

City of Keene
New Hampshire

FINANCE, ORGANIZATION AND PERSONNEL COMMITTEE
MEETING MINUTES

Tuesday, May 12, 2020

6:30 PM

Remote Meeting via Zoom

Members Present:

Thomas F. Powers, Chair
Stephen L. Hooper, Vice-Chair
Terry M. Clark
Michael J. Remy
Raleigh C. Ormerod

Staff Present:

Elizabeth A. Dragon, City Manager
Merri Howe, Finance Director
Dan Langille, City Assessor
Patty Little, City Clerk
Natalie Darcy, Human Services Director
Tom Mullins, City Attorney

Members Not Present:

1) Call to Order – Committee Chair

Chair Powers called the meeting to order at 5:30 PM.

2) Resolution R-2020-22 Relating to the FY 2021 Proposed Fiscal Budget

3) Introduction – City Manager

City Manager Elizabeth Dragon addressed the Committee and stated as follows:

The Covid 19 crises caused us all to step back late in this budget development process and consider what our future may hold. The City has been tracking expenses and impacts to revenue during this crisis. FEMA funding, state grants and federal stimulus funds are flowing to the state and our community. In fact, thanks to additional dollars flowing from the federal government to support airports – the city just learned today that we are going to receive another grant this year to fund 100% of phase two of the Airport taxiway A project and the extension and the reconstruction, including signage, lighting and underdrain all 100% FAA funds with no match from the City (together those projects are around \$5.8m). In addition, we have also already received smaller amounts from the federal cares act in both the fire department for the ambulance and in the police department. The Manager stated she feels confident that funding sources are available to reimburse the city for expenses related to our COVID19 response. The city will recover 75% of the majority of funds we have had to expend to respond to this crisis from FEMA, and potentially for some expenses the city will recover 100% from the CARES ACT.

In addition, the city is pursuing stimulus funding for infrastructure projects that might qualify. While there are currently no funding sources to replace lost revenue- our current FY 20 budget for revenues is expected to end in the positive.

For FY 21, the budget being discussed today, the city will need to monitor State funding being allocated to Towns and Cities. In the following year FY22, the state will be going through its two-year budget process and likely downshifting any revenue losses to local communities. How much will depend on how quickly the state rebounds over the next year and how much the state and local communities can recover and capture from economic stimulus programs advanced by the federal government.

Ms. Dragon stated, tonight the proposed budget complies with the City' Council's fiscal policy. The city has a fiscal policy, which aims to limit property tax increases to a rolling 3-year average of the Boston-Cambridge-Newton CPI net of any expenditure required by law. This calculation is equal to 2.37%. The staff worked diligently to bring forward the proposed budget presented in the printed budget book, which utilized only a portion of the available increase to fund city operations. In doing so a budget is being put forward that will not increase the City's portion of the tax rate.

At this point in the City's overall tax rate process, both the School and County have approved their budgets setting the education and county portions of the overall tax rate. The approved County and school budgets are estimated to increase the total property tax rate by 1.35%. The City budget is the last piece of the tax rate and as proposed will not increase the city's portion of the rate.

This budget includes a few modifications of the CIP as part of the overall Covid 19 recovery strategy to take advantage of low bond interest rates and strategically reduce our capital plan requirements in FY 22, when the state will be going through their budget process. The ductwork at central fire station and municipal building improvements moved from current revenue funding to bonding. The Dispatch console replacement project and next year's municipal building funds also moved forward to this year. To strategically reduce our capital plan requirements for FY22.

The final product, is a budget that the Manager feels reasonably supports the city services provided to the residents of Keene, accommodates the goals set by the council, includes current labor agreements and other contractual obligations and supports the city's infrastructure program through continued funding of the CIP plan. This concluded the Manager's comments.

4) Departmental Budget Review

- Elected and Appointed Officials
- General Fund Revenues
- Administrative Services
- PC Replacement Fund

The Chairman stated the most important aspect of the budget are the revenues which are listed on pages 15 – 19.

The Finance Director Merri Howe addressed the Committee next. Ms. Howe began by referring to page 33, Outside Agencies, Account 62157, Monadnock Human Society withdrew their request of \$2,500 of funding.

Page 76, Human Resources, Account 61704 Social Security an amount of \$20,014 increase to the budget by \$17,679 - due to clerical error

Page 217, Parks Administration and Facilities Account 61305, Administrative Personnel amount should be \$48,328 decrease of \$24,335, due to clerical error

Page 217, Part time Employees, \$34,569 increase of \$1,528, due to clerical error

Overall these changes result in a budget decrease of \$7,628.

General Fund Revenues - Pages 15-19

Ms. Howe stated the general fund is the primary operating fund utilized by the city for all services of the city.

Page 9 illustrates the breakdown of revenue – approximately 56% comes from property taxes and the balance is from multiple source.

Page 11 – allocation of property taxes to various departments

Page 12 – general fund by summary of request – not all department requests made the budget.

Page 13 – revenue and expenses – numbers indicate that the city is within fiscal budget compliance.

Page 14 – summarizes the calculations of the tax rate – city portion of the tax rate remains unchanged compared to FY20.

Page 15 – 19 – report of FY21 proposed revenue budget – major difference is in miscellaneous category for sale of bonds. Decrease is in use of capital reserve funding to fund CIP projects.

Page 20 – outline of summary by department of general fund budget – overall the budget remains flat with an increase from FY20 of \$161,593 for .36%

General Fund Debt Service – Pages 21-23

New debt for FY21 projects is included and scheduled to be issued in the Fall of 2020.

Mayor & City Council – Page 28

Mayor Hansel and City Council budget is \$11,071 of which \$9,571 is for Other Services relating codification of ordinances, email archive and novice application.

City Clerk Patty Little added the novice application is used to create agenda packets for council committee packets. The Granicus portion the video portion is funded out of franchise fees collected from subscribers of Cheshire TV.

Councilor Remy asked what the \$9,571 increase was for. Ms. Little stated the Novice application was funded through Cheshire TV subscriptions but it was realized this funding source will not be able to sustain Novice and Granicus so novice is being moved into the operating budget. IT Director Rebecca Landry added the city collects a franchise fee from Spectrum based on a contract from every subscriber for video only services. Most of it goes to Cheshire TV but the city retains a portion of it for recording and broadcasting of meetings.

Councilor Remy stated he wasn't sure if the city was missing close to \$10,000 in revenue somewhere. Ms. Dragon stated the revenue from the franchise fee is dropping, the portion

Cheshire TV is getting is not sufficient to fund Novice and Granicus, if those funds continue to decline at some point there won't be funds enough to cover Granicus,

Councilor Ormerod referred to page 28 Council Official Expense - \$4,492 asked if there is way to reduce this amount and asked for the purpose of this expense. Ms. Little explained these costs are for meals for site visit as well as for meals when there is a for 5:30 pm session for Finance meetings, as well as for birthday and retirement gifts for Councilors.

Outside Agencies 29-33

Human Services Director Natalie Darcy addressed the committee and stated as follows: Historically Human Services has been tasked with taking the lead on Outside Agency funding. The committee consisted of Human Services, Finance, Community Development, and the Police Department. The committee worked diligently to assure that any organization that wanted to apply for funding had the opportunity to do so.

Recommendations for funding is based in part on each agency's response under the following established criteria:

1. The impact on the City if the agency was not in operation.
2. The agency provides a service with direct financial impact on expenditures of city departments.
3. The number and percentage of Keene residents served by the agency
4. Other local service agencies providing similar services.
5. Percentage of total budget spent on direct client services.
6. Financial impact in terms of prevention and intervention services that potentially saves future city spending.
7. Demonstrated efforts to cooperate and avoid duplication with other agencies.

The committee decided to host a meet and greet for the agencies to meet the staff assigned to the committee. The meet and greet was held on December 11, 2019. Each agency was given the opportunity to speak about their organization and what service it provides the city.

December 18th a public notice was published in The Keene Sentinel inviting agencies to apply. The deadline for application was January 15, 2020.

February 14th the committee met and made recommendations which were forwarded to the City Manager for budget review.

Mayor Hansel then requested that three City Councilors be part of the Outside Agency Committee. Those Councilors included Councilor Mitch Greenwald, Councilor Mike Remy and Councilor Randy Filiault.

The new committee met on February 24 to discuss the agencies, then another meeting with the agencies on February 28th. The agencies were again asked to speak about their organizations and the services they provides to the City of Keene.

There were originally eight agencies that applied for funding.

Councilor Ormerod asked about Project Share and questioned why this agency was not funded. Ms. Darcy agreed they do provide affordable items and Christmas programs however, the committee felt because there numerous other holiday programs in the area and the lack of sustainable income and the money requested was only to pay the city's rent was the reason funding was not approved. The Councilor asked why funding was also not approved for the Serenity Center. The Councilor felt any agency that deals with mental health would be an agency the city would support. Ms. Darcy stated the center is not fiscally strong and does provide for stable leadership at this time.

Councilor Clark thanked Manager for restoring \$4,000 (supplemental item) for the Community Kitchen. He felt perhaps the budget for the Bus Service, perhaps not this year but maybe next year should be increased based on the recommendation from the Climate Committee.

Councilor Hooper stated he was Pleased Meals on Wheel was funded more this year

Carmen Trafton, Director of the Samaritans was the next speaker. Ms. Trafton began by thanking the work of Ms. Darcy and the committee. She indicated there seems to be a surge in mental health issues during these times and the services being requested. She noted hers was a small organization that does not charge for any of its programs and has been very responsive during these times. She asked that the money that was previously allocated to the Humane Society be allocated to the Samaritans and take into consideration the closing of the Big Brothers Big Sisters program, which use to get twice as much funding as the Samaritans.

Unclassified items (incl. Community Funded Events) 34-35

Ms. Howe stated Community Funded Events has a \$3,753 increase related to wages and related benefits for city services. This increase in cost of city services at the time of application are pre Covid 19. Other items under this account are Heritage Commission, Conservation Commission, City Partnership Funding, Zoning Board, Energy and Climate.

City Manager added the city is seeing events being cancelled and this number may change as the budget moves forward. She indicated for the majority of the summer the city is not likely to see large group gatherings. She indicated she would keep the committee apprised.

Councilor Ormerod felt some of these events could be a funding source for other entities and asked if there was a way to promote some awareness and help those organizations that have to cancel these events can get the help they need. When it is safe, outdoor events are what need to be encourage to help bring the city together. The Manager agreed events would be important to bring the community together. She stated there is a committee that has been formed known as Keene Rebounds to help the city as some of these restrictions loosen up. Councilor Ormerod stated he had not seen a Memo on this issue and would like to see more about it. The Manager stated the reason there is no Memo about it is because this is a City Manager Committee and not a Mayor appointed committee but stated she will put something together to share with the Council.

Chair Powers stated there are agencies that are choosing to skip a year or changing the way it is being presented and referred to a virtual race he had recently heard about. Councilor Clark asked

whether the increase to Keene Music Festival was due to city services increasing. Ms. Dragon stated it is not due to the scope of the event increasing but it is just an increase in cost of the services.

Mr. Alex Stroshine addressed the Committee on behalf of the Elm Rotary Club and the DeMar Marathon with respect to finding opportunities to get back to normal, he stated they are still planning on conducting the DeMar Marathon on September 27th. They are also looking at alternative dates should the city not be ready to hold large scale events by that time (November 1st). He expressed his appreciation to the city for the level funding they have received from the city. Mr. Stroshine stated costs might increase this year due to additional precautions they might need to take and asked the city to consider increase to funding should other events cancel and there is room for additional funding. Mr. Stroshine stated he was very proud of this event, which is a signature event for this community.

Mr. Tim Zinn from Let it Shine addressed the committee next. Mr. Zinn expressed his appreciation for past funding and for support this year even though they can't predict what will happen by end of October. He stated they await the State and City guidance for their event.

Liz Sayre addressed the committee on behalf of the Kiwanis Club. Ms. Sayre stated she hoped the community will be back to normal to enjoy tree lighting, but will comply with city guidelines. She noted their compliance meeting with city staff have been successful and are on track for this event for November 27th. Ms. Sayre went on to say in the fall they will also start the trial period for the lights to stay on the poles year round. Councilor Hooper noted the lights on the poles have added more lighting for the streets

General Fund Capital Appropriations 36-37

Ms. Howe noted to certain modification made to the capital improvement program since it was adopted in March. Moving of the ductwork project for the Fire Station and Municipal Improvement project from current revenue funded to bond funding.

Moving two FY22 projects – dispatch console project \$233,486 and the municipal building improvements for that year of \$100,000 to FY21 to bond funding to take advantage of declining interest rates. This will also reduce the capital improvement plan for FY22.

Employee Benefits – Page 38

Ms. Howe stated that Cost Center 00081 decreased by \$160,296 – union contracts during FY20 budget have been executed and reported in the appropriate cost center for FY21.

Human Resources Director, Beth Fox noted other costs under this account are for the safety and wellness program, tuition reimbursement and parking space rental.

Risk Management – Page 39

Cost Center 00081 shows an overall decrease of \$5,808 – general liability for the city decreased but airport liability increase due to aging fuel tanks underground.

Councilor Ormerod clarified the liability is decreasing because the city's exposure is decreasing he stated when discussion on this topic comes up he would like to know how this cost is determined.

Chair Powers noted all insurance coverage comes from groups the city belongs to – he stated the collaboration between cities, towns and the school district have driven the cost down.

City Manager Pages 40-43

Ms. Dragon noted this budget includes the Executive Secretary who serves the Mayor and the Manager, the part-time Administrative Assistant, the Economic and Special Projects Director, as well as the stipend for the Emergency Management Director. Page 43 has a major change – general personnel, because of oversight of parking services from the Police Department to the Manager’s Office, a portion of the Economic Development position has been allocated to parking services.

City Attorney Pages 44-48

Attorney Mullins addressed the committee next. Attorney Mullins stated not much has changed with his budget. He noted the most significant change is that he moved his office away from paid research West Law in particular – he stated he could not justify this expense and noted to the books and periodicals line, which has gone down from \$9,100 to \$4,000 this year. He added he does retain hard copies of NH Law, which can be costly. Outside legal council is still being requested for significant litigation and reminded the committee of the loss of the Asst. City Attorney position, which position has not been filled.

City Clerk 49-54

Ms. Little stated this year’s budget focuses on statutory requirements of the presidential election. This budget reflects the cost associated with the state primary, presidential election and the 10-year purge of those who have not participated in recent elections (work begins in 2021) – leads into the re-districting.

Ms. Little stated the Manager funded many of the supplemental requests for the presidential election but added that this budget was prepared prior to Covid 19. She indicated she has been participating in a task force set by the Secretary of State’s Office as to what Covid 19 would mean for the fall election. They have asked for additional expenses cities and towns will need for the election such as protective equipment, postage for absentee ballots, PPE’s for election workers, germ guards. The State was given to 3.2 million from the federal government and these funds will be distributed to cities and towns. The state has determined anyone who fears Covid 19 exposure for voting in person will be able to receive an absentee ballot. The city usually has the absentee ballot at about 8% but the State is looking for that amount to be between 50% to 75%. Ms. Little stated she is looking at an additional \$45,000 to run this election from the state. She stated the most concerning thing for her is personnel and will be looking to repurpose many election workers; the majority are 70 years and over and have started expressing concern. She added she would be looking for these individuals to work on absentee ballots.

Ms. Little noted the only other item that is not election related on this line item is that her office is moving to another application for dog licensing. The office will be following what the Revenue Collector is doing with motor vehicle registration – that vendor also has a dog licensing component.

Councilor Remy asked whether there was any automation that will make the election process more sustainable. Ms. Little stated that they have leased another tabulator for each ward which will help with the process. The Councilor asked whether the cost related to dog licensing was a one-time cost. Ms. Little stated there was a startup component and it levels off after that.

Councilor Clark asked whether the Secretary of State has considered having a total mail format for the election. Ms. Little answered in the negative.

Councilor Ormerod commended the work the Clerk has done with the election all these years. He noted anyone who comes into the polling booth who is not properly covered is at risk of infecting anyone they come in contact with and stated he won't be surprised if there was a 100% absentee ballot.

Assessment 56-61

City Assessor Dan Langille stated that his department consists of four employees, which make up 92% of the budget – the other 8% cover the department vehicle, computer and office supplies and maintain and host the tax map and GIS.

Finance 62-71

Ms. Howe stated the Finance Department is a service based department which serves organization and public. It is comprised of divisions – accounting, revenue collection, purchasing which three divisions manage the financial needs of the city and the fourth division is Human Services which provides assistance to eligible persons in needs according to state statute. The department is comprised of 16 full-time individuals and three part-time employees.

She indicated this budget stays relatively flat except for a supplemental item in the Human Services budget in the amount of \$4,687 and referred to Ms. Darcy for added clarification on this item. Ms. Darcy stated this is for cost center 01001 – an additional four hours for their administrative assistant to provide help with for front desk coverage, complete client paperwork before the caseworker receives the file etc.

Ms. Howe went on to say the other division of Finance manage the other finance aspects of the city like paying vendors, paying employees, posting RFP's, managing contracts, issuing tax bills, audit, receiving tax payments, helping departments with their finance. These departments have nominal increases.

Councilor Ormerod referred to the motor vehicle registration fees and asked what percentage indicated is for e-registration. Ms. Howe stated she can obtain these fees and added with Covid 19 e-registration has increased.

Councilor Manwaring referred to page 70 – account 62152 - SCS Shelter Services \$50,000 – asked whether this was for the Homeless Shelter. She asked why 100 Nights gets \$25,000 and SCS gets 50,000 and asked whether this amount can be adjusted. Ms. Howe stated this amount is based on a contract and it was originally in Health and Code and has been transferred to Human Services - they also help with housing. Ms. Manwaring noted this is what 100 Nights

does. Chair Powers noted the difference is this program is 12 months a year. Ms. Manwaring noted 100 Nights is also opened year round and they also work with families.

Human Resources 72-76

Ms. Fox stated nearly 58% of the nearly 45.5 million operating budget is related to personal services. HR's proposed budget for FY21 is \$398,420 less than 1% of entire city budget. Some of the areas this department focuses on is employee communication, engagement, recruitment, benefits and administration. HR also supports, risk management, collective bargaining agreements, organizational planning, talent management, compensation, alcohol testing Personnel training and legal compliance as it relates to personnel issue. HR also supports on-boarding and separation and all the way to retirement and support employees even after retirement.

The department has three full-time employees and one part-time support position. Some of the changes this year is additional funding to support an intern who brings a different perspective and skill set to the department.

On the operational side, the costs are related to technology – PC replacement. Transitioning a traditional workstation to a laptop due to the Covid conditions and to be able to deliver services remotely. The other services related to PC replacement has to do with a public kiosk station for job seekers.

The second area of increase has to do with software application for cloud-based application used for employee recruitment.

Councilor Ormerod noted the HR budget for training has not gone up and with the new changes the city is anticipating the energy, climate, rebounding etc and how much more the department would need for training. Ms. Fox stated the funding they currently have meets the needs of the department and expressed her appreciation for the funding they receive.

Information Technology 77-82

IT Director Rebecca Landry was the next speaker. Ms. Landry stated the focus of her department is security as this landscape is changing. Cloud services, security enhancements, automation, employee training and retention are also items they focus on. Support and maintenance is centralized – any software costs that is seen in any other department is because that particular department is running cloud based application that do not run on city servers.

For FY21 the department will be looking at Storage Area Network Maintenance as this affects all departments. As far as the phone system, this is maintained by multiple servers. The department will also be replacing about 100 computers next year, this is a project that will be handled by one person in the department. Ms. Landry noted the System Maintenance budget will have an increase in FY21 – this item covers licensing costs for software loaded on an individual PC and accounting systems for which the costs have increased.

Councilor Remy referred to Line 61304 and asked about the gap in this line item compared to the estimate. Ms. Landry stated there was a position open for a number of months last year and since that position has been filled, it will be funded for the entire year.

PC Replacement Fund 154-159

There are about 100 computers that need to be replaced next year and the departments get charged a per device fee and this fee depends on the type of PC. Even though PC costs have decreased, Microsoft licensing applications have increased. As a result, the department budgets are going to see an increase for this line item. She noted with this pandemic the cost of computer equipment has doubled and the department is waiting to see if some of those costs can be reimbursed with Corona Virus funding and are also watching to see if prices will come down.

There being no further business, Chair Powers adjourned the meeting at 7:25PM.

Respectfully submitted by,
Krishni Pahl, Minute Taker