



City of Keene  
*New Hampshire*

**FINANCE, ORGANIZATION  
AND PERSONNEL COMMITTEE  
AGENDA  
Council Chambers B  
July 26, 2018  
6:30 PM**

Mitchell H. Greenwald  
Carl B. Jacobs  
Terry M. Clark  
Thomas F. Powers  
Bettina A. Chadbourne

- 
1. Acceptance of Donation - Fire Department
  2. Acceptance of Donations to Library Renovation Project - Campaign Manager for the Next Chapter
  3. Acceptance of the FY2018 Byrne Justice Assistance Grant - Police Department
  4. Marlboro Street Corridor Improvements - Consultant Selection - Public Works Department
  5. Main Street Bridge over Beaver Brook - Increase in Project Budget - Public Works Department
  6. Main Street Bridge over Beaver Brook - Engineering Change Order - Public Works Department
  7. Winchester Street Reconstruction Project - Public Works Department
  8. Municipal Solar Array- 350-400 Marlboro Street - Public Works Department
  9. Relating to the Appropriation of Funds for the Fire Department  
Resolution R-2018-20
  10. Relating to Fiscal Policies - FY 2018-2019  
Resolution R-2018-26

Non Public Session  
Adjournment



City of Keene, N.H.  
*Transmittal Form*

July 23, 2018

**TO:** Finance, Organization and Personnel Committee

**FROM:** Mark Howard, Fire Chief

**THROUGH:** Elizabeth A. Dragon, City Manager

**ITEM:** 1.

**SUBJECT:** Acceptance of Donation - Fire Department

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**RECOMMENDATION:**

That the City Manager be authorized to do all things necessary to accept a donation of \$200.00.

**BACKGROUND:**

The Keene Fire Department has received a donation from Fran S. Szmit in "heartfelt thanks" for the care that was provided to her husband on May 30, 2018.



City of Keene, N.H.  
*Transmittal Form*

July 19, 2018

**TO:** Finance, Organization and Personnel Committee

**FROM:** Judith Putnam and Dita Englund, Co-Chairs for the Next Chapter Campaign

**THROUGH:** Elizabeth A. Dragon, City Manager

**ITEM:** 2.

**SUBJECT:** Acceptance of Donations to Library Renovation Project - Campaign Manager for the Next Chapter

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**RECOMMENDATION:**

Recommend that the City Council accepts donations of \$452,386.28 as listed in the May 12, 2018 - July 18, 2018 Cambridge Trust report. (See attached report) to be deposited into the Library Renovation Temporarily Restricted City Trust as part of the Next Chapter Campaign Drive.

**ATTACHMENTS:**

Description

Cambridge Trust Donor list May 12-July 15, 2018

**BACKGROUND:**

On June 30, 2015 the City Council authorized the establishment of a Temporarily Restricted City Trust Fund to receive and distribute funds for the Library Renovation Project. The Friends and Library Trustees put in place the Campaign Committee with Judith Putnam and Alfreida (Dita) Englund as Co-Campaign Chairs and Ernest Hebert as the Honorary Chair.

The attached Cambridge Trust report contains the donations received May 12, 2018 - July 18, 2018. Gifts from donors who wish to remain anonymous directed their donation to the Friends of the Library and are included in the Cambridge Trust Bank reports as part of the Friends of the Library donation. Donors have received acknowledgement of their donations. Julie Dickson is the part time Campaign Gift Processing Administrator.

Thanks to generous donations from individuals, foundations, and corporations, the capital campaign has reached its \$5,000,000 goal. As the funds are received, they will be brought forth on a regular basis. After acceptance of the funds by City Council, the reports then go the Trustees of the City held Trust funds for approval and acceptance. This process was reviewed by the City Finance Department, the Library Trustees, the Friends of the Library Board, the City Attorney and Terry Knowles, Assistant Director, Charitable Trust Unit of the Department of the Attorney General.

Cambridge Trust Company  
 City of Keene Library Renovation Restricted Trust  
 Transaction Detail  
 As of date: 05/12/2018 To 07/18/2018  
 Position Type: Settled

<b>Transaction Description</b>	<b>Posting Date</b>	<b>Principal Cash</b>
GIFT FROM THE KINGSBURY FUND	5/17/2018 \$	25,000.00
GIFT FROM CHRISTINE CURTIS	5/18/2018	25.00
GIFT FROM MELISSA HERMAN	5/21/2018	500.00
GIFT FROM CECILE GOFF	5/21/2018	300.00
GIFT FROM CHRISTINE CURTIS	5/30/2018	25.00
GIFT FROM MELINDA BELDEN	5/30/2018	100.00
GIFT FROM PEG SMELTZ	5/31/2018	50.00
GIFT FROM ANN SHEDD & MARK MEES	5/31/2018	3,000.00
GIFT FROM CHRISTINE CURTIS	6/1/2018	25.00
GIFT FROM KATHLEEN & EDWARD BURKE	6/4/2018	500.00
GIFT FROM CHRISTINE CURTIS	6/8/2018	25.00
GIFT FROM PANJANDRUM FOUNDATION	6/11/2018	300,000.00
GIFT FROM CHRISTINE CURTIS	6/19/2018	25.00
GIFT FROM FRIENDS OF THE KPL	6/19/2018	1,001.96
GIFT FROM CHRISTINE CURTIS	6/22/2018	25.00
GIFT FROM NANCY JOHNSON & DON CARUSO	6/25/2018	6,000.00
GIFT FROM CHRISTINE CURTIS	6/29/2018	25.00
GIFT FROM CHRISTINE CURTIS	7/6/2018	25.00
GIFT FROM FRIENDS OF THE KPL	7/11/2018	15,709.32
GIFT FROM CHRISTINE CURTIS	7/13/2018	25.00
GIFT FROM JOHN A BOORAS FAMILY	7/13/2018	50,000.00
GIFT FROM THE JOHN BOORAS FAMILY	7/13/2018	50,000.00
<b>Donations 5/12/18 - 7/18/18 \$</b>		<b>452,386.28</b>



City of Keene, N.H.  
*Transmittal Form*

July 24, 2018

**TO:** Finance, Organization and Personnel Committee

**FROM:** Police Captain Steve Stewart

**THROUGH:** Police Chief Steve Russo, City Manager Elizabeth A. Dragon

**ITEM:** 3.

**SUBJECT:** Acceptance of the FY2018 Byrne Justice Assistance Grant - Police Department

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**RECOMMENDATION:**

Move that the Finance, Organization, and Personnel Committee recommend that the City Manager be authorized to do all things necessary to co-apply with Cheshire County, and to accept, the U.S. Department of Justice - Office of Justice Programs FY2018 Edward Byrne JAG grant in the amount allocated to the City of \$6,958.00, and to negotiate and execute a Memorandum of Understanding with Cheshire County for the allocation of the City funds for the purposes stated in the Grant.

**BACKGROUND:**

The City has previously been a co-applicant with Cheshire County for this Grant, with the City being a sub-recipient of the proposed new Grant in the amount of \$6,959.00 for the period 10/1/17 through 9/30/19. These funds would be used in the same manner as the FY2017 award, to fund the deployment of smart phones/data packages in police cruisers (10) and within the Bureau of Criminal Investigations (2). These phones improve the efficiency of police operations by allowing units in the field to communicate with each other, victims, witnesses, and suspects without the need to return to the station. Additionally, they allow for the rapid collection and dissemination of photographic and video evidence. By accepting the proposed recommendation, the City Council is approving the submission of the application for the Grant, and entering into a Memorandum of Understanding with Cheshire County for the allocation and use of the Grant funds. The application is a public document subject to public comment, and may be subject to further public hearing.



City of Keene, N.H.  
*Transmittal Form*

July 20, 2018

**TO:** Finance, Organization and Personnel Committee

**FROM:** Donald R. Lussier, P.E., City Engineer

**THROUGH:** Elizabeth A. Dragon, City Manager

**ITEM:** 4.

**SUBJECT:** Marlboro Street Corridor Improvements - Consultant Selection - Public Works Department

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**RECOMMENDATION:**

Move that the Finance, Organization and Personnel Committee recommend that the City Manager be authorized to do all things necessary to negotiate and execute a professional service contract with DuBois & King for engineering and technical services required for the rehabilitation of Marlboro Street and associated utility improvements in an amount not to exceed \$130,800.

**BACKGROUND:**

The City's FY 2019 Capital Improvement Program appropriates funds for a variety of work along the Marlboro Street corridor. The total scope of this project includes:

<b>Scope Item</b>	<b>CIP Page</b>	<b>Budget</b>
Water Distribution Improvements	98	\$1,127,257
Sewer Improvements	120	\$653,101
Corridor Improvements (Complete Streets)	147	\$196,017
Road Rehabilitation	137, 139	\$79,500
Curb Repair	136	\$63,571
Sidewalk Repair	141	\$63,571
Drainage Spot Repair	176	\$21,000
<b>Project Total</b>		<b>\$2,204,017</b>

The City issued a Request for Proposals (RFP) for engineering services required for the project. Proposals were received from three firms, each with considerable experience working on City projects:

- CHA
- McFarland Johnson
- Dubois & King

A selection team comprising of the Public Works Director, Assistant Public Works Director, a Civil Engineer and Community Development Department staff conducted interviews on July 20, 2018, and evaluated firms on the following criteria:

Understanding of the City's Needs

15%

Approach to Solving our Needs	15%
Presentation Skill of Project Manager	15%
Fee Proposal	15%
Rapport between City and Team	10%
Overall Quality of Presentation	10%
Public Engagement Plan	10%
Proposed Schedule and Resources	5%
Innovation and Creativity	5%

Below is a table of the composite scores of the team and the ranking of the three firms.

<u>Firm</u>	<u>Score</u>
Dubois & King	14.7
CHA	14.6
McFarland Johnson	13.7

It is recommended that the City Manager be authorize to negotiate and execute a professional service contract with Dubois & King in an amount not to exceed \$130,800.



City of Keene, N.H.  
*Transmittal Form*

July 23, 2018

**TO:** Finance, Organization and Personnel Committee

**FROM:** Donald R. Lussier, P.E., City Engineer

**THROUGH:** Elizabeth A. Dragon, City Manager

**ITEM:** 5.

**SUBJECT:** Main Street Bridge over Beaver Brook - Increase in Project Budget - Public Works Department

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**RECOMMENDATION:**

Move that the Finance, Organization and Personnel Committee recommend that the City Council authorize the use of accumulated interest, \$30,865.81, in the Main Street Bridge Capital Reserve (T0617-B) for the Main Street Bridge Replacement Project.

**BACKGROUND:**

The replacement of the Main Street/Route 12 bridge over Beaver Brook (#137/059) just south of the Route 101 intersection is progressing on schedule. The project is funded through the New Hampshire Department of Transportation (NHDOT) Municipal Bridge Aid Program which includes 80% State and 20% City participation (NHDOT Project #26505).

The City Council has to date appropriated a total of \$493,189.20 to cover our share of the project costs. This sum includes:

FY04 CIP Appropriation	\$ 128,000.00
FY12 CIP Appropriation	\$ 202,000.00
Spring Street Re-Programming (2013)	\$ 61,000.00
FY 16 CIP - Sewer utility work – Bridges	\$ 45,100.00
FY 16 CIP - Water utility work – Bridges	\$ 40,100.00
<u>Transfer from FY15 Overlay (2017)</u>	<u>\$ 16,989.20</u>
<b>Total Appropriations</b>	<b>\$ 493,189.20</b>

These funds allow us to match a total project cost of \$2,465,946.00 (including design, permitting, construction and construction administration). The total project cost to date is \$2,451,338.67. We anticipate minor changes in the construction cost and an increase in construction administration budget will push the total project cost above what we can currently match.

The project Capital Reserve account has accumulated interest in the amount of \$30,865.81 (as of 7/18/18). Staff recommends that this accumulated interest be authorized for use as part of the project budget. This additional budget will allow the City to match a total project cost of up to \$2,620,275.05 (subject to NHDOT approval). This change increases the overall project budget to cover potential future costs. Contract change orders, as required, will be authorized individually in accordance with the City's Purchasing procedures.





City of Keene, N.H.  
*Transmittal Form*

July 20, 2018

**TO:** Finance, Organization and Personnel Committee

**FROM:** Donald R. Lussier, P.E., City Engineer

**THROUGH:** Elizabeth A. Dragon, City Manager

**ITEM:** 6.

**SUBJECT:** Main Street Bridge over Beaver Brook - Engineering Change Order - Public Works Department

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**RECOMMENDATION:**

Move that the Finance, Organization and Personnel Committee recommend that the City Manager be authorized to do all things necessary to negotiate and execute a contract Change Order with Louis Berger Group, Inc. for Construction administration services associated with the Main Street / Route 12 Bridge Replacement Project in an amount not to exceed \$38,508.00 (subject to NHDOT approval).

**BACKGROUND:**

The replacement of the Main Street/Route 12 Bridge over Beaver Brook (#137/059) just south of the Route 101 intersection is progressing on schedule. The project is funded through the New Hampshire Department of Transportation (NHDOT) Municipal Bridge Aid Program which includes 80% State and 20% City participation (NHDOT Project #26505.)

Louis Berger Group was selected by the City to design the replacement project and is currently performing Construction administration and inspection services as required to comply with NHDOT requirements. The original scope of services for this work was based on assumptions about the level of effort required for certain tasks. As the project has progressed, it has become apparent that the level of effort required will likely exceed the estimate. Specifically, Louis Berger's fee proposal assumed that the concrete pre-cast company would pour multiple boxes each day. In actuality, they are pouring only one at a time. As a result, the inspector assigned to test and observe concrete placement will exceed the planned budget. They have also expended a greater effort than expected in Shop Drawing review and oversight work at the project site.

The original contract amount was \$198,799. Therefore this change order is an increase of 19.4% and exceeds the City Manager's authority. The City's share of the requested change order will be \$7,701.60, with funding provided from the project account (90151).



City of Keene, N.H.  
*Transmittal Form*

July 20, 2018

**TO:** Finance, Organization and Personnel Committee

**FROM:** Donald R. Lussier, P.E., City Engineer

**THROUGH:** Elizabeth A. Dragon, City Manager

**ITEM:** 7.

**SUBJECT:** Winchester Street Reconstruction Project - Public Works Department

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**RECOMMENDATION:**

Move that the Finance, Organization and Personnel Committee recommend that the City Manager be authorized to do all things necessary to negotiate and execute a professional services contract with McFarland Johnson, Inc. of Binghamton, New York for the Preliminary Engineering and right-of-way phases of the Winchester Street Reconstruction Project (90266), for an amount not to exceed \$663,999.02, subject to New Hampshire Department of Transportation (NHDOT) approval .

**ATTACHMENTS:**

Description

NHDOT Budget Increase

**BACKGROUND:**

The City selected McFarland Johnson as our consultant for the design, bidding and construction phase of the Winchester Street Reconstruction Project in September of 2014. They have successfully completed the Engineering Study phase of the project and in January of 2017, the Council voted unanimously to move forward with the roundabout alternative for this project. The recommended action will allow them to continue with the design and right-of-way (ROW) acquisition process.

This project as funded through NHDOT's Local Public Agency program (NHDOT Project #10309B). Under this program the State pays for 80% of eligible project costs and the City is required to pay 20%. The City Council has previously appropriated \$729,396 for the City's share of design, right-of-way and construction. Additional City match are planned in FY20 and is shown in the City's FY19-24 Capital Improvement Program (CIP).

NHDOT's Ten Year Transportation Improvement Plan (TIP) 2013 – 2022, includes funding for the engineering study, design, and construction. The construction of the project is programmed for FY19 and FY20. The NHDOT total project budget is \$7,917,000. This total includes a recent increase approved by NHDOT to include the Island Street Bridge. Any adjustments for increase match will be part of the upcoming FY20 - 25 CIP development process.



**THE STATE OF NEW HAMPSHIRE**  
**DEPARTMENT OF TRANSPORTATION**



*Victoria F. Sheehan*  
*Commissioner*

*William Cass, P.E.*  
*Assistant Commissioner*

Bureau of Highway Design  
(603) 271-2171

July 6, 2018

Mr. Kurt Blomquist, P.E.  
Public Work Director/Emergency Management Director  
City of Keene  
350 Marlboro Street  
Keene, NH 03431

RE: KEENE 10309B - Winchester Street Improvements  
X-STP-0111(007)  
**INCLUSION OF ISLAND STREET BRIDGE**

Dear Mr. Blomquist:

The Department has reviewed your letter, dated April 12, 2018, requesting that the Island Street bridge over the Ashuelot River (Br. No. 125/069) be included in the above referenced project. Based on the information provided and our project records, the Department agrees to include the replacement of the Island Street bridge in the Keene 10309B project as requested.

Therefore, the total project costs will be adjusted to \$7,917,000. This includes \$937,000 for PE, \$380,000 for ROW and \$6.6 million for Construction. The state share will be \$6,333,600 (80%) split between \$4,973,600 in federal funds and \$1,360,000 in State Aid Bridge funds. The City of Keene will be responsible for providing 20% matching funds to cover the remaining \$1,583,400 of the total project cost.

Please contact me if you have any questions regarding this matter.

Sincerely,

Jennifer E. Reczek, P.E.  
Project Manager

cc: C.R. Willeke, Municipal Highways Engineer  
Rhett Lamb, Planning Director/Assistant City Manager  
Donald Lussier, City Engineer

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City of Keene, N.H.  
*Transmittal Form*

July 20, 2018

**TO:** Finance, Organization and Personnel Committee

**FROM:** Duncan Watson, Assistant Public Works Director

**THROUGH:** Elizabeth A. Dragon, City Manager

**ITEM:** 8.

**SUBJECT:** Municipal Solar Array- 350-400 Marlboro Street - Public Works Department

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**RECOMMENDATION:**

The Finance, Organization and Personnel Committee recommends the City Council authorize the City Manager to do all things necessary to negotiate and execute a contract with ReVision Solar to install and maintain a solar array at 350-400 Marlboro Street to provide renewable energy for City of Keene facilities through a power purchase agreement whereby the City can purchase renewable power at a cost equal to, or below, expected utility prices for electrical services.

**BACKGROUND:**

In February 2017 the City of Keene issued RFP # 02-17-12 seeking qualifications and business development proposals to design, build, operate, maintain and eventually decommission municipal solar arrays to be located on City owned land through a Power Purchase Agreement or pursuant to the New Hampshire Group Net Metering statute, RSA 362-A.

Several sites were listed as potential locations for municipal solar arrays. Various criteria were used to evaluate each site including size of the site, exposure to the sun, access of 3 phase power grid, ease of development, permitting requirements, security, visibility and ability to connect to existing City facilities (if applicable). Based on these criteria the following sites were included in the RFP as proposed sites:

- Airport property
- Wastewater Treatment Facility
- Keene Police/Public Works
- Monadnock View Cemetery
- Solid Waste Facility

The City Solar Evaluation team consisting of Rhett Lamb, Assistant City Manager/Community Development Director, Kurt Blomquist, Public Works Director/Emergency Management Director, Andy Bohannon, Parks, Recreation, and Facilities, Director, and Terry Clark, City Councilor evaluated four proposals, and interviewed the four firms that submitted proposals. Three of the vendors responded to the RFP with solar array proposals, and one vendor responded to the RFP with a different approach

(offering one solar array in the City of Keene and the bulk of the solar arrays located outside of Keene, and selling the energy to the City). What was intriguing about all the proposals was that the quoted prices for energy were equal to or less than projected utility provided energy costs with the energy coming from a renewable energy source. The Solar Evaluation team felt that further exploration of the renewable energy market was warranted, that an energy expert should be engaged to assist the Solar Evaluation team in selecting the best option(s), and any recommendations to contract with an energy generator(s)/supplier(s) be made to the City Council.

The Solar Evaluation team contracted with Correlate, a firm that specializes in evaluation of energy proposals, to assist the Solar Evaluation team to identify other regional renewable energy generators/suppliers and evaluate the energy costs of those options in comparison to the pricing proposed by the RFP respondents. From that initial evaluation Correlate was tasked with preparing a decision matrix and recommendations whereby the City can purchase renewable power at a cost equal to or below expected prices for electrical services.

Correlate produced the decision matrix which indicated the first solar array development should be pursued at the 350-400 Marlboro Street location. Because of the specific expertise Correlate brought to the complex world of municipal solar projects, the Solar Evaluation team engaged the services of Correlate to act on the City's behalf as the final two vendors proposing a project for 350-400 Marlboro Street were evaluated and an agreement prepared with the most economical, reliable and efficient vendor for this project.

ReVision Solar was selected as the preferred vendor based on their extensive solar development track record and preferred pricing. A complete analysis was done at the 350-400 Marlboro site including assessment of the condition of the roof, structural analysis and optimum design of the size of a solar array given the available space.

In April 2018 the City signed a letter of intent with ReVision to further the process of developing a solar array project. While the letter of intent did not obligate the City in any way, it was necessary for ReVision to begin the application process for an interconnection agreement with Eversource as well as outreach to possible financing entities for capitalizing the solar panels and support infrastructure. Correlate continues to consult with the City on the details of the developing agreement, ensuring the project is in the best economic interest of the City and providing expertise for the City's evaluation of ReVision's proposal.

On July 19, 2018 ReVision Solar gave the City Council an overview of the project. The 662 kW solar array is expected to produce 760,000 kWh of electricity per year while saving an estimated \$29,000 per year and offsetting 800,000 pounds of carbon emissions per year. The installation is scheduled to be completed in 2018.

City staff recommends that the Finance, Organization and Personnel Committee recommend the City Council authorize the City Manager to do all things necessary to negotiate and execute a contract with ReVision Solar to install and maintain a solar array at 350-400 Marlboro Street to provide renewable energy for City of Keene facilities through a power purchase agreement whereby the City can purchase renewable power at a cost equal to or below expected utility prices for electrical services.



City of Keene, N.H.  
*Transmittal Form*

July 17, 2018

**TO:** Mayor and Keene City Council

**FROM:** Mark Howard, Fire Chief

**THROUGH:** Elizabeth A. Dragon, City Manager

**ITEM:** 9.

**SUBJECT:** Relating to the Appropriation of Funds for the Fire Department

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**COUNCIL ACTION:**

In City Council July 19, 2018.

Report filed into the record. Resolution R-2018-20 referred to the Finance, Organization and Personnel Committee.

**RECOMMENDATION:**

That the Finance Organization and Personnel Committee recommend to the full City Council the adoption of Resolution R-2018-20 relating to the appropriation of \$56,174 for FY17/18 personnel costs associated with the operations of the City of Keene Fire Department and that the sum of \$56,174 be added as increased revenue from the ambulance services revenue.

**ATTACHMENTS:**

Description

Resolution R-2018-20

**BACKGROUND:**

Fire Department personnel costs (61000 cost centers) are projected to run over budget by an estimated \$56,174 for the FY17/18 Budget. These personnel cost expenditures were associated with covering shift vacancies to maintain staffing levels due to personnel being out on earned leave, compensatory time, and injury leave. This has been monitored by the Fire Department Command staff and other City Staff since January to limit the impact as much as possible. The department has worked to try to off-set some of that impact by not expending the entire operational side (62000 cost centers) of the FY18 budget.

There are several factors that have led to this shortfall. They include but are not limited to: personnel out on long term medical leave for both work and non-work-related conditions, being at full staff for a majority of the fiscal year, and level funded overtime accounts to cover various types of earned leave time, and operational callback.



# CITY OF KEENE

R-2018-20

In the Year of Our Lord Two Thousand and ..... Eighteen

A RESOLUTION ..... Relating to the Appropriation of Funds for the Fire Department

*Resolved by the City Council of the City of Keene, as follows:*

That, pursuant to Section 32 of the Rules of Order, the sum of fifty six thousand and three hundred and seventy five dollars (\$56,375) is hereby appropriated in the 2017/2018 fiscal year for personnel costs associated with the operations of the City of Keene Fire Department, and that the sum of fifty six thousand and three hundred and seventy five dollars (\$56,375) be added as increased revenue from ambulance services revenue.

FY 17/18 Fire Department Expenditure

<u>Account#</u>	<u>Description</u>	<u>FY17/18 Budget</u>	<u>Additional Request</u>	<u>Revised Budget</u>
08010-61304	General Personnel	\$ 592,298	\$ 56,375	\$ 648,673

FY 17/18 Fire Department Revenue

<u>Account#</u>	<u>Description</u>	<u>Budget</u>	<u>Request</u>	<u>Revised Budget</u>
08010-44123	Ambulance Svcs	\$ 975,000	\$ 56,375	\$ 1,031,375

\_\_\_\_\_  
Kendall W. Lane, Mayor

In City Council July 19, 2018.  
Referred to the Finance, Organization  
and Personnel Committee.

  
City Clerk



July 9, 2018

**TO:** Mayor and Keene City Council

**FROM:** Steve Thornton, Finance Director

**THROUGH:** Elizabeth A. Dragon, City Manager

**ITEM:** 10.

**SUBJECT:** Relating to Fiscal Policies - FY 2018-2019

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**COUNCIL ACTION:**

In City Council July 19, 2018.

Referred to the Finance, Organization and Personnel Committee.

**RECOMMENDATION:**

That Resolution R-2018-26 relating to fiscal policies, be introduced and referred to the Finance, Organization, and Personnel Committee for consideration, discussion, and a recommendation back to City Council

**ATTACHMENTS:**

Description

Resolution R-2018-26

**BACKGROUND:**

One of the most elemental functions of municipal fiscal management is to establish policies to guide an organization through both good and difficult times.

The City of Keene, like many municipalities, faces many fiscal challenges. Two of these are 1) the difficulty of balancing local budget realities with decreased revenues, increased service demands and the costs of unfunded state and federal mandates and 2) the cost of infrastructure and associated costs. Fiscal policies establish standards for fiscal management and decision making, and guidelines for monitoring and assessing fiscal condition while addressing those challenges.

Additionally, bond rating agencies give a higher score to communities with clearly established policies, because these agencies recognize the value measurable and enforceable policies lend to reduced investment risk.

R-2017-26, Relating to Fiscal Policies, was adopted by the City Council on September 7, 2017. Resolution R-2018-26 advances proposed amendments to Part 2 – Financial Policies, Section 3 – Fees and Charges.

The proposed amendments, for the most part, are language and organization adjustments intended to clarify the meaning and intention of the policy. The exception is the new language in Section 3 - Fees and Charges, Subsection 2: Part C - Exceptions to Cost Recovery Standard for Fees and Charges, Item d.

A Fiscal Policy Workshop is scheduled for July 17, 2018.





# CITY OF KEENE

R-2018-26

In the Year of Our Lord Two Thousand and ..... **Seventeen** .....

**A RESOLUTION** ..... **Relating to FISCAL POLICIES** .....

**Resolved by the City Council of the City of Keene, as follows:**

WHEREAS: the National Advisory Council on State and Local Budgeting (NACSLB) has developed a comprehensive set of recommended practices on budgeting; and

WHEREAS: one key component of those recommended practices calls for the adoption of fiscal policies by the local legislative body to help frame resource allocation decisions; and

WHEREAS: the Government Finance Officers' Association (GFOA) has endorsed the recommended practice developed by the NACSLB; and

WHEREAS: it is the intent of the City Council, by this resolution, to articulate this financial blueprint as clearly and completely as possible.

NOW, THEREFORE, BE IT RESOLVED that the fiscal policy should be reviewed and adopted by the City Council on an annual basis in the month of July, and

NOW, THEREFORE, BE IT FURTHER RESOLVED by the City Council of the City of Keene that its fiscal policies are as follows:

## **PART 1 – Budgetary Policies**

### **I. Budget**

- A. The City shall annually adopt and appropriate budgets for the following funds
  - 1) General Fund
  - 2) Parking Fund
  - 3) PC Replacement Fund
  - 4) Solid Waste Fund
  - 5) Sewer Fund
  - 6) Water Fund
  - 7) Equipment Fund
- B. All appropriated budgets shall be balanced.
- C. All appropriations for annual operating budgets (exclusive of capital projects) shall lapse at fiscal year-end unless encumbered by a City of Keene purchase order that is recorded in the financial system on or before June 30<sup>th</sup> of any year, or as authorized by the City Manager in writing, on a case-by-case basis. Those encumbrances shall be reported to the City Council in an informational memorandum by the first week of September each year.
- D. The budget document shall provide multi-year projections of revenues and expenditures/expenses including property taxes and utility (water and sewer) rates.
- E. The budget will take into consideration the City's Policies on unassigned Fund Balance at the end of June,
- F. The City of Keene will contain its General Fund debt service and current

PASSED

revenue capital outlay appropriations, on a five (5) year average, at or less than fifteen percent (15%) of the General Fund operating budget.

G. Upon completion of any project, any residual funds shall be returned to the fund that provided the original appropriation.

H. Property Taxes.

- 1) The City shall limit its property tax revenue increases to a rolling three (3) year average of the Boston CPI, (as of June 30<sup>th</sup>) net of expenditures required by law, and debt service payments. The City chooses to utilize the CPI, not because it reflects inflation in the City's costs, but because it reflects the overall inflation in what citizens purchase. This manages City spending such that increases in a citizen's tax bill are in line with increases in all of their other expenses. The goal is to have the cost of City services as a percentage of a taxpayer's total expenses remain constant.
- 2) Property Tax Credits and Exemptions. All exemptions and credits will be reviewed with the City Council every three (3) years unless there are legislative changes that cause a review to occur on a more frequent basis.
- 3) The State has chosen to solve its revenue problem by downshifting expenses to the local communities and tapping into the broad based property tax at the local level. Downshifting is an effective strategy for the State; however, it is unsustainable at the local level and would quickly lead to a significant reduction in City services. The City is sensitive to these added expenses to the taxpayers and will attempt to limit the impact; however, as a State expense, the City will pass through the State downshifting to the taxpayers.

II. Capital Improvement Program

- A. The City of Keene shall prepare a capital improvement program (CIP) with a span of six (6) years.
- B. The CIP shall be updated annually. All capital projects or equipment purchases that have an estimated cost of at least \$20,000 and an estimated useful life of at least five years will be included in the capital improvement program (CIP) planning process. These projects may include capital asset preservation projects (designed to preserve the functionality and condition of major infrastructure systems and City facilities) with an estimated cost of at least \$20,000 and which increase the useful life of the asset by at least five years.
- C. The CIP shall contain revenue projections and rate impacts that support estimated operating costs as well as the proposed capital program. Expenditures included in each year of the CIP (operations, debt service and capital) will be equal to estimated revenue available to finance proposed activity in each year of the CIP. Cost and revenue estimates in projected years will be presented for planning purposes, and are based upon the then current best available information.
- D. Each project funding-request shall originate from a City department and shall include the following information (as applicable):
  - 1) A description of the project.
  - 2) A cost estimate and funding profile.
  - 3) A project time line.

- 4) An estimate of the operating budget impact.
  - 5) A reference to alignment with City Council Goals.
  - 6) A reference to alignment with the Comprehensive Master Plan (Focus Area).
- E. CIP Funding Methodology
- 1) Whenever possible, CIP projects will be funded with available resources, examples of which are current revenues, grants, donations, and reserves, but not debt.
  - 2) Appropriate uses of debt include project such as:
    - a) One time nonrecurring investments (ex. the construction of a new asset, or the expansion or adaptation of an existing asset to provide added service delivery capacity or to meet changing community needs.
    - b) Projects necessary due to regulatory requirements (ex. water treatment plant expansion due to EPA permit changes) when resources other than debt are not available.
- F. c) Projects necessary due to asset or system operational failure or obsolescence when resources other than debt are not available. The CIP shall be reviewed by the Finance, Organization and Personnel Committee and the Planning Board.
- G. The CIP will be the subject of a public hearing before adoption.
- H. The funding requests in the first year of the adopted CIP will be included in the next annual budget document.
- I. Upon project completion, any residual funds shall be returned to the fund that provided the original appropriation unless otherwise directed by the City Council.

## **PART 2 - Financial Policies**

- I. Fund Structure
- A. All funds are intended to be self-supporting, with no subsidies from one fund to another required for operations or capital outlay.
  - B. The City will continue to conduct its financial activities through the use of the following funds:
    - 1) Governmental Funds
      - a) General Fund – shall be used to account for those governmental activities that are not recorded in one of the other City Funds.
      - b) Special Revenue Funds:
        - i. Grants Fund – shall be used for those activities that are funded in part or in whole by contributions from other entities.
        - ii. Parking Fund – shall be used to account for the operations, maintenance and capital outlay needs of the municipal parking areas.
        - iii. PC Replacement Fund – shall be used to account for the on-going replacement of PC's, certain peripherals, and desk top software utilized by all City departments.
        - iv. Solid Waste Fund – shall be used to account for the activities of the transfer and recycling operations and for post-closure costs associated with the landfill.

- c) Capital Projects Fund – shall be used to account for the capital projects funded by any of the governmental funds.
- 2) Proprietary Funds
  - a) Enterprise Funds
    - i. Sewer Fund – shall be used to account for the operations, maintenance, and capital outlay needs of the sewer collection and treatment systems.
    - ii. Water Fund – shall be used to account for the operations, maintenance, and capital outlay needs of the water treatment and distribution systems.
- 3) Internal Service Funds
  - a) Equipment Fund – shall be used to account for the operations, maintenance, and capital outlay needs of fleet services.

## II. Revenues

- A. One-time revenues. One-time revenues will only be applied toward one-time expenditures; they will not be used to finance on-going programs or services. On-going revenues should be equal to, or greater than, on-going expenditures.
- B. Diversity. The City will diversify its revenues by maximizing the use of non-property tax revenues such as payments in lieu of taxes and user fees and charges.
- C. Designation of Revenues.
  - 1) Each year, the City shall designate and set aside \$25,000 for conservation purposes, funded through the allocation of the Land Use Change Tax (LUCT). If the prior years' LUCT revenues are less than \$25,000, the General Fund will provide the difference from general revenues to ensure an annual contribution of \$25,000. Additionally, in the years when the LUCT revenues exceed \$25,000, fifty percent (50%) of the amount over \$25,000 will be designated for conservation purposes, with the total annual designation not to exceed \$100,000. Expenditure of funds to be made upon approval of the City Council. Balance of said sum not to exceed \$500,000.
  - 2) Direct reimbursements from other entities shall be used to offset the appropriate City expense.
  - 3) Except for the provisions stated above, or as provided otherwise by Federal, State law, or by local Code of Ordinances, no unanticipated revenues shall be designated for a specific purpose(s) unless directed by the City Council.

## III. Fees and Charges

- A. Certain services provided by the City of Keene will be assigned a fee or charge for the users of the service, dependent upon how the community benefits from the provision of those services.
  - 1) In the case of general governmental services (such as fire protection, law enforcement, or general street maintenance) there will be no user fee or charge assessed.
  - 2) In the event that the service benefits a finite and definable sector of the community then that group will be assessed a fee or charge for provision of the service.

B. Cost Recovery standard for fees and charges:

- 1) Cost recovery should be based on the total cost of delivering the service, including direct costs, departmental administration costs, and organization-wide support costs (e.g. accounting, human resources, data processing, insurance, vehicle maintenance, and regulatory and enforcement costs).

C. Exceptions to cost recovery standard for fees and charges:

1. Fees and Charges may be set at something less than full cost recovery when:

- a) A high level of cost recovery will negatively impact the delivery of service to low-income groups.
- b) Collecting the fees and charges is not cost effective.
- c) There is no intended relationship between the amount paid and the benefit received (e.g. social service programs).
- d) There is no intent to limit the use of the service (e.g. access to parks and playgrounds).
- e) Collecting the fees would discourage compliance with regulatory requirements and adherence to said requirements is self-identified, and as such, failure to comply would not be readily detected by the City of Keene.

2.) Fees and Charges may be set at, or above, full cost recovery when:

- a) The service is also provided, or could be provided, by the private sector.
- b) The use of the service is discouraged (e.g. fire or police responses to false alarms).
- c) The service is regulatory in nature and voluntary compliance is not expected (e.g. building permits, plans review, subdivisions).
- d) When the fee or charge for the use of City property or resources is incurred by a commercial entity.

3.) Ambulance:

- a) Service fees shall be set at two hundred fifty percent (250%) above the Medicare-determined usual and customary charge.
- b) A fee will be implemented for those instances when responses that involve the use of drugs or specialized services are provided but there is no transport.
- c) There may be no charge for responses determined by the Fire Department to be "public assists."

D. The method of assessing and collecting fees should be made as simple as possible in order to reduce the administrative and support costs of collection.

E. The City will periodically utilize the services of a collection agency when all other reasonable efforts to collect fees and fines have been exhausted; fees for such services to be paid from amounts collected.

F. Rate structures should be sensitive to the market price for comparable services in the private sector or other public sector entities.

G. All fees and charges shall be adopted by the City Council.

H. Fees and charges shall be reviewed in accordance with a schedule developed by the City Manager that has each fee reviewed biannually.

Recommended changes will be reviewed and approved by the City Council.

IV. Debt

- A. The City of Keene will periodically incur debt to finance capital projects. All issuances of debt are subject to State of New Hampshire Statutes, RSA 34 and 162-K.
- B. Debt may be issued to fund projects with a public purpose of a lasting nature or as otherwise allowed by State law.
- C. Debt will not be issued to provide for the payment of expenses for current maintenance and operation except as otherwise provided by law.
- D. The City of Keene shall not incur debt that exceeds any limits set by State law.
- E. All bonds shall be authorized by resolution of the City Council and require a two-thirds (2/3) vote.
- F. The City of Keene may use the services of a financial advisor to assist in preparing for, and executing, any sale of bonds. Said services shall be obtained as the result of a Request for Proposals (RFP) process, which shall be conducted at a minimum of every five (5) years.
- G. The City of Keene shall acquire the required services of bond counsel as the result of a Request for Proposals (RFP) process, which shall be conducted at a minimum of every five (5) years.
- H. Form. The City of Keene issues three types of bonds:
  - 1) General Obligation Bonds – repayment is backed by the full taxing power of the City of Keene.
  - 2) Tax Increment Financing Bonds – repayment is first backed by the revenue stream generated by increased revenues created within an established Tax Increment Financing District. To the extent that the increased revenues created within the district are not adequate, the repayment of the bonds would then be backed by the full taxing power of the City of Keene.
  - 3) Refunding Bonds – these bonds are issued to refinance outstanding bonds before their term in order to either remove restrictions on the original bonds and/or to take advantage of lower interest rates. Repayment is backed by the full taxing power of the City of Keene.
- I. Competitive sale is the preferred method of sale; however, negotiated sales may occur for a current or advance refunding, or for other appropriate reasons.
- J. Term.
  - 1) Debt will be incurred only for projects with a useful life of at least five (5) years.
  - 2) The term of any debt incurred by the City shall be limited to no greater than the expected useful life of the improvement.
- K. The use of short-term financing, lease, or lease-purchase agreements shall be kept to a minimum.
- L. Other funding sources – to the extent they are available, the City of Keene will actively pursue:
  - 1) Grants that reduce the City's initial investment in project/improvement.
  - 2) Grants that contribute to the on-going debt service for city project(s).
  - 3) Other financing tools such as tax credits that leverage the City's initial investment in a project.

V. Capital Assets

- A. Capitalization of equipment, buildings, land and improvements other than buildings (if one or more of the following criteria are met):
- 1) Cost (if known) or fair market value is greater than or equal to \$5,000 and useful life is greater than one (1) year for new or replacement items.
  - 2) In the case of modifications and upgrades, cost is greater than or equal to \$5,000 for equipment, and \$10,000 for buildings and other improvements and the changes accomplish one or more of the following:
    - a) Prolongs the useful life of the asset
    - b) Adapts the asset to a new or different use
    - c) Substantially increases the value of the asset
    - d) Does not substantially replace a current asset
  - 3) All land acquisitions will be capitalized at cost (if known) or fair market value.
  - 4) The total cost of placing an asset into service condition will be capitalized.
- B. Capitalization of infrastructure
- 1) Cost greater than or equal to \$10,000, and useful life greater than five (5) years.
  - 2) The depreciation approach will be utilized for the reporting of all infrastructure.
- C. Depreciation: straight-line depreciation will be used to depreciate all depreciable capital assets over the estimated useful life of each asset, as determined by industry standards.
- D. Asset Classification: assets will be recorded within broad asset groups (e.g. land, buildings, etc.).
- E. Budgeting: the budgeting of capital assets will be in a manner that will facilitate the identification and recording of the asset in accordance with this policy.
- F. The City may develop, implement, and refine capital asset management programs (defined as an integrated business approach involving planning, engineering, finance, facilities management, utilities, technology and operations to effectively manage existing and new facilities and infrastructure to maximize benefits, manage cost, reduce risk, and provide satisfactory levels of service to community users in a socially, environmentally, and economically sustainable manner). The capital asset management plans should contain at least the following elements:
- 1) Periodic inventories and assessment of the physical condition of City capital assets and infrastructure.
  - 2) Establishment of condition and functional standards for various types of asset.
  - 3) Criteria to evaluate infrastructure and facility assets and set priorities.
  - 4) Financing policies to maintain a condition assessment system(s) and promote sufficient funding for capital asset preservation, repair, and maintenance.
  - 5) Monitoring and development of periodic plain language status reports on the various components of the City's capital assets and

infrastructure.

VI. Fund Balance Classification Policies and Procedures

- A. Fund Balance: Fund balance represents the difference between current assets and liabilities and shall be comprised of non-spendable, restricted, committed, assigned, and unassigned amounts defined as follows:
- 1) Non-spendable fund balance - includes amounts that are not in spendable form such as inventory or prepaid expenses or are required to be maintained intact such as perpetual care or the principal of an endowment fund.
  - 2) Restricted fund balance - includes amounts that can only be spent for specific purposes stipulated by external resource providers such as grantors or, as in the case of special revenue funds, as established through enabling legislation.
  - 3) Committed fund balance - includes amounts that can be reported and expended as a result of motions passed by the highest decision making authority, the City Council.
  - 4) Assigned fund balance - includes amounts to be used for specific purposes including encumbrances and authorized carry forwards or fund balance to be used in the subsequent fiscal year.
  - 5) Unassigned fund balance - includes amounts that are not obligated or specifically designated and is available in future periods.
- B. Spending Prioritization: when an expenditure is incurred that would qualify for payment from multiple fund balance types, the City uses the following order to liquidate liabilities: restricted, committed, assigned, and unassigned.
- C. Net assets: net assets represent the difference between assets and liabilities. Net assets invested in capital assets, net of related debt, consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition, construction, or improvement of those assets. Net assets are reported as restricted when there are limitations imposed on their use either through enabling legislation adopted by the City or through external restrictions imposed by creditors, grantors, laws or regulations, or other governments. All other net assets are reported as unrestricted.

VII. Stabilization Funds

- A. Unassigned Fund Balance.
- 1) That portion of available funds within each fund that can be used to offset emergency expenditures, a downturn in collection of significant revenues, or other unforeseen events.
    - a) Unassigned fund balance for the General Fund will be maintained at between seven percent (7%) and ten percent (10%) of the sum of the total of the General Fund annual operating budget and the property tax commitment for the school (both local and State) and the county.
    - b) Fund balances in all other budgeted funds should be maintained at between five percent (5%) and fifteen percent (15%) of the annual operating budget for that fund.
- B. Self-funded health insurance.
- 1) The City shall retain funds for its self-funded health insurance



program. The intended purposes for these funds are to provide a measure to smooth rate fluctuations, to accommodate an unforeseen increase in claims, and to provide financial protection from run-out costs in the event the City moves toward a fully insured plan. The amount retained shall not exceed three (3) months of estimated claim costs.

C. Capital Reserves.

- 1) Capital Reserves, classified as committed funds, are reserves established under State of New Hampshire law, invested by the Trustees of Trust Funds, for several purposes that include the construction, reconstruction, or acquisition of a specific capital improvement, or the acquisition of a specific item or of specific items of equipment, or other purposes identified in NH RSA 34, relating to Capital Reserve Funds for Cities.
- 2) The City of Keene has established the following capital reserves:
  - a) Fire Equipment Capital Reserve – for the acquisition or significant rehabilitation of fire apparatus.
  - b) Ambulance Capital Reserve – for the acquisition or significant rehabilitation of ambulances
  - c) Intersection Improvements Capital Reserve – for the rehabilitation or reconstruction of existing intersections.
  - d) Hazardous Waste Site Capital Reserve – for the clean-up, mitigation and testing associated with the Old City Landfill located at 580 Main Street.
  - e) Transfer/Recycling Center Capital Reserve – for the repair and replacement of existing infrastructure, systems, and equipment.
  - f) City Hall Parking Deck Capital Reserve – for the repair and replacement of existing infrastructure, systems and equipment.
  - g) Wells Street Parking Facility Capital Reserve – for the repair and replacement of existing infrastructure, systems, and equipment.
  - h) Landfill Closure Capital Reserve – for the closure and post-closure costs associated with the City Landfill located at Route 12 North.
  - i) Wastewater Treatment Plant Capital Reserve – for the repair and replacement of major components of plant, including equipment and building.
  - j) Martel Court Pumping Station Capital Reserve – for the repair and replacement of major components of station, including equipment building.
  - k) Sewer Infrastructure Capital Reserve – for the repair and replacement of existing infrastructure, systems and equipment including pump stations and the collection system.
  - l) Water Treatment Facility Capital Reserve – for the repair and replacement of major components of facility including pumps, controls, chemical systems, etc., and building components.
  - m) Water Infrastructure Capital Reserve – for the repair and replacement of major components of existing infrastructure, systems and equipment including wells, lift stations, tanks,

- etc., and the distribution system.
- n) Fleet Equipment Capital Reserve – for the replacement of vehicles and equipment under the management of Fleet Services.
  - o) Bridge Capital Reserve – for the construction, reconstruction, and rehabilitation of bridges.
  - p) Downtown Infrastructure and Facility Improvement Capital Reserve – for infrastructure and facility improvements in the downtown.
  - q) Transportation Improvements Capital Reserve - to fund, wholly or in part, improvements in the transportation system including roads, bridges, bicycle and pedestrian facilities, and intermodal facilities, except for parking.
- D. The City Council may create and fund through annual operating budget appropriations various expendable trust funds as it deems necessary for the maintenance and operation of the City; and any other public purpose that is not foreign to the City's institution or incompatible with the objects of its organization. The trust funds will be administered by the Trustees of the Trust Funds.

VIII. Deposits of Excess Funds

- A. Objectives (in priority order):
- 1) Safety – the safety of principal is the foremost objective.
  - 2) Liquidity – investments shall remain sufficiently liquid to meet the operational cash needs of the City of Keene.
  - 3) Yield – taking in to account the priority objectives of safety of principal and liquidity, a market rate of return.
- B. Authorized Investments:
- 1) US Treasury obligations.
  - 2) US government agency and instrumentality obligations.
  - 3) Repurchase agreements with New Hampshire Banks acting as principal or agent, collateralized by US Treasury/Agency obligations.
  - 4) Certificates of Deposits in New Hampshire Banks (collateralized).
  - 5) New Hampshire Public Deposit Investment Pool.

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Kendall W. Lane, Mayor

In City Council July 19, 2018.  
Referred to the Finance, Organization  
and Personnel Committee.

  
City Clerk