

**City of Keene**  
**New Hampshire**

**CITY COUNCIL FISCAL POLICIES WORKSHOP**  
**MEETING MINUTES**

**Tuesday, July 17, 2018**

**6:30 PM**

**Council Chambers**

**Councilors Present:**

Mitchell H. Greenwald,  
Thomas F. Powers  
Terry M. Clark  
David H. Richards  
Carl B. Jacobs  
George Hansel  
Margaret Rice  
Bart Sapeta  
Jan Manwaring

Mayor Kendall Lane

**Staff Present:**

City Manager, Elizabeth Dragon  
City Attorney, Thomas Mullins  
City Clerk, Patty Little  
Public Works Director, Kurt Blomquist  
Finance Director, Steve Thornton  
Asst. City Manager, Human Resources  
Director Beth Fox  
Deputy City Clerk, Bill Dow  
Asst. City Manager/IMS Director,  
Rebecca Landry

Mayor Lane called the meeting to order at 6:30 pm. He noted the fiscal policy resolution would go before Finance Committee next, which begins the budget process for 2018/2019 fiscal year.

City Manager Elizabeth Dragon began the workshop by saying there are a few minor changes on pages 4 and 5 of the fiscal policy resolution, which staff would like to address today.

Finance Director Steve Thornton stated in August the City will begin its capital improvement program preparation (2020 -2025). This process goes through October. From this, staff will try to put together a program which balances the needs of the community with the tax rate. This process could go through January, with the adoption of the CIP taking place sometime in March. December begins the operating budget process which goes through May when the Council adopts the operating budget.

Mr. Thornton stated this year staff is proposing language clarifications and a reorganization of the paragraphs under Section III "Fees and Charges."

He identified the new language would read as follows: *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.* Mr. Thornton stated the language being removed is a reference to "community wide benefit." Staff believes the term "community wide" was too broad of a term and was often misunderstood.

The next clarification was found in paragraph B entitled “Cost Recovery Standard for Fees and Charges.” It adds a reference to “regulatory and enforcement costs” as being part of the total cost of delivering the service. Mr. Thornton noted this language clarifies cost recovery is a standard that applies to fees and charges. It also emphasizes that regulatory and enforcement costs are included in the fee development.

Mr. Thornton continued there are some formatting changes throughout the remainder of this section for ease of reference.

Mr. Thornton then identified new language that would be added to section C.2.d. It relates to when a fee or charge will be set at, or above, full cost recovery. The new language recognizes an instance when the fee or charge for the use of City property or resources was incurred by a for profit entity.

This concluded staff’s presentation.

Councilor Jacobs referred to the section relating to when fees and charges will be set at something less than full cost recovery. Specifically he asked how “low income” is defined. Mr. Thornton stated “low income” is not being defined – these policies set guidelines on how staff should approach developing actual fees for services. He used the Parks and Recreation program where the Director might have to use the federal poverty guidelines to set fees so a child could participate in a program.

With reference to the new language in paragraph c.2.d., Councilor Clark asked whether the City has tried to mimic the State’s rate. Ms. Dragon stated the City always looks at the market rate when they bring forward a change to a rate as well as looking at administrative costs. Ms. Dragon used the space adjacent to City Hall where a market rate is charged for the use of this space. She added the City is not trying to recuperate any costs, but it is charging the market rate.

Councilor Hansel asked for the reason for these changes to be made. Ms. Dragon stated the first reason is to provide more clarity with the reorganization of how the policy read. The second reason is the confusion between the terms “community-wide” and “community-events”. The third reason is to explain where and when the City charges a market rate.

Councilor Hansel stated his concern with the new language is how it might impact a small business owner. He used the example of an individual who wanted to start a soccer program in the city and build it up like a small business and asked whether this could be a road block for someone like that. Ms. Dragon stated with parks and recreation or someone who is starting a business like the one mentioned by the Councilor, there is a section which talks about paying the city 20% of the revenues collected. She noted this is not above market rate as the City spends much more than that trying to maintain its fields etc. She noted the example the Councilor provided is more a partial recovery than a full recovery.

Councilor Sapeta asked whether the policy should be more specific with reference to not for-profit entities and whether there is size definition to recover some of the services. Ms. Dragon stated the policy talks about instances where they might charge less but they are not defining the various levels of non-profits. Councilor Sapeta asked whether there wasn't a need to specify a non-profit which might use more of the City services. Mr. Thornton indicated there is a place for this type of discussion, but it is difficult to have that type of discussion on a broader scale. This type of discussion could happen when each application comes forward. He continued that he did not feel the place for that would be under the fiscal policies.

Councilor Richards asked for an example for item e when collecting the fee might discourage compliance with regulatory requirements. Ms. Dragon stated trying to collect all of the fees associated with processing a building permit (as an example) might be cost prohibitive.

Councilor Richards referred to the language under the ambulance section which states there will be no charge for responses determined by the Fire Department to be public assists. Mr. Thornton stated this might be a situation where an ambulance is called to help someone who might have fallen who needed to be helped up, but required no transport or medical assistance. This language has been reformatted, it is not new language. Councilor Powers noted Medicare/Medicaid changes might permit the city to charge for some of these individuals who use City services often.

Councilor Hansel stated he has no issue with the language changes, but he wants to make sure there is flexibility that encourages small business and there is opportunity to work around the policy changes. Ms. Dragon assured the Councilor there was flexibility.

Councilor Sapeta referred to the language in Section 1, paragraph H. Property Taxes. He asked whether the provision that the City shall limit its property tax revenue increases to a rolling three year average of the Boston CPI net the expenditures required by law and debt service payments wasn't too high and whether the City should not be looking at something more realistic, especially with the living wage adjustment not going up as high in this area.

Mr. Thornton stated the City compares the rate not only with the Boston CPI but also with Northeast Urban CPI, and these rates are not that different.

Mayor Lane felt the Boston costs might be higher but the increases are comparable. Councilor Powers noted the rates are a guideline for staff to build a budget on, but ultimately it is the Council which makes the decision and at times they don't always follow the guidelines. Councilor Clark stated this is an item that has been looked at in the past and it was agreed the Boston CPI was the best representation available. Councilor Greenwald noted this rate excludes negotiated wage settlement and down-shifted wage costs and it also excludes energy which is a major expense. Councilor Sapeta noted because Keene's population number has stayed constant and as the aging population leaves their homes and move into assisted living facilities, the City is going to have to make adjustments for that change and there will be the need to raise taxes. He felt it would be prudent to look at the

next decade and use this tool to adjust the rate accordingly and maybe not use 100% of the Boston CPI as a guide.

Ms. Dragon stated with the CPI being so low there is not much change being seen with the operating budget. She stated if the City was to go below the CPI, the City would need to look at restructuring departments and services and this would be a much bigger discussion. She further stated as the City Attorney has pointed out, under the “fees and charges” section on pages 4 and 5, to change the word from “will” to “may” does give the City Council more flexibility. Ms. Dragon noted the municipal budget is small compared to the school budget and noted she does have concern about education funding and the elimination of stabilization funds which are now being required to be made up by tax dollars.

Mr. Thornton stated the City has been fortunate in the recent past with interest rates going up which has helped the City’s investments, as well as growth in motor vehicle registration and ambulance fees. Beyond these services, the City’s revenue doesn’t change much from year to year. The City controls its operating budget very tightly.

As there were no further comments, the Mayor adjourned the meeting at 7:20 PM.

Respectfully submitted by,

Krishni Pahl, Minute Taker