



# 2017-2018 Budget Supplement

April 26, 2017

Healthy  
Community

Strong  
Citizenship &  
Proactive  
Leadership

Unique Natural  
Environment

Vibrant  
Economy

Creative  
Learning  
Culture

Quality  
Built  
Environment

**This document has been prepared as a corollary to the submitted budgets.** The intent of the document is to provide information related to issues identified by City Staff, the City Manager, and the City Council in various workshops and committees. These issues are critical for discussion and will require collaborative efforts, debate and decisions that cannot be tied directly to the present budget process.

## Issues

There are a number of issues and items that are related to staffing, organization and completion of stated goals for the City Manager that will require the attention of City Council for the future City Manager. Among these stated goals from the fiscal 2016/2017 budget message include the following;

- Creating a mechanism for the advancement of economic development
- Evolution of the budget document toward Priority Based Budgeting
- A review of departmental organization and structure
- Review of core functions

Some of these goals have been reinforced by the City Council workshop that took place in July 2016, the work of the present City Council Goals Committee, as well as the report from the Economic Development Committee and first year expectations endorsed by the City Council. Many of these goals have been previously described in the adopted Comprehensive Master Plan.

### *From the Economic Development Committee:*

- Create Business Advocacy and Response Team
- Update Land Use Code
- Create Community Development Department

### *From the City Council Goals Committee:*

- Implement the priorities and recommendations identified in the Economic Development Action Plan
- Enhance the organizational structure of City Government

Many of the adopted goals will also be furthered by steps taken in conjunction with this report including:

- Services of regional importance and impact
- Enhancing cooperation with the School Board, County and towns to share resources

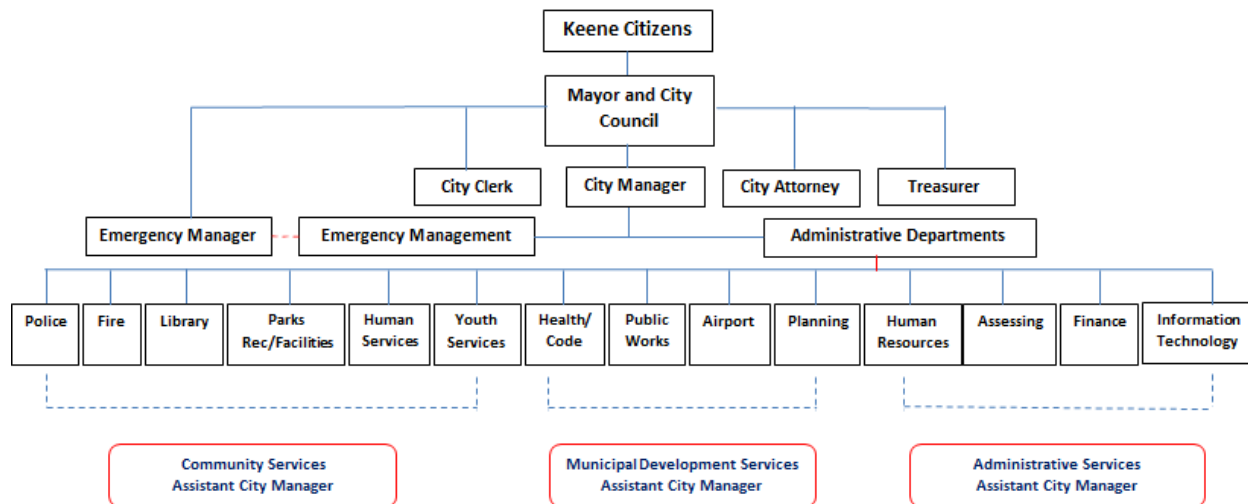
### *This Document Centers Mostly On Organizational Issues*

## Present Organizational Structure

The present organizational structure, illustrated through the chart below, has been in place and relatively unchanged since the early 1990's. The departments and their basic duties are described in Chapter 2 of City Code. The City Council pursuant to the Charter establishes the Departments, and the Department Heads appointed by the City Manager have the duties prescribed in the Charter, Code and/or New Hampshire Revised Statutes Annotated. There has been no complete review of this structure and departmental functions since the early 1990's, or pay equity since 1999. There are fourteen departments; fifteen if the Emergency Management Office is included within the executive department of the city government and also under the direction of the City Manager. For several years there has not been an appointed Human Services or Youth Services Director. There have been intervals when the Youth Services Director served as the Human Services Director, but the last person to hold the title Human Service Director left City employ in 2006 and Youth in 2013. From 2013 until 2016, the Human Resources Director received a stipend and was charged with these departments, but that arrangement ceased in 2016 when certain stipends were eliminated.

Finance	Finance Director
Planning	Planning Director
Library	Library Director
Fire	Fire Chief
Police	Police Chief
Parks, Recreation, and Facilities	Parks, Recreation and Facilities Director
Health and Code Enforcement	Health Director
Public Works	Public Works Director
Assessment	City Assessor
Airport	Airport Director
Information Management Services	Information Management Director
Human Services	Human Services Director
Youth Services	Youth Services Director
Human Resources	Human Resources Director

The following chart is accurate to the line responsibilities as outlined in the Charter, Chapter 2 of City Code, as well as Chapter 30. The basic duties of each Department as described in Chapter 2 are simplistic to their actual duties and since the early 1990's the responsibilities of the departments have grown with the adoption of laws, and ordinances, as well as the expectations of performance requirements and expectations of the City Council and the public. A number of positions since 2008 have been adjusted or eliminated. What this means is that some positions were revised to have new and additional duties, some were changed from full-time to part-time status, some were eliminated, and duties or functions not specially assigned. A complete review of these departments and their functions will need to be conducted. This review should be in conjunction with developing future priorities and future City Council goals.



## The Role of the City Manager

The outlined role and responsibilities for the City Manager originate in RSA 49-C:16 which is: “the chief administrative officer and the head of the administrative branch of the city government, supervising the administrative affairs of the city and carrying out the policies enacted by the elected body. He shall enforce the ordinances of the city, the charter, and all general laws applicable to the city. He shall keep the elected body informed of the condition and needs of the city and shall make such reports and recommendations as he may deem advisable and perform such other duties as may be required by charter, ordinance or resolution of the elected body. He shall have and perform such other powers and duties not inconsistent with the provisions of the charter as currently stated, or may be conferred or imposed upon him by municipal ordinance or upon mayors or city managers by general law. The city manager shall have the right to take part in the discussion of all matters before the city council, but not the right to vote.”

The duties and responsibilities are reiterated, and amplified in the City Charter and City Code. The Charter sections are 34 through 40 and the City Code sections are 2-111 through 2-212 and 62-1. These requirements are both broad and specific and range from management of the personnel system, creation and management of the budget, as well as over-all management of the 14 city departments and Department Heads. However, the Department Heads actually have much more authority than many realize.

### *Role of the City Manager (simplified)*

Financial	Administrative	Project Management	Relationships	Leadership
Taxes and collections	Supervise	Overview and direction	Develop	Daily direction/office
Expenditures	Oversight, personnel and system	Manager related	Maintain	Daily direction all staff
Leases and contracts	Customer service	Council related	City Council	Short range planning
Budget prep	City Council	Issue resolution	Boards	Long range planning
Budget management	Attend meetings, City Council	Cross departments	Constitutional Officers	CC, Boards etc.
Labor contracts	Attend meetings, other	New directions	County, School	County
Travel and training	Sign forms	Contracts	State/Reps/Senate/ etc.	New directions

## The Role of Assistant City Managers

There are three Assistant City Managers each with an assigned portfolio of departments, in addition to their responsibility as Department Heads. The portfolios, responsibilities and what their relationships may be are not described in the Charter or in the City Code of Ordinances. There is very little in City Code about the Assistant City Managers and what their function is:

### *Sec. 2-263. - Assistant city managers/department heads.*

(a) *Selection, qualifications, compensation and terms of office.* All assistant city managers/department heads are appointed by the city manager and serve at the pleasure of the city manager or until such time that the assistant city manager/department head tenders his resignation. Each appointment shall be for an indefinite term on the basis of merit and fitness to perform his duties.

(b) *Status.* All persons designated with the title of "assistant city manager/department head" shall have all the privileges, duties, and powers as stipulated in subsection (c) of this section pertaining to department heads and other privileges, duties and powers as may be assigned by the city manager.

In the past, Assistant City Managers have been accustomed to managing other departments when there have been vacancies, and performing specific targeted projects. In some communities these duties would be assigned to a special "projects planner" or to an "assistant" with no other duties. Assistant City Manager (ACM) duties are presently assigned in addition to Department Head management responsibilities. The ACM duties may include:

- Provide leadership to assigned portfolio of City departments.
- Assume the City Manager role in the absence of the City Manager.
- Manage any department in the absence or vacancy of a Department Head.
- Provide leadership in organizational strategic planning including budget.
- Lead high-profile projects and initiatives.
- Assume leadership roles in communications with other government agencies and community businesses.

To be effective in this position with the above duties the ACM's primary department must have sufficient management structure and capacity to assume department management responsibilities that would otherwise limit the Department Head's availability to assume ACM responsibilities. For the City Manager to be truly effective the City Manager needs to have a bifurcation of duties that permits attention where City Council goals drive that attention. For this to occur a mechanism has to be developed that works; the span of control is fourteen Department Heads which is too large and does not afford the ability to resolve deeper issues and/or allow deep organizational planning to occur. In some communities, this complication is resolved by designating Assistant City Manager or Deputy City Manager positions that do not have parallel department management duties. Our current structure limits the availability and effectiveness of ACM candidates due to time constraints associated with the dual position requirements. The present organization does not create formal opportunities to allow for specific training to create the possibility of succession within the organization for the Assistant role or potentially for the City Manager.

## The Role of Department Heads

Department Heads have much more individual authority and responsibility under the City Code than most would believe. To every extent we should utilize that authority. The City Manager has the responsibility for the overall

management of the city and the Department Heads. Department Heads have the responsibility to manage their departments (and employees) in conformance with the Charter, City Code, City ordinance and/or statutes as well as any assignments from the City Manager. Additionally, a Department Head can establish departmental divisions and subunits, prescribe departmental regulations subject to the approval of the City Manager where not inconsistent with the law, the Charter, the City Code, or ordinances and policies of the City Council, for the administration of their department, conduct of employees, and the proper performance of the department's business. A Department Head has the authority to delegate to members of the department or divisions under their direction such duties and responsibilities as deemed advisable, together with the appropriate authority for their fulfillment; but not the delegation of overall responsibility or accountability. A Department Head can establish subordinate positions and make appointments and removals as may be necessary, within the limitations of the appropriations provided, and subject to the provisions of the Charter, the personnel rules and regulations, and the approval of the City Manager. A department shall cooperate with other departments in furnishing such service, labor, equipment, or materials that may be needed by the head of such other office, and as its own facilities permit. The City Manager may direct *any* department or office to perform work for *any* other administrative unit.

In addition to the functions and responsibilities outlined for each department in Chapter 2 of City Code, all departments are required to cooperate, take responsibility for, and carry out interdepartmental functions delegated and assigned from time to time by the City Manager. These roles seem to be the same ones the City has tried to use the Assistant City Managers for in addition to special projects.

These interdepartmental functions and duties include, but are not limited to the following:

- (1) Administrative policies and functions.
- (2) Community and economic development functions.
- (3) Community relations functions.
- (4) Building maintenance and security functions.
- (5) Community emergency preparedness.
- (6) Information management.
- (7) State and federal legislative activities.
- (8) Personnel administration.
- (9) Liability and risk management.
- (10) Hazardous and other types of waste management issues.

City Code states that in addition to their other duties, all departments and department heads shall do their utmost to approach their respective roles from a citywide perspective and responsibility, recognizing that they are city employees first and departmental employees second, and shall continuously endeavor to assist the City Manager in seeing that these types of interdepartmental responsibilities are fully met. This *Credo* should be amended to have all city employees recognize that they are City employees first, and not just a member of any particular department.

## Opportunities - Proposed Transitions

There is a need for change to the organization; all organizations require review for effectiveness and efficiency from time to time. The direction for change comes from analysis, the need to be effective and efficient, and has been identified as a task by the City Council. Change must be embraced, but at the same time the ethic of excellence within the organization must be preserved. Every action taken by the City Council will have a consequence and the advantages, and the negative outcomes must be examined carefully. City personnel works

well from the standpoint of its individual departments, as well as how employees work together, however, future outcomes will need to be tied more clearly to Council Goals. Change will come slowly for most and it is appropriate to view these changes as evolutionary. The morale of the organization must be preserved as the City Manager looks for opportunities. Additionally, the City Council will be seeking and will eventually secure the services of the next City Manager. With that in mind, this document describes in some detail how the organization is settled. Driving the need for change is the recognition of time limitations and effort that can be spent by the City Manager in fulfilling this role and completion of tasks related to City Council goals; and recognition of the role of Emergency Management, as well as the real authority of Department Heads. Many departments have changed in their roles associated to what services the citizens want to see. The Planning, Health and Code Departments are being directed to merge and change focus. There is a need to channel downtown functions and economic development generally.

An evolutionary plan would be to have a full-time Assistant to the City Manager who has a defined role, but is not a Department Head. Some municipalities have this position designated an “Assistant” and some a “Deputy”. In looking at the organization, there are some natural alignments of departments that sensibly could define this role. The larger departments are Fire, Police and Public Works in the realm of public safety. In the realm of internal services the largest department is Finance and there is a separate grouping around special services to the public related to the Library and Parks and Recreation. Most small departments service either the public partially or service internally. In the first wave of change, the Youth Services Department will become part of the Parks, Recreation, Facilities and Cemeteries Department, and the Human Services Department will become part of the Finance Department. These assumptions are based on careful review and consideration of the roles and interrelationships, and recognition that with small departments, it is not sound policy to recreate a Department Head role for these departments. Parks, Recreation, Facilities and Cemeteries will be renamed and a plan for reorganization of Planning, Health and Code will be presented (see below for an example). In addition to this organizational change, operational changes for other departments will need to take place to create a permit center for Development and Small Business Services. This will likely mean changes in personnel duties, titles and minor contractual changes. There are some positions and functions in the Police Department that should administratively be moved as well, likely to Public Works, such as the Parking Division and repair of traffic signals. Changes will be proposed to Chapter 2 of City Code where required, to facilitate these modifications after budget adoption. No doubt these proposals will be thoroughly discussed and assume it will take some time to implement.

**Administrative Services**

- Finance
- IT
- Human Resources (human capital)
- Assessing
- Facilities (capital)

**Citizen Services**

- Public Safety;
- Police
- Fire
- Public Works
- Airport

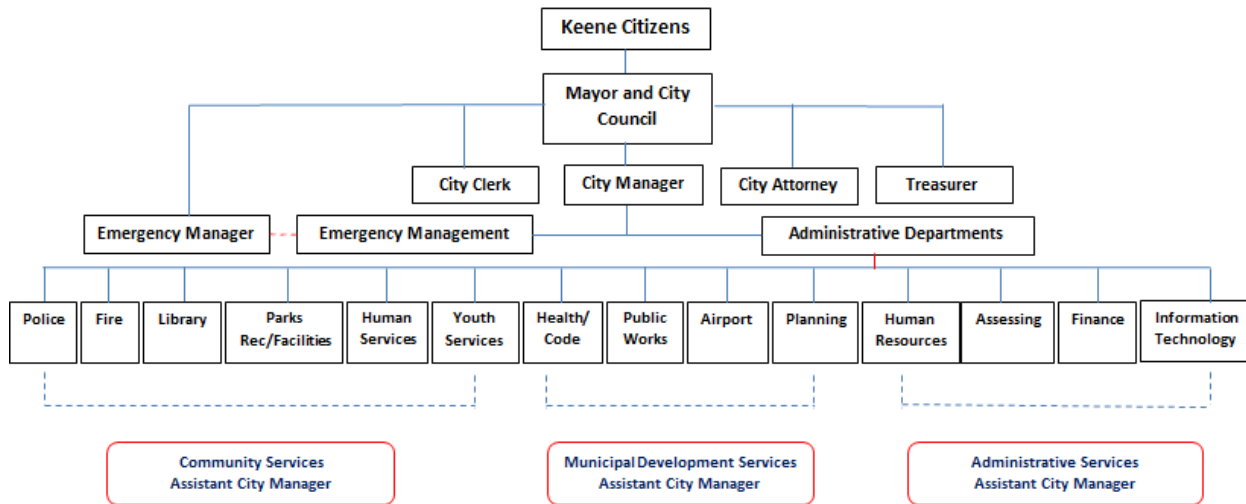
- Culture;
- Library
- Parks and Recreation
- Youth Services
- Human Services

- Development Services;
- Health and Code
- Planning

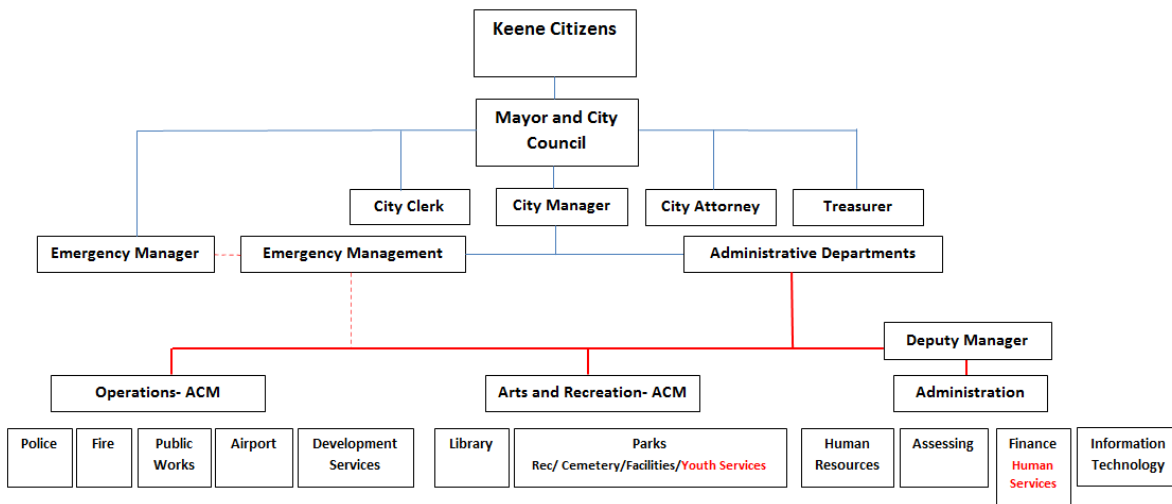
**City Council Services**

- City Clerk
- City Manager
- City Attorney
- 15 Committees

**First Evolution showing roles of present Assistant City Managers and placement of Human and Youth Services**



**Second Evolution showing probable organization with Deputy City Manager and roles of Assistant City Managers who remain Department Heads**



*Note: Chart does not show renamed Parks, Recreation, Cemetery and Facilities. As this department changes its focus and becomes closer to the Library in some services it can take on more defined cultural goals. Also "Facilities" would be moved over to administration as it becomes more departmental in its functions.*

## Human Asset Management

With a mission to provide services and amenities that enhance the quality of life for those who live, learn, and work in, as well as enjoy, the City of Keene, an engaged and highly skilled workforce is a necessary ingredient in the delivery of diverse municipal services. As attention is focused on review and next steps to evolve the organization to better meet this mission, opportunities will be presented to consider the changing nature of city services, empowerment of a highly skilled and well trained employees, and refinement of our work environment to attract, cultivate, and retain the next generation of quality employees necessary to secure the City's future.

When considering the City's organizational structure and resulting adjustments to City Code, evolution of management philosophies and policies will be necessary to continue the innovation that is necessary to advance our community's strategic priorities. The workplace expectations of the next generation are very different than prior generations, but are supported by values currently embraced. A review of polices, building of those values, to empower a workforce to continue to deliver quality service is a priority. Regulatory and cross department work process improvements focused on actions that direct workforce attention toward support of positive outcomes for customers, the organization and community should guide that effort.

Succession planning, and recruitment of the next generation of public servants, will also be advanced by strategies that promote employee engagement. Continually investing in mentoring and training that promotes high performance in their current position, and prepares them for future opportunities in our organization, will be an important strategy to organizational success. Recognizing and promoting, throughout the organization and community, the contributions and rewards available through diverse career paths available with the City should be pursued.

Recognizing organizational transitions will occur over time and may be opportunity driven, ongoing analysis and adjustment of the current compensation system, considering work force skill sets and qualities desired, position responsibilities, and market forces affecting recruitment and retention will continue. A first step addressing wage compression was initiated in FY17 with modification to the City Manager salary schedule. Some subsequent actions considering compression and market data, directed at leadership positions related to public safety, will be advanced in the context of current organizational structure as part of the FY18 budget. As a framework for more comprehensive re-organization moves forward, a substantive review of organizational class and compensation practices will also be required to accompany this effort.

Concepts of sustainability must be applied to human asset management – recognizing as we move forward that regional and demographic challenges will impact our ability attract, develop and retain a workforce to meet the vision of the City – to be the best in America by 2028.

## Organized for Economic Development

The recently completed Economic Development Action Plan and City Council Goals (*see Attachments A and B*), have a number of differing observations and objectives relative to organization for development and for economic development in particular. Of course these plans and Goals were released as big picture documents, with continuing work to be completed by the City Manager and with additional committee work. Two of the recommendations will be addressed here; the first is reorganization of the Planning, Health and Code Departments, and the possibility of an Economic Development position that creates opportunities for development and re-development. Organizational review for what are referred to as the "Fourth Floor Departments" has been a consideration and the subject of internal discussion for at least fifteen years. Titles,



work flow, software samples, and comparisons to other organizations have all taken place at one time or another.

To be successful however, much more than reorganizing the departments will be needed for these ideas to work. The City Council, the various planning type committees (i.e. Conservation Commission, Historic District Commission, etc.) and the Planning Board all have a roll that can be greater than that of staff organization in creating opportunities. Staff, for the most part, is trying to carry out the directives of these boards, the City Council, as well as codes and ordinances. In addition to re-writing the code to create a Land Development Code, other traditional staff roles, and the ordinances in general will have to be revised in a manner that provides the platform for true activism in redevelopment. There will be some community members, along with staff, that may find it difficult to shift roles and in gaining an understanding of the goals.

The first internal step at the staff level (currently underway) is to determine what the lawful requirements are, what the business paths are, determine the barriers (including codes, ordinances, committee rules) and then review the business methods that need to be developed or followed (i.e. payments, accounting, software, location). Internally, there will be a need to develop something like a BART, Business Advocacy and Response Team, (perhaps a Business Development Team) which can overcome inertia and bureaucracy. The intent will be to create the internal BART joined to an Economic Development component and a permit center. The purpose of the center will be business retention and expansion. The review for creation of this center has already begun, as well as a review of the organization(s). It will be a challenge to change the internal and external ethos from finding stops to finding go's. The City will need to organize and think like a development firm.

## Planning

A discussion of the Planning Department needs to occur with the City Council. This is a department in stress due to the expectations that have been placed on the department by the City Council and the Planning Board, without the provision of resources. No reorganization can be fruitful without recognition of the workload expected and the persons available to do the work. There are over eleven committees that are primarily staffed by the Planning Department. The time estimated to service those committees is 4,677 hours of staff time (628 of which is minute taking). This is in addition to trying to create master plans, special studies, the Land Use Code and a myriad of other planning duties...in addition to trying to help people with their land development needs. Clearly the political organization is such that "development or redevelopment" is not the goal. If the planners time is calculated, 3,500 hours are to support the committees (true this does include the Planning Board), and their time available is about 1600 hours for all other functions they have - both a purpose and staffing problem. The Planning Department simply has two overarching functions; present planning (that is related to compliance with submissions) and future planning (Master Plan, Land Use Code etc.).

## Code Enforcement and Health Department

This department has two divisions; Code Enforcement and Health. The Health Department is mainly responsible for restaurant inspections and the Code Enforcement Department is responsible for enforcement of the State Building Codes, various city ordinances and the Zoning Code. Primarily however, Code has two functions: housing type inspections and permitting. The Health portion was the primary role when the City had a Board of Health which is why the Department Head has always been titled the Health Director. While the growth, expectations, statutory changes, and with the City Code, have been with Code Enforcement. The department does some permit coordination (for example with Planning, Fire Department, Public Works) but primarily the

goals of plans review and inspections are to determine errors. It has never been the goal to act as an advocate or more precisely a co-designer or coordinator of projects.

*Present Staff Organization, three departments in the City Code and Budget*

<b>Health Director</b>	<b>Planning Director</b>
Codes and Inspections Manager	Planner (2)
Plans Examiner	GIS Technician
Permit Technician	Interns (2)
Admin Assistant	Admin Assistant
Inspector (2)	
Housing Officer (2)	

### **The Department of Development and Small Business Services**

Staff has begun a review of fourth floor operations to identify what sort of organization might be created with the intent of a permit center, and to provide solid customer services. The fourth floor acts, to some extent, as a first line of identification on projects and then directs the applicant to the various departments for the resolution of any defined issues. The dichotomy for the departments is that they have a regulatory role and that role leads to the response from the department of identifying an issue due to regulation. Separate from permitting there are housing issues, licensing issues, future planning issues, and committee support. To be able to create a true permit center, the person who is working with the permittee has to be able to follow the process until issuance of the permit and has to have the authority to act. This will mean empowerment for many permit types from boards and commissions, as well as other departments. We all have to recognize that empowerment will require further discussion, and that many types of development orders will have to remain with the Boards, Commissions and City Council. A department mechanism will have to be found to delegate authority so that any statutory requirements are met and there is acceptance and a comfort level that the system still provides for the public good and safety.

For the organization to be successful it will have to become citizen/customer centric. To the greatest extent possible, rules and operations will have to be altered to allow staff approvals at the level of contact. A true permit center will be created where the greatest amount of activity lies, and where approvals can be granted at application. This will mean an adjustment to present practice for any regulatory department, software, and policies that support that operation. The department will still have to support City Boards and Commissions, respond to complaints, and inspect for health compliance.

This table represents a potential idea for re-organization of the two departments based on the above concepts and goals. The Director is not either the Planning Director or Health Director with a new title, but represents someone who is directed to provide development and business services in addition to origination and involvement in community economic development.

Director		
Inspection Services	Permit Center	Planning
Building Official	Plans Examiner	City Planner
Sanitarian (contract)	Permit Expeditor (2)	Planner (2)
Inspectors (2)	Admin Assistant (2)	Interns (1)
Housing Officers (2)	Intern (1)	GIS Technician
	Others	

## Emerging Issues

One of the reasons for investigating economic development is to grow the economy, to create jobs, and to stabilize the cost of government. Many issues were defined in the Economic Development Action Plan and City Goals. There are certain activities or services that are needed to create the climate for growth and to be attractive to companies that wish to grow that are already in the region, and those looking for an acceptable location from outside the region. Needless to say, good roads, an effective and competent public safety services and amenities including those provided for recreation, education and culture are significant in these choices. What is clear is that Keene is a regional hub where many services for surrounding local towns are based, and much of the services provided by the City of Keene are becoming more regional in scope. It is important to conduct a review of the services being provided. Discussions held by staff will continue to take place with the engagement of City Council and regional members.

## Regional Issues

The April 6, 2017 regional delegation meeting was the first of what will be many discussions about issues affecting the region. The City of Keene has a role in these issues because of the centralization of resources in Keene, and the effect these services can have on Keene taxpayers as well as regional taxpayers. There were three subjects discussed that evening of six identified, Social Services, Mutual Aid and Fire /Ambulance Services and Joint Purchasing.

As shown, City Code contemplates an Emergency Services Department which is primarily used for response. The Keene Police Department, the Keene Fire Department and the Keene Department of Public Works operate often as a unit...Emergency Services. There are some formal, but mostly informal sharing of services amongst these agencies and adjacent communities. Unlike the eastern part of the state however, there are no other large cities adjacent to Keene, the closest are Peterborough and Brattleboro, VT. Our neighbors are towns and the services provided by the County are limited. There are direct concerns related to emergency services and the ability to share costs. The towns continue to struggle with the cost of these services and most recently ambulance services has been the subject of articles by the Keene Sentinel. Police, Fire, Ambulance and Public Works are expensive to provide for Keene, as well as to the towns. As has been made clear, in the first joint meeting of ambulance services and as described in the regional delegation meeting, there is a wide variety of service levels, costing and expectations both for Ambulance and for Fire Services in general. This conversation will continue and staff will be recommending assistance with the study of these issues. One source for this assistance may be the International City/County Management Association Public Safety Consultants.

It is time to accelerate efforts related to programs such as joint procurement, and the joint provision of services that may be able to create a stable foundation for the actual provision of these services and dent the cost curve.

At present the City does contract for joint procurement for some supplies as well as some energy supplies. This effort needs to be grossly expanded to include any and all services that are in common to the School Board, Cheshire County, the City of Keene as well as other jurisdictions in the region, including businesses in some cases. There could be programs and services that could be shared, or could be supplied by vendors including power purchasing, technology, and equipment.

Every municipality is required to provide welfare services. Many welfare and social services including housing are based in Keene. It is clear from the establishment of groups like the Hundred Nights Shelter that Keene is clearly the center location for such services. Some towns provide minimum services, some claim they do through the County, but the taxpayers in Keene contribute to these needs in the adopted City Budget in addition to lost revenue when the service providers are not on the tax role, or have a payment in lieu of taxes. There are many governmental uses in Keene, and many not-for-profits. The City provides Police, Fire, Public Works (roads, storm water), and parks with no universal funding mechanism to offset the impacts. The provision of these services has to be discussed at a regional level so that it can be properly supported and serve the public efficiently. All of these services should be coordinated at the countywide level with regional participation.

Further discussions will need to take place relative to Dispatch, Infrastructure (sharing costs, equipment, planning) and maintenance and use of CDBG funding provided budget actions at the federal level preserve this vital program. Defining goals that are regional for the use of our state elected officials must be emphasized.

## Next Steps

After reviewing this document and after concluding the budget process, we would like to see direction from the City Council. We fully recognize that these are difficult subjects and that some of these changes will take time involve deeper discussions, while others will require less debate and will be easier to facilitate. Additionally, we have an evolving understanding of the direction set by the Economic Development Action Plan and the City Council Goals. The first step will be a series of proposed organizational changes to City Code (once we have an analysis from Municipal Code Corporation), that relate to at least the departments of Youth Services, Humans Services, Parks, Recreation, and Facilities, Health, Code and Planning. Additional review with a focus toward human asset management, emanating from Human Resources will need to be commissioned.

Sincerely;



Medard K. Kopczynski  
City Manager