

City of Keene  
New Hampshire

**FINANCE, ORGANIZATION AND PERSONNEL COMMITTEE**  
**MEETING MINUTES**

**Thursday, February 25, 2016**

**5:30 PM**

**Council Chambers**

**Members Present:**

Mitchell H. Greenwald, Chair  
Carl B. Jacobs, Vice-Chair  
Thomas F. Powers  
Terry M. Clark  
Jay V. Kahn

**Members Not Present:**

**Councilors Present:**

George Hansel  
Gary Lamoureux  
Jan Manwaring

**Staff Present:**

Medard Kopczynski, City Manager  
Rebecca Landry, Asst. City Manager/IT  
Director  
Donna Hanscom, Asst. Public Works  
Director/Laboratory Manager  
Duncan Watson, Asst. Public Works  
Director/Solid Waste Manager  
Rhett Lamb, Asst. City Manager/Planning  
Director  
Beth Fox, Human Resources Director  
Dan Langille, Assessor  
Ben Crowder, Water Treatment Facility  
Manager

**Kendall W. Lane, Mayor**

Chair Greenwald called the meeting to order at 5:30PM. Chair Greenwald expressed the city's condolences to the Russell family on the recent passing of Pat Russell.

**1) PRESENTATION: Melanson Heath & Company – Audit**

Finance Director Steve Thornton began by introducing Karen Burke of Melanson Heath and Company. Ms. Burke began by saying the audit went well and all of the city's records were in order and properly reconciled. Ms. Burke stated she wanted to bring to the attention of the committee two significant estimates; Other Posted Employee Benefits obligation and the implementation of Gazb 68 which is now a net pension long-term liability. Ms. Burke referred to page 2 where the city received a clean audit statement.

Page 12, Management Discussion and Analysis – these pages have comparatives between last year and this year. Pages 13 and 14 outline the consolidated financial statements. Page 13 has two columns – governmental activities and business type activities. The governmental activities include the general fund, the special revenue fund, trust funds and internal service fund. Business type activities are the water and sewer accounts.

Ms. Burke then talked about the net pension liability (28 million dollars). This is included because of the implementation of Gazb 68 as required and is the city's portion of the NH Retirement System net pension liability. Ms. Burke agreed this is a big number but there is no legislation that says it needs to be funded at this time. Bonding agencies have known about it but it has never shown up on the balance sheets until now. She noted the second number from the bottom under governmental activities is a negative 15 million dollars and this is because the net pension liability was added this year. Ms. Burke stressed this has no effect on the city's general fund.

Councilor Kahn asked whether it was customary not to show a comparative in Gazb 68. Ms. Burke agreed, FY14 was restated for the beginning balance of the pension liability. Councilor Kahn stated it becomes a clarifying point to look at that kind of dramatic restatement of the city's financial position and not have a point of reference back to 2014.

Page 15 - governmental funds which relates closely back to the city's general ledger. The general fund column is not only the general fund operating column but is also the capital reserves and retirement fund. She noted unassigned fund balance for the general fund is 6.7 million dollars (just the general fund) which is 20% of the city's operating expenses. Total fund balance to also include the capital reserves is 12 million dollars, which she indicated is very strong.

Ms. Burke further stated the city's non-spendable is a reserve balance for the prepaid accounts in the general fund and the committed balance of 3.5 million is the fund balance as of June 30, 2015 in the capital reserve fund and the retirement fund.

The assigned balance of 1.4 million is the city's encumbrances of any retained earnings used from the FY16 budget. Councilor Powers referred to the committed balance - the retirement liability fund, these are the benefits to which an employee accrues during the life of their employment.

Ms. Burke referred to page 17; the third number in the left hand column of \$457,000 is the net income in the general fund along with the capital reserve funds. Page 19, budget versus actuals in just the general fund as of June 30, 2015, the city came in under by about 1.13 million dollars. Pages 42 and 43 have the city's debt service obligations and what this shows is the city is paying off about 89% of its bonds in about ten years which Ms. Burke stated is a good payment system and rating agencies like to see this.

Councilor Kahn referred to page 32 uncollateralized deposits and asked looking at the city's policy what appropriate collateralization should be and whether the city is falling short on this. Ms. Burke stated they always recommend looking at policies on a yearly basis and added the city does have an informal policy and as of June 30 there was 16 million dollars as uncollateralized, 7.7 million dollars of that was in the NH pool. Even though this does not fall under the collateralization policy of Gazb 68, it is a NH secured pool and the rest of the funds were held at People's Bank and the city does have an agreement with People's Bank to cover those funds but the agreement was not put in

place by the bank until after June 30<sup>th</sup>. Ms. Burke felt at this time the city has the proper procedures in place.

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

On a vote of 5-0, the Finance, Organization and Personnel Committee recommends accepting the Melanson Heath & Company – Audit report as informational.

2) **DISCUSSION: CIP Review- Assessing, Planning & Municipal Development Services Portfolios**

**AIRPORT:**

**Fuel Farm Tank Replacement** – City Engineer Don Lussier addressed the Committee and stated there are no current environmental releases or concerns but the tanks are about 25 years old. He stated there has been discussion about FAA funding for certain airport projects. It is anticipated this would fall under one of those grant funded projects which would be close to 95% of the cost.

**Pavement Maintenance** – Same type of pavement repair which Public Works would do on city streets. However, the standards followed at the airport are a little higher as the city has to comply with FAA standards. There is nothing planned for the next two fiscal years and this is because Runway 2/20 was just recently rebuilt and Runway 14/32 is scheduled to be rebuilt under another project.

**Pavement Marking** – This work is done every four years and there is a place holder for this work to be done in FY19 but this timeline could change as the date gets closer. Chair Greenwald asked whether this work will also be paid through the FAA at 95%, Mr. Lussier answered in the affirmative. Councilor Kahn asked why in FY19 this work is not shown. Asst. City Manager/Planning Director, Rhett Lamb stated this is because the project is so far out it has not yet been scoped out with the NHDOT Aeronautics Division. He stated he has spoken to FAA representatives who have indicated both the pavement maintenance and pavement marking are projects which are grant funded.

**Runway 14/32 Reconstruction** – The \$289,000 slated for FY17 has been appropriated and was approved by Council last year. Councilor Powers clarified the city's share of 5% (\$14,450) still has to be raised. The Finance Director agreed.

**Taxiway A Relocation** – This project will relocate the entire length of the taxiway which is in keeping with the current FAA guidelines. In its current configuration it is too far from the main runway. Ultimately, this is a 2.4 million dollar project but will be contingent upon FAA grants. Mr. Lamb stated during a recent conversation with FAA it was indicated another advantage of moving this taxiway is that it would open up more development opportunities at the taxiway inside the fence.

**Runway 20 PAPI Replacement** – Mr. Lussier stated these are the red and white lights that guard an aircraft as it approaches its landing. This project is scheduled for FY19 and is contingent upon the Airport Obstruction Removal.

**Airport Obstruction Removal** – This project relates to trees at the end of Runway 20 which are affecting the flight path for approaching aircraft. Project is scheduled for FY18. Councilor Clark asked whether this cost also includes the planting of new trees. Mr. Lussier stated there is going to be an environmental assessment done very soon regarding the removal of these trees and replanting is something they might recommend the city to do. Mr. Lussier wasn't sure if this cost included the planting of new trees.

### **ASSESSING**

**Revaluation** – Tax Assessor Dan Langille was the next speaker. Mr. Langille stated this is work which needs to be done once every five years. The values obtained through the revaluation process are used to set the tax rate. FY16 is when this project is slated to be completed.

### **PLANNING**

**Climate Adaptation Vulnerability** – Planning Director Rhett Lamb Public Works stated his department has two projects to address flooding in Keene and the vulnerability study is being proposed as a supplement before significant amount of money is spent. This study will help determine how to properly expend the necessary funds.

**Jonathan Daniels Trail Study** – This is a \$20,000 project through the Planning Department from the Bicycle Path Advisory Committee. This project was funded last year but the funds were relocated to pay for the most recent extension of the Cheshire Trail North. A consultant will be hired to look at where the next trail will be developed.

### **PUBLIC WORKS**

Asst. Public Works Director Duncan Watson stated this CIP outlines Public Works' environmentally sensitive projects which enhances the infrastructure of the community with an eye to providing outstanding service to the community articulating the vision of the City Council and is consistent with the Comprehensive Master Plan.

**Capital Reserve** – Mr. Lussier stated this is essentially the pot of money used to fund some of the projects such as the Emerald Street sidewalk, Marlboro Street design and JD Trail study. Chair Greenwald noted this is funded by the \$5 surcharge referred to as the Chuck Tax and asked how much money this fund has produced. Mr. Thornton stated from April 2015 through December 2015, \$75,000 has been raised.

**560 Main Street Assessment** – This is a city owned parcel previously used as a waste disposal facility. Under prior Council action there were monies set aside for a remedial action plan and part of the work has already been done. The final portion of a remedial action plan is contingent upon a development plan and hence this is in a holding pattern

until a development plan comes forward. The proceeds for this project will be from the sale of the property.

**Flood Management Beaver Brook** – The \$150,000 allocated for FY18 is to hire a consultant to do a hydraulic study of the Beaver brook because of the repeating flooding happening in the city.

**Bridge Program** – This project is for the locally operated red-listed bridges identified by the State. In the near term Main Street over Route 12 is already in final design and permits are going to be submitted soon for construction in FY19. The next project is Winchester Street Route 10 over Ash Swamp Brook just started preliminary engineering and in a week a local concerns meeting is going to be scheduled. These projects are participating in the bridge program and receive 80% funding from NHDOT with 20% contribution from the city. Councilor Clark asked about the Island Street bridge. Mr. Lussier stated it is listed on page 66 as a bridge to be replaced and added there is a consultant looking at the area from Route 101 roundabout to the Island Street bridge and this project will eventually include the replacement of this bridge.

Councilor Kahn asked whether the Main Street bridge work will this happen this summer. Mr. Lussier stated they are hoping it will – staff expects to submit permits soon, Mr. Lussier has a meeting with NHDOT on March 1 to discuss temporary access and coordinate all the other project anticipated this summer. Councilor Kahn asked for the status of the Route 10, Winchester Street bridge. Mr. Lussier stated it is in design right now, staff is meeting with local residents next week to look at concepts but added he won't guaranty construction will be complete by FY17 it is most likely that construction will begin in FY17.

**Castle Street Rehabilitation** – Mr. Lussier stated this project is in coordination with Keene Housing Authority who has asked for the opportunity to do some cost share work in this area. They are looking to do some safety improvement work and as part of that the city is looking to do some CIP work of road rehabilitation work in this area. Councilor Hansel asked what kind of curbing Keene Housing was planning on using. Mr. Watson stated they have to meet city standards but if they propose anything different it will have to come back before Council. Mr. Lussier stated this is work just on the public right of way. Councilor Powers asked for the distance. Mr. Lussier stated he wasn't sure. Councilor Hansel noted because this is not a very heavily travelled route, perhaps granite curbing would not be necessary and if this is work that was going to be funded through debt it would like to have some oversight on what is being used and Council input. Mr. Lussier stated the CIP proposal is just for the road, Keene Housing will take care of the curbing. Councilor Hansel was satisfied with this clarification.

**Curb Installation** – FY17 Water Street has been identified as the area needing most attention.

**Downtown Revitalization** – Some issues with the drainage system has been identified there are also opportunities in other areas in the downtown which staff is looking to

address through a study. Chair Greenwald referred to an issue raised at the last MSFI Committee meeting regarding the removal of curbing and a planting bed in Central Square and asked whether this would also be included in the study. Mr. Watson stated it would.

**Flood Management Projects** – Mr. Lussier stated this project would involve physical drainage improvements – the chart on page 72 summarizes the work which has been slated for right now, the ones on the top of the list are Winchester Street, Madison Avenue and Ashuelot Street. The work is scheduled to being in FY18 giving time for the city to complete the vulnerability study discussed earlier. Chair Greenwald asked about Gilbo Avenue, Ralston Street and Emerald Street. Mr. Watson noted the choke point for Ralston Street is on Winchester Street. He added the areas identified for flood management are the areas the city feels will get more for the dollar but there are more on the list which need to be addressed. Councilor Kahn asked now that the City is already on Winchester Street whether they would we look in other directions where the flow is coming into that choke point. Mr. Lussier stated all these projects still need to be designed and this design would involve complete modeling of the drainage system, areas that flow, calculations of the timing of the flow and look at the design storm as well – all of this work still needs to be done and the scope can still be modified. The City Manager stated he has had experience with the intersection of Ralston Street and Winchester Street standing in nearly two feet of water. He added Public Works has done quite a bit of investigation and is aware of what exists in this location. The question which has come up is whether a lift station would be a better solution as opposed to the piping. Once the design is done they would have a better understanding of the system.

**Goose Pond Dam** – The Goose Pond Dam was identified as having some structural deficiencies. The project involves having a consultant design the improvements and bring the dam up to current design standards.

**Road Rehabilitation** – This program looks more at rehabilitation than reconstruction, fixing what we have. Mr. Lussier stated Public Works uses a software system to rank conditions and they also look at what other infrastructure work is going to be happening in those areas so that they are not digging up a street that was just paved. They also look at the traffic a certain street carries. These are the roads on the list: East Surry Road, Water Street, Meadow Road, Mill Road, East Surry Road, and Wood Street.

**Sidewalks – New** – The only proposed new sidewalk is Emerald Street just because of the traffic on Emerald Street and the inability of pedestrians to go from the existing sidewalk to the downtown. After FY17 there are no sidewalks being proposed. Councilor Kahn expressed concern there is no funding stream being created for new sidewalks.

Mr. Watson stated what Public Works is doing is to place emphasis on the existing sidewalks which in many cases are in need of disrepair. Rather than add to the infrastructure which the city would then need to maintain, they have been focusing on sidewalks that need repair. Councilor Kahn felt sidewalks are part of a complete street approach with the creation of new trail systems and there are pedestrians travelling these

routes with no sidewalks for safe pedestrian access. He felt designing for complete streets without sidewalks is a conflict. Mr. Watson stated there is a list of new sidewalks which could be added in a perfect world and referred to page 79 which add up to nearly four million dollars. He stated it is a matter of how the city wants to allocate monies and the department would be happy to build sidewalks if there was funding available for it.

Councilor Powers agreed the Council has looked at where the priorities are; the information is there, it is a question of whether the Council wants to put the economics behind it. Councilor Kahn stated he is just surprised there is no ongoing allocation. Mr. Watson stated he has been employed with the City for the past 20 years and each year there has been the new sidewalk discussion and each year and there was a new sidewalk program funded. But internal discussions were that the existing sidewalks were not getting the attention they needed. He felt the new sidewalk on Emerald Street is an important one to act as a connector and the ones coming up for repair are also important but unfortunately there isn't sufficient funding to plan for new sidewalks. Chair Greenwald asked for a list of the sidewalks to be repaired. Mr. Lussier stated this list is not included in CIP

**Sidewalks Replacement/Repair** – There are 52 miles of sidewalk in existent and they were prioritized in 2005 and the department is working through the list at this point.

**State Bypass Projects** – In the near term the multi-use trail project is being completed with 100% funding coming from the state as well as the roundabout at Basehill Road. The city's role is just coordinating the work. The project the city is involved in will be the Winchester Street reconstruction through the Island Street bridge. The Councilor asked for a summation of the State's contribution towards city projects planned for this summer which is good information for the Council and the community to have.

**Marlboro Street Corridor Improvements** – The amount of \$25,000 in FY17 is for a consultant to work on rezoning and reworking Marlboro Street. What the city is looking from the consultant is to prepare plans and specifications for interim complete street measures that were designed under a previous project.

### **Drain Cleaning**

#### **Stormwater Sport Repairs - Stormwater System Management**

This is a program that has been ongoing. It takes about four to five years to clean all the catch basins (5,000) around the city. There are also about 80 miles of drain lines that need to be cleaned and the project on page 87 provides funding for a camera which would help identify a drain line problem. Councilor Jacobs asked why cleaning is considered a capital expense. Mr. Watson stated this was a decision made by the Council a few years ago.

Mayor Lane referred to page 88 and stated these numbers are exactly the same as the numbers referred to on page 82 for sidewalk replacement and asked for clarification. Mr.

Watson explained originally both these programs started with \$50,000 allocated to each of these accounts and overtime each account has increased by 3% each year.

**Victoria Street Extension** – Mr. Lussier stated this item was removed from the CIP in the past and was reintroduced because of the Marlboro Street project which was discussed earlier and also to alleviate traffic concerns along the neighborhood north of Victoria Street. In FY22 the extension would connect to Marlboro Street – this would prevent truck traffic in the neighborhoods north of Victoria Street.

### **Public Works – Solid Waste**

#### **Capital Reserve – Recycling/Transfer Facility Recycling Equipment Replacement**

The money set aside in the capital reserve helps fund equipment in the Solid Waste Department, either for purchase or for repair. Mr. Watson stated there are three pieces of equipment coming up for replacement

**Three Phase Power** – This program anticipates the demise of the landfill gas energy system.

**Transfer Station Roof Repair** – The roof is original to this building which was constructed in 1999. Repairs have been made as necessary but as the roof continues to wear down it will need to be replaced

### **Public Works – Sewer**

**Reserve – Martell Court** - Ms. Donna Hanscom stated they try to keep the capital reserve between 3% - 5% of the replacement value (page 109-110). The capital reserve is used as an emergency fund for things that happen unexpectedly and it also helps as a buffer for rate hikes.

**Reserve – Sewer Infrastructure** – There are about 89 miles of sewer infrastructure and the estimated price of replacement is about 75 million dollars.

**Reserve – Wastewater Treatment Plant** – Estimated value is about 113 million dollars.

**Laboratory Equipment Replacement** – This project replaces a 15 year old piece of equipment used on a daily basis to analyze samples for the wastewater plant. Councilor Powers stated his understanding was that projects included in the CIP were only for projects that were \$20,000 or more. Ms. Hanscom stated the reason this is in the CIP is because it is part of a larger project.

**Martell Court Pump Station** – Wastewater from Keene and Marlboro go through this pump station. Discussion has been undertaken as to how to handle an emergency



situation at this pump station. The recommendation was to have a consultant come in and put a plan in place. They will also be looking into security.

**Martell Court Head Works Treatment** – Staff is looking at new technology to prevent the grinders from getting damaged with the products that come through them.

**Martell Court Upgrade – Phase 2** – Phase 1 was replacing the pumps, controls and transfer switch. The next phase would be to replace the transformer in FY18, design and sizing for a new generator happens in FY19 and the replacement of the generator in FY21. The City Manager asked about how many gallons of water went through Martell Court pump station last night, during the heavy rain. Ms. Hanscom stated it was about nine million gallons which is about three times the normal flow, which indicate the storm drains are leaking, some manholes are under water and many sump pumps are working.

**State Bypass Utilities** – This funds the sewer utilities associated with the Winchester Street project.

**Sewer Improvements** – Ongoing sewer improvements (89 miles – brand new lines to lines that are more than 100 years old). Fifty percent are more than 50 years old.

**Sewer Utility Work-Bridges** – Sewer utility work associated with the bridge work which was discussed previously.

**Sewer Structural Repair/Lining** – On going repair and lining of smaller sections of sewer mains. These were sections identified over a three to four year period, 75% were identified and staff is working on the different sections which required attention.

**WWTP Gate & Mixer Replacement** – These gates and mixers were original to the plant. The aluminum gates corrode over time and the mixers will be replaced with smaller mixers that are much more energy efficient.

**Blower Replacement** – These are items that are high energy users at treatment plants. The biggest one was replaced last year. FY19 is a study to look the blower and the purchase is funded in FY20 and FY21.

**WWTP Generator Replacement** – Original equipment to the plant and in FY21 it would be 36 years old. FY19 is to determine what size would be appropriate.

**Service Water System** – Replacement of these pumps are going to be deferred until some of the other debt is paid down.

**WWTP Sludge Pump Repair** – Same as above, these pumps have been rebuilt many times. Replacement is not until FY21.

### **Public Works – Water**

**Capital Reserve – Water Treatment Facility** – Replacement value is about 13.5 million dollars.

**Capital Reserve – Water Infrastructure** - Replacement value is about 102 million dollars.

The city has over 100 miles of water mains, 900 fire hydrants, 2,500 gate valves, 2 dams, 5 water tanks, 4 wells and a treatment plant. Ms. Hanscom explained one of the things the treatment plant does it makes our water less corrosive. Chair Greenwald stated whatever the plant is doing is making the water much better in quality.

**Black Brook Storage Tank Repairs** – This is not a very old tank but does have a below grade vault. FY20 is the design to move everything to a much drier environment.

**Chapman Water Tank Repairs** – Same as Black Brook.

**Dam Improvements** – Improvements to Babbage and Woodward dams which are the bedrock of the city's water supply. They store more than six months of water supply the city requires. If they were to fail the city would have to depend on the wells. Councilor Kahn asked if there will be a rate impact to the debt which is required for the Babbage Dam scheduled for FY17. The Finance Director stated there would be and it is included in the rates in FY17-18. Councilor Jacobs asked how long it will take to recover if the water in any of these dams are compromised. Ms. Hanscom stated it depends on how badly it is compromised; some could be treated with an alteration to the treatment process but it depends on the contaminants.

**Drummer Hill Tank Replacement** – There are things that need to be done and the work in FY20 would give an idea how to handle this tank.

**Water Booster Stations** – Funds replacements at the water booster stations for the Fox Avenue and Glen Road areas.

**Water Distribution Improvements** – Replacement of check valves to increase water pressure in Glenn Road, Darling Road and Mountainview Road areas.

**Water Utility Work-Bridges** – Water utility work associated with bridges; FY18 Roxbury Street and FY19 is Winchester Street.

**State Bypass Utilities** – Water portion of the Winchester Street work between Island Street and the roundabout.

**Water Main Line Cleaning and Lining** – Continuation of the water main cleaning and lining work started a few years ago. FY17 is Ellis Court and Woodbury Street, FY18 Carpenter Street and Kingsbury Street, FY19 a section of West Street, FY20 of Hooper Street, Speaker Street and a section of Roxbury Street.

**Water Gate Valve Replacement** – The city has approximately 2,500 gate valves in its system and about ten are replaced each year and another five are replaced through the operating budget. The reason these are important is if a main breaks it allows you to shut off water in a smaller area and then have a dry pipe one is able to fix.

**Well Field Evaluation Plan** – The city has two well fields and these were drilled in the 60's. FY20 would make a recommendation as to the work which needs to be done.

**1.5 MG Storage Tank Repair** – Repair work to the 92 year old tank which is made out of concrete and is located underground. This project will add a good membrane and take care of the vent to increase its longevity.

**3 MG Water Storage Tank Repair** – This is a 54 year old steel tank above ground tank. It has a number of deficiencies but the work in FY20 don't fix those deficiencies but does an evaluation of the tank and set a plan for future expenditures. Councilor Jacobs asked whether there wasn't an urgency to fix this tank. Ms. Hanscom stated it was a good solid tank but because of its age they were not built to current standards but they are not of eminent failure.

**WTF Filter Media and Underdrain** – Three year replacement of three water trains at the water treatment facility. This project replaces material for each year.

**Instrumentation Upgrade WTF** – Upgrade to equipment at the water treatment facility. In FY19 they will be 26 years old. This is a three phase program, two of which are complete.

**WTF Pressure Reducing Valve** – This is at the water treatment facility as well. Before turbines were located at the facility the extra pressure was just blown off and by putting in these turbines the extra pressure was used. These are over-sized for the operation and are running into other issues and it is time to replace them. FY20 is the design for them. The Manager added most people might not realize when referring to turbines the city is generating power which was in essence the waste of the water.

### **Public Works – Equipment**

#### **Capital Reserve - Equipment Replacement Equipment Replacement Schedule**

This capital reserve is for the purpose of replacing the city's fleet vehicles. There are 137 vehicles in the replacement schedule as well as 99 other pieces that are also serviced. There are a few pieces scheduled to be replaced next year. There is an internal vehicle committee who evaluate this fleet. Fleet is replaced because there is a need to replace them not because they come up in the schedule.

This concluded the presentation.

FOP Meeting Minutes  
February 25, 2016

Chair Greenwald stated the next in this process is a public hearing at the Council meeting next Thursday.

Meeting adjourned at 7:55 PM

Respectfully submitted by,  
Krishni Pahl, Minute Taker