

City of Keene
New Hampshire

FINANCE, ORGANIZATION AND PERSONNEL COMMITTEE
MEETING MINUTES

Thursday, February 23, 2017

5:30 PM

Council Chambers

Members Present:

Carl B. Jacobs, Vice-Chair
Thomas F. Powers
Terry M. Clark
Bettina A. Chadbourne

Members not Present:

Mitchell H. Greenwald

Councilors Present

Councilor Gary Lamoureux
Councilor Manwaring
Councilor Robert Sutherland
Councilor George Hansel
Councilor Bart Sapeta

Staff Present:

City Attorney, Thomas Mullins
Finance Director, Steve Thornton
Asst. Public Works Director/Laboratory
Asst. City Manager/IT Director
Rebecca Landry
Asst. Finance Director Merri Howe
Asst. City Manager/Human Resources
Director Beth Fox
Recreation Programmer Megan Spaulding
Parking Services Manager Ginger Hill
Asst. City Manager/Planning Director Rhett
Lamb
Public Works Director Kurt Blomquist
City Engineer Don Lussier
Asst. Public Works Director Duncan Watson
Deputy Fire Chief Jeff Chickering
Fleet Operations Manager Jim Mumford

Vice-Chair Jacobs called the meeting to order at 5:30 PM and welcomed Councilor Chadbourne to the Committee.

1) Presentation - FY 2016 Audit- Melanson Heath

Asst. Finance Director Merri Howe introduced Karen Burke of Melanson Heath & Company. Ms. Burke stated that she had just finished the City's audit which went very well. City employees were helpful, the records were in order and no significant entries needed to be made. There are two significant estimates in the City's financial records; they are Other Post-Employment Benefits (OPEB) obligations and net pension liabilities which the city has had in its financial statements for a while now.

Ms. Burke stated this is the first year the city has issued a comprehensive annual financial report (CAFR) – a more “beefed up” financial report which has three separate sections; an introductory section, a financial section and a statistical section. Going through the report, Ms. Burke made note that the city's financial report is in keeping with all accounting principles of the State.

Referring to Page 29 – long term prospective financial statements, Ms. Burke noted this is the second year the city has reported the pension liability of nearly 28 million dollars on its financial statement and has increased it by about 2.4 million dollars from the prior year. This is determined actuarially. The Other Post-Employment Benefits (OPEB) obligations are also up by about \$250,000. Ms. Burke stated the reason she brings up these two numbers is because the unrestricted net position, the -16.5 million dollars, did increase by about 1.5 million dollars but this is because of the change to the net pension liability and the OPEB. Councilor Powers clarified the pension liability always existed. Ms. Burke agreed and added it is now just being shown on the face of the financial statement. City Attorney Mullins asked whether the actuarial cost for the pension liability comes from all of the municipalities participating in the unfunded mandate for the entire system. Ms. Burke agreed and added the NH Retirement System determines the overall value and based on the number of employees in a municipality is how the cost is determined for each particular municipality.

On to Page 31 – Governmental Funds Balance Sheet – Ms. Burke noted this closely mirrors the general ledger and financials in the City. The unassigned fund balance is up by about \$733,000 and the overall fund balance is up by about \$280,000 compared to last year. Vice-Chair Jacobs asked whether these were good percentages. Ms. Burke answered in the affirmative.

Regarding Page 33 – Income Statement – change in fund balance Ms. Burke commented City broke even with a slight surplus.

On Page 35 – Budget versus actual for General Fund – excess revenue over expenses was about 1.4 million dollars, the bulk of this goes toward the use of fund balance this year. \$825,000 has been appropriated for the FY17 budget.

Ms. Burke noted as of June about 90% of the city's debt will be paid off in about ten years and stated the city is paying off debt at a good rate. Councilor Clark asked whether the city is at a good standing as far as debt service. Ms. Burke agreed it was. He asked whether it has been detrimental for the city to borrow at the rate it has been. Ms. Burke stated the credit agencies will see that most of the debt is going to be paid off in ten years. The Councilor asked about the city's AA credit standing. Ms. Burke stated the city would need to check with a credit agency such as Moody's regarding this.

Regarding Pages 83 – 100, this is brand new to the financial report with respect to CAFR detail. It also has budget to actual schedules in the back, the last section is the statistical section (new section) – it has ten years' worth of trend data. Ms. Burke complimented finance staff for pulling this together. Councilor Powers asked whether the new sections are what former Councilor Kahn had asked for. Ms. Burke answered in the affirmative.

With reference to the Management Letter Ms. Burke noted it has three recommendations; single audit requirements for federal grants, they are asking for written policies and procedures over multiple functions. The city has most of this written but specific ones are

being requested as it relates to federal grants. Implementing GASB 75 has to do with the OPEB obligation. GASB 75 is going to be requiring that the net pension obligation be stated. The city has an unfunded OPEB obligation, going forward this full liability will need to be shown on the face of the financial report.

Ms. Burke stated she also performed an audit of the federal grants (airports). There were no findings and this has been approved per federal standards. She noted a report will be sent to the city. Only the airport grant was required to be audited this year based on the thresholds. Councilor Chadbourne asked who determines the threshold. Ms. Burke explained it is determined by the Office of Management and Budget in Washington. Because the city is considered low risk, only 20% of federal expenses need to be audited.

Councilor Clark made the following motion which was seconded by Councilor Powers

On a vote of 4-0, the Finance, Organization and Personnel Committee accepted the report as informational.

2) Tracy Keating - Keene Downtown Group - Request for Free Parking Weekends

Asst. City Manager/IT Director Rebecca Landry stated Ms. Keating has been working with the City Clerk – Ms. Keating requested that this be a standing request but the Clerk would like to see this come in as an annual request because there are always changes to dates, etc.

Vice-Chair Jacobs noted this is an event the Downtown Group conducts annually to benefit the entire downtown. Councilor Powers noted this item in the past has been done by Resolution. Attorney Mullins stated the Ordinance does not provide for free parking on the requested dates. Vice-Chair Jacobs noted the Ordinance was dated 2015. The Committee took a break from this item so that the Attorney could review this item.

Attorney Mullins stated the Council did adopt Resolution R-2015-11 in March 2015, which establishes a process for the Council to approve these requests when they come before the Council. He added the event needs to be sponsored by a non-profit entity or a governmental entity and has to appeal to a cross-section of the community. At that point the city did verify to make sure the Downtown Group complied with the Policies and they did.

Ms. Tracy Keating of the Downtown Group stated nothing has changed since the last time this event was put together. Vice-Chair Jacobs stated he is glad the Downtown group conducts these events.

Councilor Clark made the following motion which was seconded by Councilor Chadbourne.

On a vote of 4-0, the Finance, Organization and Personnel Committee recommends that the City Council grant the Downtown Group free parking on the following weekends:

April 7 and 8, June 2 and 3, August 4 and 5 and November 3 and 4 in recognition of their KDG events.

3) Donations Received by Health Insurance Review Committee - Human Resources Department

Asst. City Manager/Human Resources Director Beth Fox stated the city conducted its annual health fair in October which was a very successful event. Donations for the event are received from vendors who participate in the event. Donations received this year were in the amount of \$672. Vendors are listed in the Memorandum

Councilor Powers made the following motion which was seconded by Councilor Clark.

On a vote of 4-0, the Finance, Organization and Personnel Committee recommends that the City Manager be authorized to accept this item as informational.

4) Donations Received by Employee Welcome & Recognition Committee - Human Resources Department

Ms. Fox stated this item is in reference to donations received by the Employee Welcome & Recognition Committee to support the holiday luncheon and employee recognition event. These donations came from local and regional businesses and organizations. This year's total was \$3,171.40 – the donations were wide ranging. Ms. Fox noted the receipt of the donations indicate the support the city has in this region. She added this year there was one very noteworthy individual recognized for his service to the community - Robert Diluzio who has provided 55 years of service.

Councilor Chadbourne made the following motion which was seconded by Councilor Powers.

On a vote of 4-0, the Finance, Organization and Personnel Committee recommends accepting this report as informational.

5) Acceptance of Donation - Bicycle Bench - Parks, Recreation and Facilities Director

Vice-Chair Jacobs stated he was asked to address this item as he was the Chair of Arts Alive for a few years; an artist has taken bicycle parts and turned it into a bench which is an extremely unique item and will eventually end up at Railroad Square. This bench is currently sitting outside the Recreation Center and added this is the kind of thing that makes this community a fun place to live.

Councilor Powers made the following motion which was seconded by Councilor Chadbourne.

On a vote of 4-0, the Finance, Organization and Personnel Committee recommends that the City Manager be authorized to do all things necessary to accept the donation of a bench from Adam Schepker and Matt Gifford and that the bench be placed along the Rail Trail in the downtown footprint area.

6) Acceptance of Donation - Monadnock Squares - Parks, Recreation and Facilities Department

Recreation Programmer Megan Spaulding stated the Monadnock Squares makes an annual donation to the Recreation Center. They are one of the longest standing clubs who have been with the Rec. Center, dating back to the sixties. Ms. Spaulding expressed her appreciation for this donation. Councilor Chadbourne extended her appreciation as well.

Councilor Chadbourne made the following motion which was seconded by Councilor Clark.

On a vote of 4-0, the Finance, Organization and Personnel Committee recommends that the City Manager be authorized to do all things necessary to accept the donation of \$300.00 from the Monadnock Squares and that the money is used for any improvements needed at the Keene Recreation Center.

7) Professional Services Contract- Downtown Revitalization - Public Works Department

Asst. Public Works Director, Duncan Watson stated this contract is the beginning of a project that was introduced during the last CIP. Seven consultants were interviewed and selected four finalists. The last downtown revitalization was done in 1988. This would be phase 1 of the project. Vice-Chair Jacobs asked when this work would begin. Mr. Blomquist stated once the project is approved the contract would be signed and the work would begin and it is expected the work would be concluded before the next fiscal year on July 1, 2017.

Mr. Blomquist stated the City Engineer would be taking the lead on the infrastructure portion of this project and some work will be done in house. When we know what the project is going to look like, outside assistance will be brought in. Councilor Chadbourne asked whether broadband is also going to be looked at when the infrastructure work is being done. Mr. Blomquist stated all of this is on the table for discussion – there is also the question of whether Wi-Fi should be provided for the downtown. The Councilor felt this would dovetail well with the economic development goals.

Mayor Lane stated the first meeting is scheduled for March 16.

Councilor Clark made the following motion which was seconded by Councilor Powers.

On a vote of 4-0, the Finance, Organization and Personnel Committee recommends that the City Manager be authorized to do all things necessary to negotiate and execute a professional services contract with MacFarland Johnson for engineering and technical services for the Downtown Revitalization project for an amount not to exceed \$45,000 with funding to come from Project Cost Center 90135.

8) Request for Bid Waiver- Chevrolet Tahoe - Public Works Department

Operations Manager Jim Mountford and Mr. Watson presented this item. Mr. Watson stated Walier Chevrolet had approached the city inquiring as to whether there were any vehicles in the fleet replacement program that would qualify. The city usually uses the state bid contract to purchase vehicles because it allows the city to purchase vehicles which have already been competitively priced out. In this case, there were some vehicles that could be purchased by a vendor in the area and when it was compared to the state price it was equal to or less than the state price being offered. As a result, staff is asking for a waiver from the bid process to purchase these two vehicles from Walier Chevrolet.

Councilor Chadbourne stated with the price being equal or less and the city supporting a local business seems to benefit everyone.

Councilor Chadbourne made the following motion which was seconded by Councilor Powers.

On a vote of 4-0, the Finance, Organization and Personnel Committee recommends that the City Council waive the purchasing requirements in Sections 2-1331 through 2-1335 and that the City Manager be authorized to do all things necessary to purchase two (2) Chevrolet Tahoe SUVs from Wailer Chevrolet of Keene.

9) Forms of Payment Using a Parking Space - Police Department Ordinance O-2017-03

Parking Services Manager Ginger Hill stated this item is a housekeeping issue; the current ordinance reads that you can park at a meter and pay using coins, but the new Park Mobile app will now accept credit cards and the ordinance needs to be updated to reflect that. Vice-Chair Jacobs asked whether meters would now not take coins anymore. Ms. Hill stated they would, but it would also now accept a credit card. Councilor Chadbourne stated she supports anything that is more user friendly. Vice-Chair Jacobs commended the parking personnel who he had seen helping people use these new kiosks.

Councilor Clark made the following motion which was seconded by Councilor Powers.

On a vote of 4-0, the Finance, Organization and Personnel Committee recommends the adoption of Ordinance O-2017-03.

**10) Relating to the Reallocation of Bond Proceeds from the Castle Street
Rehabilitation Project Public Works Department Resolution R-2017-07**

City Engineer Don Lussier stated previously the Council approved the discontinuance of a portion of Castle Street by turning it into a driveway for Keene Housing Authority (KHA) for their expansion work. This however, did not quite fit well with the city road regulations.

As a result, the Manager and KHA have come to an agreement. Previously the City was going to complete the repair of the roadway, however, now as part of the discontinuance the city is proposing to pay KHA the money which would have been used for the road rehabilitation work. KHA in turn would use this money for rehabilitation work for the road.

The Funding in FY17 for this work came from bond proceeds and this bond was sold specifically for public infrastructure work. The concern is by paying this money as “payment of damages” to KHA instead of physical construction it would go against the policies of the bond agencies. This Resolution takes the money appropriated for paving work of Castle Street, reallocates it to other infrastructure projects which current revenue would have been used for and takes those current revenue funds and pays it to KHA.

Vice-Chair Jacobs asked if the road was not being discontinued, this funding issue would not happen. Mr. Lussier stated in that case current revenue would be used for the road work on Castle Street and it would remain as a public way. However, without the discontinuance, the KHA project becomes impossible.

Councilor Lamoureux asked for the City Attorney’s input on this issue. Attorney Mullins stated what staff is proposing is an appropriate way to resolve this problem. He added the bond proceeds can only be used for public infrastructure projects. The money being paid to KHA is for payment of damages, which they are entitled to for discontinuance of the road and bond proceeds can’t be used for that purpose. The payment of damages is so that KHA can finish the road work which the city would have otherwise completed.

Councilor Clark asked how the discontinuance would affect access to the trail system. Mr. Lussier stated KHA as part of their work is doing extensive work on the sidewalk and included in this is a connection to the trail system. The city is however, maintaining easements for drainage. Mr. Blomquist added the gravel trail at the end of Castle Street is a private access but KHA is likely to still permit public access, but the city has no right to this access. Nothing is changing because of this action.

Councilor Powers made the following motion which was seconded by Councilor Clark.

On a vote of 4-0, the Finance, Organization and Personnel Committee recommends adoption of Resolution R-2017-07.