We have calculated it out – there was a significant increase to JW this time around, which is why so many people moved.

Alderman McCarthy

I guess that gets to what my last question was, which is when we look at – when you say well we contribute the same amount to POS that we do to JW that actually – that is only on paper

because what we contribute is what the claims actually cost us not our part of the working rate so do we know what the JW claims as a percentage of the total claim base is and whether that is proportional to – it sounds like it certainly wasn't in previous years.

Maureen Lemieux

I think it wasn't last year. We do have all of that information. Our bills are broken out so that we know exactly what they are. We did need to adjust it significantly this year.

Alderman McCarthy

That basically says, if I just look at that at its face, that the amount that we save is probably the number of enrollees in the JW plan times whatever we uplifted the working rate by because that is the part that wouldn't have been covered by premiums we collected or thought we paid ourselves that came out of the claim piece. It sounds like if you had to up the rate significantly that we actually will see a difference in what we pay out and experience in the next year.

Chairman Bolton

In the short run our revenues go down because the contribution by employees is smaller and it is just going to – you are talking a fairly small number so it is going to be a crapshoot on what your experience actually is with the health of those individuals. You would somewhat suspect that people who are taking that step probably are also assuming they are going to be healthy so maybe we didn't have high claims when they were on the indemnity plan because if we did they weren't moving. The people who had health problems did not move.

Alderman McCarthy

Let me submit that if it doesn't save us money that means we were paying the same claims that we paid under the JW plan for the POS plan and the people who are enrolled in it are wasting their money on the premiums.

Chairman Bolton

I think that may be what they are realizing.

Maureen Lemieux

Right.

Chairman Bolton

That is why they are moving because they are realizing that.

Alderman McCarthy

So get out now while there is still time.

Chairman Bolton

Each of them is in a better position to evaluate his or her situation than we are to evaluate all of their situations.

Alderman Tollner

It really depends on what type of plan you are on because there is a medical management overlap that probably doesn't exist in the JW plan so even though it may have been a \$15,000 claim in the JW plan that has a lot more flexibility, that same scenario if you moved it to a POS or an HMO has a medical management component so even if you trended it forward the medical management component absolutely will reduce the cost of your risk moving forward. If you had that same open heart surgery under a POS or an HMO plan. In all likelihood that claim in the

end will cost less under the POS plan than it would if you had stayed under the JW plan.

Alderman Deane

I would like a definition of the medical management component. What are you talking about?

Chairman Bolton

You can't go to that expensive doctor you have to go to the less expensive doctor.

Alderman Deane

That is industry lingo.

Alderman Tollner

Under the indemnity plan if you go in for say open heart surgery you have that done – it is like a regular indemnity plan you go in there, have the surgery, and go home. Under some of these medical management programs the nurse case manager will call you and other components of the care will be involved where you may be out of work for a lesser period of time, you may be on 2-3 prescriptions instead of 5 so there are all different algorithm that go in that control the cost of the care and the end result is that you have better health.

Alderman Deane

You have better health, but your premiums aren't reduced?

Alderman Tollner

Your premiums will never be reduced because this pen clinical claims this pen \$100 this year it is guaranteed to be \$115 next year. If you stay under the JW plan it is \$100 this year and will be probably \$119 or \$119 next year. If you go into a POS for that same situation it may be

\$114 or \$115. Chances are if you go with an HMO with a couple medical management programs attached to it, it may be \$111. There is absolutely a factor, and that is why the indemnity plans are pretty much a thing of the past. They are way too expensive without any controls on them.

Alderman Shaw

The main reason for bringing this up really is and I guess part of what we were waiting to do was get the adjusted numbers though so we would have the proper numbers reflected in those line items in the budget that we would have to adjust. Do you expect that for our next meeting that we would have those available to work with?

Maureen Lemieux

We will be able to bring that to you next week I would imagine.

Alderman Shaw

Thank you.

Alderman Deane

I wanted to get into the handout that we got from the School Department with the solid gold paperclip. I wanted to better understand the timeline in cutting non-mandated programs. This includes the latest date required to make decisions on cutting specific programs and the lead-time required to restore a program once it has been cut. In some instances we are already past the time necessary to eliminate or significantly reduce a non-mandated program. In most instances a decision to eliminate a program must be made no later than the end of June, which is 14 days or so away. I had asked Mrs. Lemieux to contact Corporation Counsel and perhaps Alderman Bolton you may be able to answer my question – is there a chance that we can approve the School Department operating budget outside of the budget that was presented by the Mayor? Could that be taken out as a single item and approved?

Chairman Bolton

Probably not, and the reason is the complications of the so-called Spending Cap. That pretty much requires that you do everything at once so that you can make that one time per year decision as to whether to exclude from the calculation the capital improvements and bonded debt expenditures. But, it is much like a lot of things – if we pass something and say we are never going to look at it again and then if we say okay we have done the School Budget – if we are sitting here on April 15th that is it we have done the School budget and then come when we are ready to do everything else we pass it the way we anticipated it back in April – we pass it at the end of June or the middle of August or whenever at the same level that we said we would back in April well then they can have depended upon that.

On the other hand, if we don't do that then they will learn not to depend upon it. Whenever we are ready to say we have concluded our work on that and never look back on it we do that several years running they will start to rely on the truth of that. I think the short answer is we have to at one time deal with the budget as a whole and deal with that issue concerning the exclusion of those expenditure items on that one shot basis.

Alderman Deane

Being a referendum question in order to take the School Department budget out of the Spending Cap area..

Chairman Bolton

If you are willing to amend the Charter it is almost whatever you can conceive you can do.

Alderman Deane

I am just trying to put a stop to some of what has been going on. If we could approve the School Department budget and they would know what they have for money then probably an inch of these idle threats as far as I am concerned would be done and over with – here is your budget get rid of the time constraints that is being put on everything and then they would know what they had for funds to deal with and then they could move on with scheduling whatever their programs and staffing and things of that nature were. Having the timeline especially in this area and once again that comes back – a lot of it goes back to the State Education Adequacy dollars. I know the first couple of years I sat here everything hinged on that to me anyway. That was a big portion of our revenue. I always looked at the way Manchester did it and said here they are approving something what if they come up short and then they came up short that \$5 million and had to make that up.

Chairman Bolton

I think Alderman Deane we tend every year to be sharply focused on what our estimate is of the percentage change to the tax rate so we are always talking about is it going to go up by 3%, is it going to go up by 6% or 9%, and when you are dealing with swings – this year for example the existing law up until yesterday would have given Nashua State Education Funding of something over \$30 million. As it happens we are getting something under \$24 million. That as a percentage of our tax increase or decrease is over 4%. If someone says well I would like to have the tax rate limited to 3%, but I don't want it to be 7% or I could stand it if it were 6%, but I won't stand it at all if it is 10% you don't know – when you have what happens up in Concord making that swing of 4 percentage points I think there are many people in this room who say I can't in good conscience vote, I can't make any final decision until I know. If people don't feel that way nothing prevents us from passing a budget without knowing that figure based upon what we think would be an acceptable cost to provide the acceptable level of service. You have to be willing to do that and then say the taxes are going to fall where they fall.

Alderman Tollner

We were discussing this the other day – just following up on your point about – I think the example someone used is by April 15th, if we given the circumstances that the School Department is under as far as time constraints, if the Budget Committee – if there was some communication or document from the Board of Aldermen saying we are comfortable with this percentage budget of the School Department, we don't anticipate taking another look at it again, and we followed through of course on that commitment I think that would provide the School Department with what they need because they are in ... **tape flipped** ...

Tape malfunctioned..... the following is a transcription of the point where the tape recording resumed...and a compilation of the Committee Clerk's Notes:

MOTION BY ALDERMAN DEANE TO INCREASE LINE ITEM 552-99999 BY \$51,487
MOTION CARRIED

Chairman Bolton

But even under the most deepest, even under the deepest cuts that anyone has proposed here we are not going to get down to a situation where 8 votes can pass a budget. We are still going to need the 10 votes necessary to exclude bonded debt and capital improvement expenditures. I don't know how anyone could say with any accuracy that those 10 votes are going to be found by April and say well if that is what the School budget is going to be then I will vote to pass a budget. It tends to be the case and I have thought unfortunately the case that when push comes to shove at the very end of our budget process it is often the School budget that is focused on and the final trimming occurs there. If people can get – if 10 people can agree by April wonderful, but I frankly don't foresee that happening. I am not sure 10 people could agree tonight or at our next Board of Aldermen meeting on what the level of the School budget should be.

Alderman McCarthy

Back with respect to Alderman Deane's question – we are precluded from making the vote to exclude capital expenditures more than once in a year why does that have to be on the first appropriation resolution that we make? If we passed a School budget that was substantially less than the cap amount that would not require taking the exclusion vote, and in a subsequent resolution to appropriate the rest of the budget the one time vote could be made. I am not sure that I like doing it that way, but ...

Chairman Bolton

I don't know that is impossible it just strikes me that the whole Charter and that section of the Charter in particular talks about the budget as being one action that the Board of Aldermen will pass a budget – if the Board of Aldermen passes a budget that is higher than the Mayor's proposed budget you need 10 voters. It does not seem to me to contemplate in particularly in these budget limitation section, the so called Spending Cap, it really contemplates the passage of the budget as being a single act, and simultaneously with that you can determined whether to exclude or not exclude expenditures for bonded debt and capital improvements. It is hard for me to conceive that some how you can slice and dice that process and pass portions of the budget by 8 votes and then when you run up to the point where you have to exclude capital improvements and bonded debt then you need 10 votes from there on. It is perhaps possible.

It strikes me as it would become even more cumbersome than currently. Of course we always

have the right to revisit things until they go into affect and then even sometimes thereafter by means of transfers.

Carol Anderson

We had a discussion late this afternoon with Attorney Connell, Clarke, and Bennett – they had called – talking about that. One of the things we got into – I don't think we came to an absolute resolution on it, but last year when we had to pass a Continuing Resolution each time we took the one budget document, that one resolution and did like the parts A and B so that only one resolution was submitted and then we did the Continuing Resolution that was attached to that document, and I believe it just took the 8 votes to pass like Section B of that, but then on the final vote of the resolution that is when everything was exempted and you needed the 10 votes. There is a mechanism, but it is not like you say I don't think it is a clear cut mechanism.

I do know that it doesn't help with the school situation, but right up until the time that we go to set the tax rate that you could pass this budget and you could change it any time up until we go to have the tax rate set and it is still considered just your annual budget not a supplemental.

Chairman Bolton

Anything further?

Alderman Deane

Through you Mr. Chairman to Mrs. Anderson – so the Legal Department doesn't see that as a possibility – if we backed the School budget out of the budget process?

Carol Anderson

Right – not backing it out, but including it and doing it similar to what we did with the Continuing Resolution last year. I think there is something in the Charter that talks about the annual budget and it is inclusive of the school so I don't see how you can back it out you can just do it in parts, but it is still just the one budget. At least that was my understanding of the discussion we had today.

Alderman Deane

Do you see any difficulties in doing that?

Carol Anderson

I think the only difficulty I see is that if you do it – if you pass like a Continuing Resolution for the School and you consider that to be the budget – their budget, and then if you have to go back and they have had programs that they have mandated that you can't cut afterwards I do see a

problem with that. It doesn't leave you much legal room because you have the School and then the next largest thing would be the bonded debt so there is only a small amount and then pensions there is very little that is left for any discretion on the budget.

Chairman Bolton

By the time you have done the School you might as well do everything else.

Alderman Tollner

I would like to try something. I don't know whether it will fly. Through the Chair – Director Lemieux if you could put together an informational sheet on what the School Department's budget was last year taking into consideration what a true 2.5% increase would be – I think there were a couple of items that were brought up tonight – I don't know whether they play into this, the extra money for the move last year and all that stuff, if we can say this is what the School Department budget was last year, this is the \$1,000 that we took out because it was a one time thing last year and this is what the true reflection of the school budget was last year – this is what an additional 2.5% would be, and this is what the Medicaid dollars that we have talked about committing back over to the school department, and this is what we think the bottom line figure is for the operational budget for the School Department FY '06 is – what I would like to do is pass that around the Board of Aldermen and see how many people would be comfortable committing to that and then work with some people and speak with Legal to see – put it this way if there are 10 people on this Board right now that are comfortable with the bottom line of that particular document and they are willing to make a commitment that they are committed to that number I think that is really what the Board of Education is looking for is – because I don't think we are going to come up with a formal city budget approved in the next 14 days let's be realistic.

However, what I do think we can do is do the best we can and provide them with a communication that we are comfortable with that at least ten members of this Board are willing to make a commitment that they should feel comfortable going forward with that number.

Chairman Bolton

I don't think we can do that. If we're going to send official documents that say that there are people who are committed I think we have to take a formal vote at a duly called meeting where the public is invited. I don't think you can pass it around and say just between us are you for this and then send over an official communication that says ten people on the Board of Aldermen say this is going to be your budget.

Alderman Tollner

I am thinking if you have that sheet in front of you whether it is during a Board of Aldermen meeting say or I say I myself as we move forward I am very comfortable with that number.

There is no – you are right I don't think there can be an official legal document, but I think that the relationship that we have with the Board of Education I think that they would be looking for this and I think that if people are willing to communicate that they are comfortable with that number I think that will help them tremendously. It will not be an absolute legal binding document, but it will give them a level of confidence that this is the budget item that they are going to look for. If not I can look at everybody here in the eye and say that on July 14th we still won't have a budget and those items that they sent in that memo they will have to approve and we will have absolutely no flexibility whatsoever in maneuvering through the budget process.

Alderman McCarthy

I think they have actually tried to do that for the last couple of years and they have come in and given us a preliminary and asked. I don't think it has helped much. Maybe just because this Board has not given any consistent response, but I have to agree with Alderman Bolton if you go look at what commitments are worth before the vote my understanding is we had 14 Senators committed to voting on the Bill that was going to make Nashua right last week.

Alderman Tollner

But we all live in the city. It is a little different. Those Senators don't live in Nashua they live in other towns.

Alderman McCarthy

But we have – we all have our separate motivations.

Alderman Tollner

It is just an idea. I don't see any other ideas that are on the floor to get them the information or the commitment they need before June 30th. It is an idea.

Maureen Lemieux

I think Alderman Tollner – at least I had a conversation with Attorney Connell also that Alderman McCarthy joined as I was having it. To go back to what people have said I think it was certainly his opinion that if that were your goal that the resolution needs to be broken into a couple of parts and in fact it was his opinion as I think Alderman Bolton and McCarthy said that it only would take 8 votes to approve that first piece. I think if your goal is to give the School Department a number it certainly sounds like Attorney Connell at least in his thinking about it today believes that it could be broken out but that is an 8 vote piece and then to pass the full budget it will be 10 votes.

Alderman Tollner

That is good, but I would probably only be comfortable even though you say we may only need 8 that we would really need 10 because that is a significant component of the overall budget. You need 10 – if they are all here – you need 10 Alderman to pass the budget if the whole ...

Alderman McCarthy

Only to make the exclusion of bonded debt and capital improvements from the budget cap.

Alderman Tollner

Two thirds of members present.

Chairman Bolton

Or if it exceeds the proposal submitted by the Mayor and it will because of the extra money that has to go in for insurance. The Mayor only can make one proposal and that proposal he made was short by millions and millions of dollars so when we add those millions in we will need 10 votes to pass it.

Alderman Tollner

Anything we do right.

Alderman McCarthy

I guess also as a matter of practice I really would not want to approve the School budget first because were we to have done that this year we might have done so prior to understanding what was going to happen with healthcare. The budget that the School Department came in with first we might have taken something off that and said a 3% increase is reasonable this year and given them that. What you would find yourself in now is a situation where you would have a lot less breathing room in the rest of the budget after you have seen the numbers for insurance and after we have seen what happens with education funding, and we could put ourselves in a position where we have to make cuts we really don't want to make in the rest of the budget in order to sustain a decision we made before we had adequate information to conclude where we wanted to be.

Alderman Deane

Let's go back in time Alderman McCarthy when the School Budget was presented and they threw in everything but the kitchen sink. If they think for one minute – my feeling anyway – If they submit a budget with a 5.2% increase that nothing was going to be touched regardless of the other issues that we ran into I think people are mistaken because I think that was an

extremely large increase and as they are up into the '80s and slowly approaching \$90 million that they need every year there was going to be some discussion over the increases that they had requested. I think it was one of Mr. Guiliano's last hurrahs might as well throw it in and see how I do.

Alderman McCarthy

I am sure it would be lower, but it might now be as low as the one we are going to ultimately approve under the circumstances we are in.

Chairman Bolton

The Board of Education made more cuts to the administration's proposed budget before forwarding it on to us than I can remember them every making. I think it is a bit strong to say that the Board of Education threw in everything but the kitchen sink. They made serious reductions to what had been proposed by the administration.

Alderman Deane

I felt as though their budget that was submitted was inflated. When we opened these two high schools – people have to step back from it and look at what is being offered and look for efficiencies. There are efficiencies that can be had that could probably fund some of these programs that they have thrown out to the public as having to cut. Quite frankly I am tired of listening to it. They are asking for \$85 million. I think they can make it work. Other departments who get little bits of money are asked to make level funding work and they are going to do it. We might see some things change, but they have decided to do it. It is a tough year and people have to suck it up and deal with it.

Chairman Bolton

I don't think anyone has said they are not going to deal with whatever happens, but I do think it is unfair to these fellow elected officials to assume that they came in here and were less than honest and genuine with us. I think they were.

Alderman Deane

Who said they were less than honest?

Chairman Bolton

You said that the budget submitted by them was inflated that it was not a true reflection of what they believe they needed to run the schools.

Alderman Deane

Absolutely. That is not less than honest.

Chairman Bolton

If you don't think it was a true reflection of their true belief.

Alderman Deane

I didn't say that Alderman Bolton. I said it was inflated.

Chairman Bolton

I don't understand...

Alderman Deane

Don't misconstrue my comments. Please.

Chairman Bolton

I don't know what you mean then when you say they inflated the budget. That is the word you used. I asked you do you mean to say that you don't think it was an accurate reflection of their true belief and you said yes. If you don't think it was an accurate reflection of their true belief I used the expression less than honest to describe the mindset you attributed to them. To me that is what it sounded like you said.

Alderman Deane

I think you are entitled to your opinion.

Alderman Tollner

Just to get back to Alderman McCarthy's comments. Right now we pretty much have all the information in front of us. Right now all the cards are pretty much in front of us as far as the financial situation we are in; we know where the State funding is, we know where we are going to have to fund the insurance, we know what the situation is with the landfill – my suggestion is really not as an ongoing basis, but just for this year right now put a communication together for the Board of Education to give them a level of confidence to allow them to make the tough decisions that they too are going to have to make. Again my real concern is we are not going to have a true budget and those examples they used in their memo are no longer going to be available to them come July 1st. If we give them an idea more than a majority of this Board say I am comfortable with a certain percentage and I can commit to that investment, then they have a wall to lean against to comfortably make those decisions that they are going to have to make,

and they can feel comfortable that they have done everything within their power and they know exactly what their plan is going to be, and they can get moving on it. Right now I don't even think that they can start their plans for the next school year totally with any certainty because they have no idea what the bottom line budget is going to be. That is what I was getting at.

Chairman Bolton

Mrs. Lemieux you understand what you are being asked to prepare?

Maureen Lemieux

I will tell you what I believe I am being asked to prepare; to identify what the one time costs were that were included in the '05 budget to come up with a new '05 base for the School Department and then add 2.5% and \$900,000.

Alderman Tollner

Right add 2.5% and then when we get to that figure as we have said numerous times then add the \$900,000 and then I will do my best to pass that around and hopefully it is not a legally binding document that the Board of Aldermen would be able to provide some comment to the Board of Education and then they have some confidence level on what they need to do to move forward.

Alderman McCarthy

I am just asking this out of curiosity if 10 of us were happy with where the School Department part of this budget is and the rest of it is flat from last year why wouldn't we express that by just passing the thing?

Alderman Tollner

If ten of us are happy with where the School Department budget is in the Budget Committee right now?

Alderman McCarthy

Yeah. The School budget is the lion's share of the budget, and it is all of the increase in what is in front of us at the moment.

Alderman Tollner

I am with you.

Alderman McCarthy

So why, but I haven't heard a motion to send it back with a recommendation for final passage out of any of the seven members of the Budget Committee. I take that to mean there are at least 7 members of the Board who aren't ready to pass that budget.

Alderman Tollner

I think you may have 7 members of the Budget Committee are not ready to pass the full city budget.

Alderman McCarthy

That is what I am wondering. If the huge piece and all the increase is okay with us where is the part we still need to discuss? Why don't we just get that discussion over with and send it back?

Alderman Tollner

If someone on the Budget Committee would like to make a motion to level fund all departments with the exception of the School Department – give the School Department 2.5% with the understanding that they are also going to receive an additional \$900,000 of Medicaid dollars that would be great.

Alderman McCarthy

My understanding is that is the amended form of the resolution that is in front of the committee right now.

Alderman Deane

Almost. We still have a number of items. We have the couple of pieces of legislation we have to look at – the \$5 fee, last week we I believe Alderman Bolton didn't we take the \$1.7 million out of the Solid Waste revenue side for the outside trash – we have the 450 that is a separate piece of legislation then we have the \$350,000 that is a separate piece of legislation too is it not?

Maureen Lemieux

I don't think that piece has even been filed yet. I believe it is going to be a separate piece.

Chairman Bolton

We probably need some of what the School Department particularly in the pay to play area we need legislation to implement that.

Maureen Lemieux

I don't think you have made a motion at least as far as the budget is concerned for the Majestic Heights money.

Alderman Deane

That was passed. We sent that out of committee.

Maureen Lemieux

Yes, but you haven't made a motion on the budget itself. You dealt with the legislation, but not the motion that you would need to make for the budget.

Alderman Deane

Then there was – I think we have to formulate the different components that are left before – and making a motion to level fund. There are too many details left to do that.

Chairman Bolton

I think the suggestion that you can do it in one motion by saying level fund everything and let the School go up by 2.5% plus \$900,000 subtracting out whatever the moving costs were as complicated as that sounds it still over-simplifies what is only – one is able to comprehend when you look at it section by section as Alderman Deane had to make a few different adjustments to the library for example because of the special circumstances there and the same is true in some of the others. I think the Budget Committee has voted a number of amendments to seek to get that process forward, but I don't think it can be all done in a single motion.

Maureen Lemieux

We also haven't finished with the insurance either. I will try to put together a list of all of the loose ends that we have at this point at least from everything that you have discussed.

Chairman Bolton

I think Alderman McCarthy does point out that by the time you deal with all of these things that have little flexibility like health, pensions, and bonded debt, and the school department there is not enough left. If we are that close and tenure an agreement on those things what is left should not be insurmountable or take a lot of time.

Alderman Deane

I do have an intricate piece of legislation coming down to reduce the Mayor's pay increase this

year as well. I filed that today because if there are going to be no merit increases then and his is set by Ordinance I would have hoped he would have brought that in, but he did not so I helped him.

Chairman Bolton

Good of you to be there to assist him whenever necessary.

Alderman McCarthy

His is set by other ordinance it is not a merit increase.

Alderman Lozeau

This committee has already made some significant budget cuts in the School Department and we basically brought it to 2.5% plus the \$900,000. I think that alone should send the message to the Board of Education that their budget is being cut and maybe they should be making some kind of arrangements to accommodate that.

Chairman Bolton

They are certainly well aware of the action that this committee has taken. They have their pencils sharpened over there – I have it on good authority.

What is the pleasure of the committee?

UNFINISHED BUSINESS - None

NEW BUSINESS – None

HELD IN COMMITTEE

Resolutions

R-05-184

Endorser: Mayor Bernard A. Streeter

RELATIVE TO THE ADOPTION OF FISCAL YEAR 2006 PROPOSED BUDGET FOR THE CITY OF NASHUA GENERAL AND ENTERPRISE FUNDS

R-05-185

Endorser: Mayor Bernard A. Streeter

ESTABLISHING THE USE OF UNDESIGNATED FUND BALANCE FOR TAX RATE

R-05-193

Endorser: Alderman-at-Large Brian S. McCarthy

AMENDING COMPENSATION FOR THE BOARD OF ALDERMAN FOR FISCAL YEAR 2006

R-05-211

Endorser: Alderman-at-Large David W. Deane

DECLARING THAT NO APPROPRIATION OR TRANSFER WILL BE FUNDED FROM ACCOUNT 802-299 "SEWERAGE DISPOSAL SYSTEM – RETAINED EARNINGS" FOR TIPPING FEES AT THE FOUR HILLS LANDFILL RELATED TO THE SARGENTS AVENUE AREA SEWERAGE WORKS IMPROVEMENTS CONTRACT

R-05-228

Endorser: Alderman-at-Large Steven A. Bolton

APPROVING AN ADJUSTMENT TO THE UPPER ENDS OF SALARY RANGES FOR NON-AFFILIATED PERSONNEL OF THE NASHUA SCHOOL DISTRICT

Ordinances

O-04-45

Endorser: Alderman Marc W. Plamondon

REQUIRING THE PARKS AND RECREATION DEPARTMENT TO CHARGE A

FEE TO NON-RESIDENTS FOR RESERVATION OF CITY-OWNED PARKS AND

SPORT FIELDS

O-05-76

Endorser: Mayor Bernard A. Streeter

**RELATIVE TO DISCONTINUING THE SCHOOL BUILDING AND CONSTRUCTION
CAPITAL RESERVE FUND**

O-05-77

Endorser: Mayor Bernard A. Streeter

**ESTABLISHING A NEW "SCHOOL BUILDING, CONSTRUCTION, ADDITIONS AND
RENOVATIONS CAPITAL RESERVE FUND"**

O-05-85

Endorser: Acting Mayor Brian S. McCarthy

ELIMINATING CONSERVATION COMMISSION COMPENSATION

O-05-86

Endorsers: Mayor Bernard A. Streeter

Acting Mayor Brian S. McCarthy

**ESTABLISHING AN ADDITIONAL MOTOR VEHICLE REGISTRATION FEE OF FIVE
DOLLARS PER VEHICLE AND ESTABLISHING A SPECIAL MUNICIPAL
TRANSPORTATION FUND FOR SUCH FEES UNDER RSA 261:153 VI**

DISCUSSION

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ADJOURNMENT

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**MOTION BY ALDERMAN CARDIN TO ADJOURN
MOTION CARRIED**

The meeting was declared closed at 10:30 p.m.

Alderman David MacLaughlin
Committee Clerk