

City of Keene
New Hampshire

FINANCE, ORGANIZATION AND PERSONNEL COMMITTEE
MEETING MINUTES

Thursday, June 25, 2020

6:30 PM

Remote Meeting via Zoom

Members Present:

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

Members Not Present:

Staff Present:

Elizabeth A. Dragon, City Manager
Thomas P. Mullins, City Attorney
Asst. City Manager/Human Resources
Director/Beth Fox
Police Chief, Steve Russo
Parks, Recreation and Facilities Director,
Andrew Bohannon
Finance Director, Merri Howe

Chair Powers called the meeting to order at 6:30 PM and a roll call was taken. He noted this meeting is being held by zoom even though it was advertised that it would take place at City Hall – this is due to technical difficulties.

1) Melanson Heath FY19 Audit Presentation - Finance Director

Finance Director Merri Howe began by introducing Ed Boyd and Brian McDermott from Melanson Heath. Mr. McDermott addressed the committee and stated the audit went well and the pandemic caused the presentation to be late. He thanked the Finance staff for their assistance with this process. He indicated they found the finance books and records to be in good working order, no disagreement in generally accepted accounting practices, and as of 6/30/19 they offered an unmodified opinion. The city also presents a Comprehensive Annual Financial Report (CAFR), which is a more extensive public document with good historical data.

Mr. McDermott went on to say the City received the Certificate of Achievement for excellence for financial reporting, which he indicated was a great accomplishment.

Mr. McDermott stated he would like to provide the committee with the financial hi-lights. He indicate the most important item on a financial statement is the General Fund, Unassigned Fund Balance. Over the last four years this number has trended well – the city has gone from a 7.4 million dollar fund balance in 2016 to a 10.7 million balance in 2019 – 9.8% which is within the financial policy the city has adopted.

The utilization of capital reserves continues to trend as well - \$860,000 was put into capital reserves while utilizing close to \$650,000 in capital reserves. This is a committed fund balance,

where money is used for a specific purpose. The city funding capital with existing resources is also a positive item and is looked at as a credit strength.

City's Debt – Is very manageable from a credit rating perspective – seven million dollars during 2019 – paying off about 90% of the debt in ten years is looked at positively and this is what is looked at for AAA communities (75% is what is required – the city is at 90%).

Enterprise Funds – The Water Fund is paying 75% of the debt in ten years and the Sewer Fund 90% of the debt in ten years – which again exceeds the expectation.

Long Term Liabilities – For the net pension liability the city is at a little bit less than 1% member of the NH Retirement System which is about 64% funded as of 6/30/18 which represented a liability of approximately 34 million dollars (down three million from the prior year). Mr. McDermott noted this is not something unique just to Keene. He added if good things happen between now and 2039 this number could be brought down to a zero. He noted the entire country is trying to grapple with how to deal with pension. The rating agencies are aware of this.

OPEB Liability (Other Post Employment Benefit) – Related to retiree health care. Even though retirees pay 100% of the premium, the rate is what is driving this liability. Having the retiree group in the city's overall pool, the current employees are subsidizing the pool and this is what causes the liability for the city. He noted there are more structures that are going to be out in place moving forward.

Councilor Clark asked how the market is responding to the tax receipts municipalities are not getting because of Covid-19. Mr. McDermott stated this is a focus point and noted there is an appetite to use more of the fund balance than has happened in the past and it is understood there is going to be a lot of pressure on the revenue side.

Councilor Ormerod referred to unreserved fund balance and asked whether there is an expectation to use this to compensate for revenue now and whether this is the best use of those funds or should the city stretch out its payables like most companies would do during these times. Mr. McDermott stated for AAA rating using fund balance will not be a good idea. He indicated perhaps the city should not be that reactive and make some tougher decisions – use some of the fund balance but stay within the financial framework; look at what the immediate needs are, put together a budget that is conservative, look at where state aid is going to be. He did not feel pushing out payables would help a lot as these vendors are going to want to get paid eventually. The Councilor stated the reason he brought up payables is because there is legislation to provide relief from property taxes, extending a helping hand to people who owe the city. Mr. McDermott stated initially there was the hope the Cares Funding would help with revenue shortfall but that has not happened yet. He went on to say the Heroes Act is supposed to get some traction in July. The hope is that the legislature is going to be able to step in and bridge the gap.

City Manager, Elizabeth Dragon was the next speaker who stated it has been pointed out to her that New Hampshire's revenue is more stable compared to other states because New Hampshire is not reliant on sales or income tax; New Hampshire's revenue which relies on property tax has been stable. The only fund that has had an impact so far is the parking fund where adjustments

were required. She indicated staff will be monitoring municipal aid numbers and necessary adjustments will need to be made but these numbers are holding steady. She went on to say with reference to Rooms and Meals Tax for the recent budget that was approved, the Governor's Office has assured the city those numbers will remain. She added if we see a revenue dip it will be in the following year and the city will be closely monitoring what is happening with property taxes compared to last year. Taxpayers have the ability right now to pay property taxes late for three months without a penalty. She added if the city wanted to get to the AAA rating this would be a good conversation to have with the city's financial advisor.

Ms. Howe thanked the team at Melanson Heath, especially Brian McDermott, the finance staff and department heads. She stated the city will not be able to receive this award without their assistance.

Councilor Clark what the city's current rating was. Mr. McDermott it was AA.

Councilor Hooper made the following motion, which was seconded by Councilor Clark.

On a vote of 5-0, the Finance, Organization and Personnel Committee recommends accepting the Melanson Heath FY19 Audit Presentation as informational.

2) Acceptance of Donation - Parks, Recreation and Facilities Director

Parks Recreation and Facilities Director, Andrew Bohannon addressed the committee next. Mr. Bohannon stated the city has a community garden behind the Monadnock View Cemetery (three rows). These rows are prepped and ready every May and individuals are charged \$25 per lot where they grow their own vegetables. He indicated during these times of food security for many the city wanted to increase awareness of the gardens. He indicated the Community Garden Connection is based out of Antioch University who have provided community gardens for many nonprofit organizations.

This \$2,500 donation will be used to run an irrigation line from the building to the garden (200 feet). This will eliminate the need for running hoses and also the ability to control water usage.

Councilor Hooper made the following motion, which was seconded by Councilor Clark.

On a vote of 5-0, the Finance, Organization and Personnel Committee recommends that the City Manager be authorized to do all things necessary to accept a donation of \$2,500.00 from Community Gardens Connections and that the money is allocated for the installation of a water line to the community gardens in Monadnock View Cemetery.

3) Acceptance of NH Juvenile Court Diversion Network funding for Youth Services - Youth Services Manager

Mr. Bohannon addressed this item as well and noted this grant has been accepted in the past and it has been for a total of \$8,000. This year it has been reduced to \$6,000 for work related to substance use screening. He indicated the Youth Services Manager, Dimitria Kirby has done a

great job working with the Tobacco Program Manager at the Cheshire Medical Center and has created programs for such things as to curb vaping. The program was doing well until Covid-19 hit but she has continued to work on this program and conduct classes online.

He went on to say the reimbursement is based on evidence-based substance use screening tool for youth and the city gets reimbursed \$250 per screening and each screening sent into the state for up to \$6,000.

Councilor Clark stated this is the type of program he plans to discuss in the next few months and questioned why the city has to wait for grants to do this kind of work. He felt these types of preventative measures need to be included in the upcoming budgets and not have to rely on grants.

Councilor Hooper made the following motion, which was seconded by Councilor Clark.

On a vote of 5-0, the Finance, Organization and Personnel Committee recommends that the City Manager be authorized to do all things necessary to accept and administer funds provided by New Hampshire Juvenile Court Diversion Network for Youth Services programs.

4) Tracy Keating Gunn/Flight Deck Restaurant - Request for a Waiver of Rent Payments and Property Taxes for the Months of March Through June

Ms. Tracy Keating Gunn addressed the committee. She indicated a letter was forwarded to the council and explained her business was closed for over two months and noted the city was provided with grant funding through the Cares Act for the Airport due to loss of revenue and because she is one of the businesses at the airport, she would like to be compensated for some of the losses she incurred while she was required to be closed. She noted since she wrote the letter the city has contacted her and has waived the May rent.

Ms. Keating Gunn stated they are open now and are doing well with limited hours and limited staffing.

Ms. Dragon stated Ms. Keating Gunn is correct in that the council agreed to waive the rent for all leaseholders for the month of May (less property taxes) who were impacted by Covid-19. The leases at the airport are a little different as their property taxes are paid to the Town of Swansey. She indicated at this point she does not feel anything more than what has already been approved by Council should be extended as she felt all leaseholders should be treated equally. She noted the one month waiver cost the City \$10,000. Ms. Dragon went on to say there was also other funding coming from the state such as the Main Street Relief Program and stated the city has been encouraging all businesses to sign up for this.

Councilor Clark asked Ms. Keating Gunn to respond to what the Manager had stated about applying for the state funds. Ms. Keating Gunn stated she applied for it but this is based on losses and added she also applied for the PPP Loan and noted such loans are not often geared toward restaurants as they are based on payroll. Ms. Keating Gunn went on to say she is not asking her

other landlords for relief as they were not provided any grants for loss of business but the reason she is asking the Airport is because they were given funds for loss of revenue.

Councilor Remy asked what other loss of revenue was incurred at the airport and added his understanding is that the Cares Act was meant to offset loss of landing and fees etc. Ms. Dragon agreed the Cares Act funding was not meant for reimbursement for leaseholders; it is for city operations and expenses the city incurred. Similarly, the ambulance service was also afforded Cares Act funding which was meant for Medicaid payments. She added the funding was based on a particular formula.

Councilor Hooper made the following motion, which was seconded by Councilor Remy.

On a vote of 4-1, the Finance, Organization and Personnel Committee recommends that the request be denied. Councilor Clark voted in opposition.

5) Petition - Calling for the KPD to be Outfitted with Body Cameras

Chair Powers stated there was a Petition on this item turned into the Clerk's Office with a number of signatures, many of whom were residents of Keene. The Council accepted the Petition at its last meeting and forwarded it to the Finance Committee for their consideration. The Chairman stated the committee would let the public weigh in on this item but would like to keep it to this topic.

Lynne Carrion of Keene Direct Action was not comfortable providing her address due to some negative issues she has experienced during the last few weeks. She indicated she was a resident of Ward 2. Ms. Carrion indicated she was concerned about the size of the Police Department's budget and none of it being allocated for any type of cameras. She indicated she as well as others have experienced negative interactions with the Keene Police Department. She noted a friend of hers was threatened with the use of the Bear Cat by a police officer. 716 people have signed this petition so far and felt of the 7.8 million dollar KPD budget, a portion could be for body cameras and dash cameras.

Ms. Fernandez-Anderson who was also not comfortable providing her address stated she is from Ward 4 agreed with what Ms. Carrion just said, and went on to say that other communities of similar demographics as Keene, allocate for body cameras. The Town of Bedford with a population size of 21,203 in 2019 when Keene was at 23,000 had a 4.66 million budget while Keene was at 7.26 million. She noted Bedford only has 64% of Keene's budget for a similar population. In other words, Keene spends nearly \$310,000 per capita on its Police Department whereas Bedford only spends \$202,000 which is 35% less than Keene and they had money to provide for body cameras. She went on to say Keene Direct Action contacted Bedford who confirmed the use of body cameras and the police announce the use of cameras during traffic stops.

Laura Dunfey Ehrenburg of Ward 2 stated during the past few months we have seen police officers use brutal force on peaceful protestors. She went on to say the reason for this behavior by the police in her opinion was that police do not want to be held accountable for their actions. While this is not happening in Keene and they do not expect it she felt this should be a concern

for this community as well as to protect the safety of this community especially people of color who are under-represented.

Councilor Clark stated this discussion happened in 2015 and at that time staff raised the issue about privacy – for instance if they were to enter a house during a call if children were to be present. He questioned if staff still had those concerns. Chair Powers agreed with Councilor Clark and added what he would like to see done today is to move this item forward by gathering information as there are a lot of ramifications attached to this item; there are cases when cameras are necessary and cases when they are not. He asked for the Manager's comments.

Ms. Dragon agreed this discussion happened in 2015, a lot has changed since then and staff is likely to ask this item be put on more time. She asked for the Police Chief's input.

Police Chief Russo stated the challenges raised back in 2015 still exist; however, technology has changed since that time and so have certain laws. He asked that this item be put on time to look at right to know exemptions, implementation, procedures and policies and training. He felt the best way to accomplish this is through a research committee and asked for a six-month period to complete this review.

Councilor Hooper agreed this was a complex issue and needed to be discussed. He recalled this discussion in 2015 and there were concerns raised about cost and privacy. He felt the forming of a committee suggested by the Chief was a good idea and agreed with placing the idea on more time.

The Manager added in discussion with the Chief they felt it would be necessary to have various stakeholders on this; members from the ACLU, IT, residents, a police officer, and the City Attorney. She indicated there will be diverse opinions on this issue and added it is difficult to compare communities. Keene is a community that serves two colleges and is a HUB community.

Councilor Ormerod referred to Ms. Anderson Fernandez and indicated population is one item the city would be looking at, but there are also other issues as has been mentioned by the Manager and would welcome data from other comparable cities in nearby States – Vermont and Massachusetts as well. He also asked what sort of measurable data the city will be looking at – how does the city know this is working. Chair Powers felt this was a question that should be posed to the committee that would working on this item. He added there are already procedures set up on this issue by the Attorney General's Office. He also added you cannot compare one city's budget with another – it is reported differently. Keene is a city, Bedford is a town, their expenditures are done by warrant and this is something that would need to be reviewed by Finance.

Ben Schiffelbein of 74 Beech Street, Defense Attorney did not feel this was a difficult issue but agreed it was expensive. He noted the Towns of Winchester and Hinsdale, smaller towns than Keene have body cameras, and the Towns of Chesterfield and Jaffrey have dash cameras. He stated as a criminal defense practitioner his work is eased a lot by viewing body and dash camera footage. He agreed Keene is different compared to these communities but the laws are not different, and referred to what was stated regarding privacy issues – he agreed this is true but

most communities in the North Country have body cameras without much difficulty. Mr. Schiffelbein stated the measurable is not with economics but the benefit is in regards to police accountability, which the movement in the rest of the country is calling for.

Chair Powers asked Councilor Ormerod whether his question was addressed. The Councilor stated he understands the city will be addressing this issue but was looking for input from others and wanted to continue to welcome those comments.

A member of the Keene Direct Action addressed the committee again and stated the Petition calls for KPD to be outfitted with body cameras as soon as possible and understands there are issues that need to be addressed and this is what they are looking for from the elected officials. She felt this is a public safety emergency and hoped the committee takes it seriously.

Councilor Clark did not feel Keene needed six months to address this issue or that a committee was necessary. He indicated many communities have this in place and is something that benefits everyone. He felt Council and staff can get this done in a short time. He stated he learned during a recent video conference that there is mistrust in the community for the Keene Police Department, and so felt anything Keene can do to alleviate that mistrust should be addressed. The Councilor suggested this item be brought back in a few weeks and unless he can be told otherwise, he felt the time has come to put this in place.

Councilor Hooper stated he always supports moving things forward but felt this a big change for the city and felt appropriate time should be taken to get the proper solution put forward. He felt there needs to be a valid discussion and it should not be rushed.

Councilor Hooper made the following motion, which was seconded by Councilor Clark.

On a vote of 5-0, the Finance, Organization and Personnel Committee recommends putting this item on more time.

6) Relating to Personnel Systems and Procedures

Asst. City Manager/Human Resources Director Beth Fox was the next speaker. She indicated there are approximately 12 changes to city code she will be addressing today. This is regarding Personnel Practices, Chapter 62.

The first two are to Subdivision Titles, III and VI – this change will move towards language used today – for exempt employees and non-exempt employees. This is for employees not under a collective bargaining agreement.

The next change beginning in Section 246 relates to City's Holiday Practices. This clarifies that the section of the Ordinance prescribes specific days off for holidays to apply to positions in the salary schedule, with the exception of probationary fire and police because their schedules do not account for holidays. There is a different method of compensation for these positions.

Chapter 62 – 302 – Probationary Police Officers – Makes it clear probationary police officers will receive what they get today, which is additional pay for holidays during their employment. The same rule applies to regular police officers who work holidays.

Chapter 62 – 303 – Probationary Fire Fighters – Same provision applies as was indicated for police officers where they are paid over-time pay for working holidays.

Councilor Remy noted these are changes to language but asked whether it was also a change to practice. Is something different going to be done tomorrow compared to what is being done today; will there be a change to payments? Ms. Fox stated relative to holidays it will not – there won't be anything different to holidays or holiday pay. The city code and the city handbook would be more in sync.

Councilor Hooper clarified there are holidays for which employees get time and a half and there are some that they get paid double time and asked for clarification. Ms. Fox stated there are differences in collective bargaining agreements across the organization.

Section 56-425 – Eligibility for Sick and Injury Leave – This section is being proposed to be stricken as it already says what the rules are for each of those items.

Section 62-611 – Cost Sharing for Non Bargaining Unit Employees – (1) adjusts cost sharing for non-bargaining unit employees to the same standard as contract employees (option 1 plan – lower cost plan).

(2) To clarify if both employee and spouse work as full-time employees – they will be offered a 2-person plan or a family plan, whichever is applicable to their situation.

(3) Adjustment deals with scheduling of payments in lieu of health benefits the city offers. Language is added in bargaining agreements that the city only makes these payments when the city is not subject to a penalty under the Affordable Care Act, Tricare or any other legislation.

Section B – Dental Insurance – Language Update – When this was written there were several unions. The city has moved beyond this language – to eliminate the term “civil union” and replace it with employee's spouse and if they are also a full time employee – they will be afforded one plan.

Section 2 (c) – Employee Death and Dismemberment Benefit – Payouts are made according to what is outlined under state law.

Councilor Remy referred to the insurance section where the date is being changed effective July 1, 2020 and the percentages referred to and this is being aligned with another plan and noted this is a future date and asked how the cost to the city would be affected by this change. Ms. Fox stated this is hard to predict, as the future year premium cost is unknown. Councilor Remy stated he was unfamiliar with Option 1 or Option 2 and asked for clarification. Ms. Fox explained Option 2 was a high-level plan, provided comprehensive coverage and we only a few employees are in this plan. Most employees choose Option 1.

Councilor Clark stated as the city moves towards 100% participation, the incentive might be to get employees off the City's plan and asked whether it is the incentive to get employees a better plan. Ms. Fox stated it is not the intention of the city to move people off the health plan; it is the goal of the city to provide employees with an adequate plan so that they can come to work and perform their job. She added there is another plan known as Health Trust the city participates with who offer a variety of plans and encourage employees to sign up for the coverage they desire.

Councilor Ormerod referred to 62-611 (a) – this was updated from 11 years ago and asked when staff feels it would need to be updated again. Ms. Fox stated this change brings the city in line with its collective bargaining agreements. This would change as those agreements are updated. The current bargaining agreements run through FY22. The next change won't happen at least until January 2022 or a little later, depending on where the city is with collective bargaining units.

Section 62-613 – Pension and Retirement for Regular Full Time Employees – Updated to align with State Statute. Eliminate section 4 which has not been applied for some period of time.

Section 62-614 – Pension, Retirement and Disabilities for Special Public Safety Service Employees - Eliminate this section – as there are no police auxiliary officers and there are none that are receiving a pension. If the city should hire any in the future this section can be reinvented.

Councilor Hooper made the following motion, which was seconded by Councilor Clark.

On a vote of 5-0, the Finance, Organization and Personnel Committee recommends adoption of O-2020-07.

There being no further business, Chair Powers adjourned the meeting at 8:20 PM.

Respectfully submitted by,
Krishni Pahl, Minute Taker

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