

City of Keene
New Hampshire

FINANCE, ORGANIZATION AND PERSONNEL COMMITTEE
MEETING MINUTES

Thursday, July 28, 2016

6:30 PM

Council Chambers

Members Present:

Mitchell H. Greenwald, Chair
Carl B. Jacobs, Vice Chair
Terry M. Clark (Arrived at 6:57 PM)
Thomas F. Powers
Jay V. Kahn (Arrived at 6:41 PM)

Councilors Present

George S. Hansel

Kendall W. Lane, Mayor

Staff Present:

Medard Kopczynski, City Manager
Thomas Mullins, City Attorney
Andrew Bohannon, Parks, Recreation & Facilities Director
Rhett Lamb, ACM/Planning Director
Will Schoefmann, Mapping Technician
Beth Fox, ACM/Human Resources Director
Steve Thornton, Finance Director
Donald R. Lussier, P.E., City Engineer
Kürt Blomquist, Public Works Director

Chair Greenwald called the meeting to order at 6:30 PM

1) Acceptance of Donation - AAU Basketball – Parks, Recreation and Facilities Department

Chair Greenwald welcomed Andy Bohannon, Parks, Recreation and Facilities Director forward. Mr. Bohannon noted before the Committee was a \$300 donation from the AAU Basketball group. He stated the group practices at the City Recreation Center throughout the year. This year, the AAU welcomed approximately 150 teams to the facility for their annual tournament. AAU charges a fee to each team and those fees are used to give back to the community of Keene. This \$300 has been donated for use of equipment at the Recreation Center.

Councilor Powers made the following motion, which was seconded by Councilor Jacobs.

On a vote of 3-0, the Finance, Organization and Personnel Committee recommends that the City Manager be authorized to do all things necessary to accept the donation of \$300 from the NH Gym Rats AAU Basketball program and that the money be used by the Parks, Recreation and Facilities Department.

2) Cheshire Rail Trail III - Scope & Fee Increase

Chair Greenwald welcomed William Schoefmann, Mapping Technician, who provided a map of the project area to the Committee. Mr. Schoefmann indicated the staff requests that

the Committee recommends the City Manager be authorized do all things necessary to execute a contract with CHA Consulting for engineering services for the Cheshire Rail Trail III project in an amount not to exceed \$96,245.54.

Mr. Schoefmann continued that he was before the Committee in April seeking approval for a contract at a lesser amount. However, after negotiations with CHA, the selected firm, they realized the estimate requires an increase in scope and fee to account for a lack of in-house surveying and engineering support. These services are currently unavailable on the part of the Public Works Department due to insufficient staff. The overall project cost will not change or increase, but this portion of the project requires more funding to execute design services.

Chair Greenwald asked why this cannot take place in-house. Mr. Schoefmann indicated the Engineering Department currently has other obligations and is understaffed. Mr. Blomquist, Public Works Director, indicated some staff has left or changed positions in the City so they are short-staffed and cannot complete this work as originally planned.

Councilor Jacobs questioned if there is no increase to the project cost, will the City now be paying for something they would not have otherwise because it is being outsourced. Mr. Blomquist replied when the project was originally approved it was planned to be executed entirely with outside resources. When the original CIP project was approved several years ago and approval was obtained from DOT, they thought the cost of this part of the project would be less because it would be conducted in-house. In that case the money would have been used elsewhere in the project or not spent by DOT. Now, however, with the current staffing difficulties, they are unable to conduct the scope in-house. There is no change in overall cost; they have simply reverted back to the original project.

Chair Greenwald noted something he found troubling. He indicated this new amount requested is 25% of the total project cost listed at approximately \$411,000. Mr. Blomquist indicated this is not uncommon. He said because this is federal money, there are more obligations required with regard to paperwork, activities, and reviews. Often, even with simpler projects, the engineering costs total 25% or more due to those federal requirements.

Councilor Powers questioned if this is just a matter of engineering design, or oversight as well. Mr. Blomquist replied that oversight will be a part of the next contract.

Councilor Jacobs made the following motion, which was seconded by Councilor Powers.

On a vote of 3-0, the Finance, Organization and Personnel Committee recommends that the City Manager be authorized to do all things necessary to execute a contract with CHA Consulting, INC. for engineering services for the Cheshire Rail Trail III project in an amount not to exceed \$96,245.54.

Chair Greenwald clarified that the City is paying 20% of the \$96,245.54. Mr. Schoefmann replied yes, because the City is paying 20% of the total project cost.

Councilor Kahn arrived at 6:41 PM.

3) 2016 Road Rehabilitation Project - Construction Change Order

Chair Greenwald welcomed Don Lussier, City Engineer forward. Mr. Lussier informed the Committee that the change order under consideration will allow acceleration of the paving program. He indicated they had broadened the scope of work through the CIP project to do work in summer 2016 and spring 2017. The bids for the summer contract are at multi-year lows. He said the price they are currently paying for pavement is the lowest he has seen in his career. The contractor is willing to hold unit prices and complete the road list from the FY2017 CIP. Some of the money saved will be used for more paving, including Lee and Langley Roads. Essentially they will be doing work planned for next spring now with the low bid prices.

Councilor Powers made the following motion, which was seconded by Councilor Jacobs.

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 construction change order with BDM Sweeper Services, INC. for an amount not to exceed \$116,813 for the 2016 Road Rehabilitation Project Phase I.

4) City Manager Recruitment

Chair Greenwald indicated this matter is to correct reports in the Keene Sentinel about the City Manager recruitment process. Chair Greenwald welcomed Mayor Lane and Beth Fox, Assistant City Manager/Human Resources Director.

Mayor Lane indicated he would like to cover five items regarding the City Manager recruitment process to bring the Committee and the news media up-to-date with accurate information.

First, Mayor Lane indicated the City Council has approved the salary structure for the position in conjunction with the budget approved in June. The City Manager position will have a salary between \$122,351- \$152,497. There are six levels within that range. Where the new City Manager will fall within that range depends on their experience and will be negotiated.

Second, Mayor Lane indicated that in conjunction with the budget, the City Council approved a budget for FY 2016-2017 for the City Manager recruitment position in the amount of \$40,750. Whether that money will be spent remains to be seen and it is possible it will not all be spent. This depends on the process the City Council and the City Manager Selection Committee determine to follow for recruitment.

Third, Mayor Lane noted the City Manager Selection Committee has determined that the residency requirement of the City Manager position will not change from the past process. The City Manager selected will be expected to live in Keene. They feel this is important so

the City Manager is accessible in case of emergency and also so the new Manager can integrate into the community.

Fourth, Mayor Lane referred to the RFQ before the Committee for a recruiter selection. They are asking for a menu of options to consider from a particular candidate who wants to be hired by the City as a recruiter. After reviewing that menu, the options, and the associated costs the Selection Committee will decide whether to hire a recruiter at all and what their role will be. There may be roles a recruiter is asked to perform or those same roles may be done in-house. The decision to hire and what the role of a recruiter would be has not been finalized. The RFQ is to help make that decision.

Fifth, Mayor Lane indicated the timeline in the packet is based upon not hiring a recruiter, and the process taking place in-house. If a recruiter is hired and asked to perform certain functions, the timeline may be modified. The timeline is included to allow everyone to understand where they are in the process of selecting a new City Manager. Mayor Lane added it is important to note that the current City Manager is under contract until December 2017 and they anticipate honoring that contract. Mayor Lane continued that the selection process takes that into account and allows for a short period of overlap between Mr. Kopczynski's departure and the new City Manager beginning.

Ms. Fox indicated the Selection Committee has worked to draft the RFP which will go out next week with anticipation of responses by the end of the month. Mayor Lane stated he is hopeful the media will see this so they have accurate information to report in the future. Chair Greenwald added a correction to media reports. He clarified they have not been searching for a new City Manager for the last year, only discussing the process. The search is about to commence. Mayor Lane added that also, contrary to media reports, this is only the second time a search has been conducted, not the third as reported.

Councilor Kahn added that in accepting this as informational, the Committee should make sure to inform the City Manager or Assistant City Manager if any other changes are needed before the RFP is posted. Chair Greenwald replied that this is simply to make sure the Council is informed. Councilor Jacobs added that these documents are on the City website and if people have questions about the process, they should reference these documents. Mayor Lane added that the video and minutes of this meeting are also public record so each Councilor should now have this information.

Councilor Kahn 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 information on the City Manager recruitment process be accepted as informational.

Councilor Clark arrived at 6:57 PM.

5) Resolution R-2016-25-A: Relating to Fiscal Policies

Chair Greenwald noted that a workshop took place to address the fiscal policies and a number of issues arose which have been addressed. Chair Greenwald welcomed Steve Thornton, Financial Director forward. Mr. Thornton stated a fiscal policies workshop was held on July 14, 2016, at which time the fiscal policies were reviewed. Based upon the discussion at the workshop, and incorporating revisions recommended by Councilors Powers and Kahn, Resolution R-2016-25-A has been prepared that incorporates the following revisions to fiscal policies:

1. Create a two part fiscal policy that consolidates certain existing policies into a *Part I – Budgetary Policies* section of the fiscal policies, and leaving the remainder in *Part 2 – Financial Policies*.
2. Amend budgetary policies as follows:
 - a. City Manager approved carryovers would be reported to City Council by the first week of August. Current language schedules the report for July 15. The current date does not allow sufficient time after year end to finish paying prior year invoices to determine financial position before approving carryovers (staff recommendation). Part 1, I.c.
 - b. Language regarding multi-year projections amended to include language with regards to projected property tax and utility rates. Part 1, I.d.
 - c. Language added to incorporate the financial policy on unassigned fund balance into budget preparation. Part 1, I.e.
 - d. Incorporates fiscal policy on ratio of debt service and current revenue funded capital to the adopted budget into budgetary policies. Part 1, I.f.
 - e. Adjusts property tax guideline with regard to use of the CPI to a three year average, as of June 30. Part 1. I.i.
3. Removes purchasing language with regard to environmentally preferred purchasing and collaboration. The fiscal policy duplicates Administrative Directive 2.04, issued on 10/29/08 with regards to environmentally preferred purchasing (attached), and staff recommends the incorporation of this initiative, as well as the language with regards to collaborative purchasing in the fiscal policies into City ordinances with regard to purchasing. Part 2, IV (existing numbering on current policy)
4. Diversifying Revenues - Language change to incorporate Part 2, Section 4IV.e. with regard to maximizing non-property tax revenues into Part 2, Section IV.e. with regards to diversifying revenues. Eliminates a redundant policy.
5. Fees and Charges – sets a calendar for a review and approval by Council every two years. Mr Thornton noted this will be the subject of a workshop in September.
6. Amends the Stabilization Funds section for Other Funds (other than the General Fund) recommending fund balance target of 5-15% of operating budget, rather than 5-10%.

Mr. Thornton continued there are also several changes in formatting and language that do not impact the meaning or intent of existing policy, and are housekeeping in nature. All changes are shown in the “marked up” version of the attached fiscal policies. Also attached is R-2016-25-A without a markup for reference.

Chair Greenwald thanked Councilor Powers, Councilor Kahn, and the staff for this major revision. Councilor Powers thanked Mr. Thornton's staff for making these changes so quickly and stated he believes it is a great step forward.

Councilor Kahn indicated this is an important step to articulate the budgetary process. He said the real achievement is the separation of budgetary guidelines and fiscal policies so they are clear to the City Council and the public. He indicated in the established budget guidelines, they focused effort of the City Council on its policy making roles and identified those roles that are primarily administrative and should be recommended by City staff to the Council if changes are needed. He said this contributes to their effort toward transparency and will assist the City in their effort to push the budget process earlier than the last half year cycle. It will assist in goal setting and integrating goals into the budget. He also noted that now they have policies looking at multiple years, not just the current year. They are also looking at the CPI as a guideline so they will have three years of data to use instead of one. Councilor Kahn thanked Councilor Powers and Mr. Thornton for their work and stated he looks forward to taking this back to the Council to show what has been learned.

Councilor Jacobs agreed with Councilor Kahn and questioned if there will be a workshop to cover fees and charges every two years. Mr. Thornton replied yes, a lot of mechanics may be worked out during those workshops. Mr. Thornton read the exact language: "*Fees and charges shall be reviewed in accordance with a schedule developed by the City Manager that has each fee reviewed biannually. Recommended charges will be reviewed and approved by the City Council.*"

Councilor Powers indicated that, as discussed at the workshop, that language is vague regarding when fees should be reviewed. He said it essentially indicates that the City Manager and staff will look at fees on a rolling schedule every two years and any changes will come from the City Council. He indicated that at the fiscal policies workshop they discussed the need for a workshop on fees so everyone better understands City fees. He agreed with Mr. Thornton that after the September meeting, the mechanics and schedule will be clarified and a workshop each year will likely be unnecessary. Councilor Jacobs replied that the idea of the workshop was to establish a framework to make this document stand alone. Mr. Thornton agreed. Chair Greenwald added that each individual fee is more than a short discussion, it is a process.

Councilor Clark asked where the Joint Procurement Initiative will be, since it is no longer in the fiscal policies document. Mr. Thornton indicated the intention is to have it become a part of the basic Purchasing Ordinance. Steps will have to take place to make that happen. The City Manager added that the Ordinance would amend the City Code. Councilor Powers added that there are 10 Ordinances in the City Code that talk about purchasing so it is duplicative to have it in the policy because the Code is more powerful than the policy.

Councilor Kahn requested a discussion about the incorporation in the budget policy of, under item I.e., a reference back to the fiscal policies on unassigned fund balance at the end

of June. He indicated that this guideline in section 9.a.i. refers to maintaining a goal and fund balance between 7.5-10% and other specially designated funds between 5-15%. He said item H acts a lot like those other policies back in section 9.a.i. with regard to what to do with remaining fund balances. Councilor Kahn suggested, in an effort to streamline the budget guidelines, to have item H in reference to the Partner City Committee, placed under fiscal policies relative to stabilization funds because it requires administrative review. Mr. Thornton noted that he does not necessarily agree. He said the Partner City balance is not a fund balance, it is just an appropriation that the City Council allows them to carry over to meet the needs of the committee when the German contingency arrives. He said the fund stabilization policy refers to the operating funds of the City and therefore, if the Council saw fit to move that from the budget to the financial policy that is fine, but it is not a part of fund stabilization.

Councilor Kahn asked for other suggestions as to where it may more formally fit. He sees it more as an administrative review item than a Council Policy item. Mr. Thornton said he does not think it belongs in any of these sections; it should stand alone in the financial part of the fiscal policies. Councilor Powers added there are two options, to have it stand alone in the fiscal policies or take it out entirely and stand on past practice of how it has been funded in previous years. The City Manager indicated the Partner City issue could be put in the Code of Ordinances instead, as they are doing with the Environmentally Preferred process because it will not change over any period of time. Chair Greenwald indicated the issue is the carryover of monies. The City Manager indicated that could be put in the Ordinance which memorializes it in a proper place.

Councilor Kahn asked if it would be appropriate to ask the City Manager to propose an amendment at City Council as to how this is carried forward into other parts of City Code. The City Manager and Mr. Thornton indicated they are happy to find a place for it. Chair Greenwald suggested adopting it as is and returning to the issue after the Council break. Councilor Powers stated he believes they need to provide staff more direction now to get it done and move forward.

Councilor Kahn made the following motion, which was seconded by Councilor Jacobs.

On a vote of 5-0, the Finance, Organization and Personnel Committee recommends that item H regarding Partner City, be removed from the budgetary policies and that the City Manager propose an appropriate place in the City Ordinances to incorporate it with other Partner City policies.

Councilor Kahn questioned, now that there are two policies wrapped in a single resolution, are they numbered appropriately. He asked if they should be continuous 1-11 as they currently are or three articles in the budgetary policies and eight in the fiscal policies.

Councilor Clark suggested an amendment to the motion to adopt the resolution with appropriate renumbering by staff, which was seconded by Councilor Powers. The City Manager confirmed that parts one and two will have independent numbering.

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On a vote of 5-0, the Finance, Organization and Personnel Committee recommends the adoption of Resolution R-2016-25-B, as amended; including appropriate renumbering of the various sections of the Resolution.

Mayor Lane stated his concern is that things have been taken out of the policy in reference to the Partner City and purchasing but nothing has been solidified as to how to get that information into those Ordinances. He asked when that will happen and who will follow through to make that happen. He urged the Committee to follow through on those next steps and get it into the Ordinance. The City Attorney indicated they have a clear direction, the items will be easy to transfer, and an Ordinance can be prepared for the next Council meeting.

Hearing no further business, Chair Greenwald adjourned the meeting at 7:22 PM.

Respectfully submitted by,
Katie Kibler, Minute Taker

Additional Edits by,
Terri M. Hood, Assistant City Clerk