



City of Keene  
*New Hampshire*

**FINANCE, ORGANIZATION  
AND PERSONNEL COMMITTEE  
AGENDA  
Council Chambers B  
September 10, 2020  
6:30 PM**

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

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1. Land Water Conservation Fund Grant Application - Parks, Recreation and Facilities Director
  2. 2021 Revaluation Contract - City Assessor
  3. Design Change Order - Cheshire Rail Trail Phase III - City Engineer
  4. Professional Services Contract - Cheshire Rail Trail Phase III - City Engineer
  5. Community Power Consulting Services - ACM/Community Development Director
  6. Fiscal Policies Resolution R-2020-32

**MORE TIME ITEMS:**

- A. Councilors Remy, Bosley and Giacomo - Continued Remote Participation

Due to the COVID-2019 State of Emergency, the Finance, Organization and Personnel Committee will be holding its meeting remotely using the web-based program, Zoom. Members of the public will be able to access this public meeting through a variety of options, described below. If you encounter any issues accessing this meeting, please call 603-757-0622 during the meeting. To access the meeting online navigate to *Zoom.us* and enter the Webinar ID # 86383214104. To listen via telephone call 877 853 5257 and enter the Meeting ID: 863 8321 4104. When the meeting is open for public comment, callers may press \*9 if interested in commenting or asking questions.

Non Public Session  
Adjournment



City of Keene  
*Transmittal Form*

August 25, 2020

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

**FROM:** Andy Bohannon, Parks, Recreation and Facilities Director

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

**ITEM:** 1.

**SUBJECT:** Land Water Conservation Fund Grant Application - Parks, Recreation and Facilities Director

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**RECOMMENDATION:**

Move that the Finance, Organization and Personnel Committee recommend that the City Manager be authorized to execute the submission of the application for LWCF Grant Round 31 for the Russell Park Renovation Project.

**BACKGROUND:**

The State of NH is offering Grant Round 31 through the Land Water Conservation Fund (LWCF) which is a federally funded program through the National Park Service. The program provides 50/50 matching grants to state and local governments for the purpose acquiring and/or developing public recreational areas and facilities.

This application will be to support that the City will be submitting a full grant proposal on October 30, 2020 for the maximum amount of \$400,000.

Through the Capital Improvement Program, Russell Park received \$225,000 for design phase in this fiscal year, and construction of \$1,225,000 in FY22. Should the grant application be accepted by the State, the City has three years to complete the project. The additional \$400,000 in grant funding will be utilized to enhance the scope of the project.



City of Keene  
*Transmittal Form*

September 4, 2020

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

**FROM:** Dan Langille, City Assessor

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

**ITEM:** 2.

**SUBJECT:** 2021 Revaluation Contract - City Assessor

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**RECOMMENDATION:**

Move that the Finance, Organization and Personnel Committee authorize the City Manager to negotiate and execute a contract with Vision Government Solutions for the 2021 Revaluation.

**BACKGROUND:**

State law requires that municipalities value anew all real estate for tax purposes at least every five years (RSA 75:8-a). The entire City was last revalued in 2016. The project will take place throughout 2021 with final values going into effect for the December tax billing.

The City has been aware of and expected to complete this revaluation in 2021 and has included this project in the CIP. \$165,000 has been estimated in the approved CIP plan.

The City sent out a Request for Proposals through the Purchasing Office and as a result we received the following three proposals; Tyler Technologies for \$139,900, KRT Appraisal for \$120,000 and Vision Government Solutions for \$118,700. A review team consisting of Tim Ballantine, Property Appraiser; Dan Langille, City Assessor; and Beth Fox, Human Resources Director/ACM reviewed all the proposals.

The following criteria was reviewed in order to compare the proposals: Qualifications of staff, overall cost, successful completion of projects in similar New Hampshire communities, overall project approach and proposal, public relations plan and knowledge of the City's appraisal software.

In reviewing the proposals it was unanimous from the review committee to recommend Vision Government Solutions for the project. Vision was the lowest bidder although the difference between the cost of their proposal and KRT were minimal. What set Vision apart is their experience revaluing similar communities as Keene with recent projects completed in NH for the communities of Portsmouth, Bedford, and Claremont. Overall they have been in the revaluation business for over 40 years working throughout New England and certainly in many New Hampshire municipalities during this time. They will be allocating well qualified, experienced staff for our project; all with successful track records of completing projects in New Hampshire. Their proposal included a public relations program, designed to ensure transparency and accountability throughout the revaluation. And finally, although KRT has a considerable amount of experience working with the vision appraisal software that the City uses, the appraisal staff at Vision are highly qualified and well trained in using the software as they use it exclusively. They have the support of the entire company since the software and the appraisal division are both part of Vision Government Solutions.



City of Keene  
*Transmittal Form*

September 8, 2020

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

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

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

**ITEM:** 3.

**SUBJECT:** Design Change Order - Cheshire Rail Trail Phase III - City Engineer

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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 for an amount not to exceed \$5,234.46 with CHA Consulting, Inc. for the revision of final bid documents for the Cheshire Rail Trail, Phase III Project.

**BACKGROUND:**

The City will be advertising the construction of the Cheshire Rail Trail, (CRT) Phase III Project this fall. This project is funded with a Federal Highway Administration (FHWA) "Transportation Alternative Program" (TAP) Grant. Under the TAP Grant program, the federal government reimburses 80% of eligible project costs.

A portion of this trail project will include an on-street loop along Park Avenue and Summit Road. Staff recommended the acceleration of the repaving of Park Avenue so that the work can be completed in conjunction with the CRT Phase III improvements. That request was approved by the City Council and the New Hampshire Department of Transportation (NHDOT) in the fall of 2018.

When the City submitted the final bid documents and requested authorization to advertise the construction in July of 2020, the Federal Highway Administration (FHWA) raised an objection to combining the City-funded paving project with the federally funded TAP project. As a result, the City has been directed by FHWA and NHDOT to revise the bid documents and separate the work into two completely distinct contracts. This requires the City's engineer (CHA) to rework the bid and contract documents to create two separate projects.

Of the requested change order, \$1,759.21 is attributed to the break out of the City's Park Avenue paving work and will be paid 100% from the City's budget for the Park Avenue Paving Project. The remaining \$3,475.25 is attributed to the TAP project and will be 80% funded by the FHWA. The total cost to the city for this change order will therefore be \$2,454.26



City of Keene  
*Transmittal Form*

September 8, 2020

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

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

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

**ITEM:** 4.

**SUBJECT:** Professional Services Contract - Cheshire Rail Trail Phase III - City Engineer

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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 an engineering and technical services contract in an amount not to exceed \$48,000 with CHA Consulting, Inc. for the construction phase of the Cheshire Rail Trail – Phase III Project.

**BACKGROUND:**

The City anticipates to begin the construction phase of the Cheshire Rail Trail, Phase III project later this fall. This project is funded with a Federal Highway Administration (FHWA) “Transportation Alternative Program” (TAP) Grant. Under the TAP Grant program, the federal government reimburses 80% of eligible project costs.

As a condition of obtaining FHWA funding for the project, the City must comply with procedures and processes outlined in the “Local Public Agency” (LPA) program. For the construction phase, the procedures and processes includes specific requirements for construction observation and administration including daily record-keeping, quality assurance testing, confirmation of compliance with federal labor law and documenting payment of “Davis-Bacon” wages, etc.

CHA was chosen by the City in 2016 through a competitive selection process to perform the design and construction administration for this project. Construction Administration was specifically discussed as part of the original Request for Qualifications (RFQ) and consultants were informed that they would be expected to provide those services under a separate contract. The reason why the construction services phase was to be handled separately was the scope of the project would be defined through the design phase of the project. All scopes and fees are reviewed and approved by the New Hampshire Department of Transportation (NHDOT). CHA’s current contract concludes with the receipt of bids and recommendation of a qualified construction contractor.



City of Keene  
*Transmittal Form*

September 8, 2020

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

**FROM:** Rhett Lamb, Assistant City Manager/Community Development Director

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

**ITEM:** 5.

**SUBJECT:** Community Power Consulting Services - ACM/Community Development Director

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**RECOMMENDATION:**

That the Finance, Organization and Personnel Committee recommend to City Council that the City Manager be authorized to do all things necessary to negotiate and execute a contract with Good Energy, L.P. and Standard Power of America, Inc. for Community Power consulting services for a fee not to exceed \$0.01 per kilowatt hour. This fee shall be paid directly to the Consultant by the Competitive Supplier, in the event that a third party contract with a competitive supplier is signed. In the event that negotiations with the preferred vendor are not successful, the City Manager is authorized to do all things necessary to negotiate and execute a professional services contract with Freedom Energy Logistics, Inc.

**BACKGROUND:**

In January 2019, the Keene City Council adopted a goal to source all electricity consumed in the City from renewable energy sources by the year 2030 and 100% of all thermal energy and energy used for transportation from renewable energy sources by the year 2050. In the fall of 2019, an energy planning consultant (The Cadmus Group) was hired to assist the City with identifying strategies to achieve the 2030 goal for the electricity sector. The final report by Cadmus, which was presented to City Council in April 2020, concluded that the highest impact strategy to achieve the 2030 goal is a program called "Community Power." This program, enabled by NH RSA 53-E, allows local governments to pool their electricity demand and procure electricity and electricity-related services on behalf of residents and businesses.

In June 2020, City Council authorized the formation of an ad-hoc Community Power Committee charged with developing a Community Power plan on behalf of the citizens of Keene. In addition, the committee was asked to work with staff to assist in a competitive RFP process to select a consultant to assist in preparing a Community Power Plan and the design, implementation, and ongoing monitoring of a Community Power program, and act as a broker for electricity supply.

With input from the Community Power Committee, staff sent out a request for proposals for services of a qualified professional consulting firm to assist with the development of a program to aggregate the electrical load of electricity users within the City in compliance with all applicable provisions of NH RSA 53-E and any other applicable statute or regulation, and to assist the City in evaluating bids from competitive electric supply and services companies ("Competitive Suppliers"). This RFP stipulated that the consultant fee will be a management fee per kilowatt hour, which is the complete price for all services and expenses incurred by the consultant. This fee would be paid directly to the consultant by the competitive supplier, in the event that a competitive supplier is approved by City Council and a third party contract is signed.

There were two responses to the RFP, including a proposal from Freedom Energy Logistics, Inc. and a joint proposal from Good Energy, L.P. and Standard Power of America, Inc. A proposal review team comprised of five staff and the chair of the Community Power Committee reviewed these proposals and conducted interviews with each firm. Following each interview, the firms were evaluated based on the following criteria: ability of the firm to meet the scope of work, compliance with all RFP response requirements, relevant experience of the Consultant and proposed project team, relevant experience working in the NH energy market, project understanding, demonstrated ability to develop and complete an electrical or municipal aggregation process on a timely basis, cost proposal, references, and firm location.

Overall, the joint proposal from Good Energy and Standard Power received a higher score. Good Energy has substantial experience working with over 200 municipalities in six states on Community Power programs, and Standard Power has relevant experience working in the NH energy market and has a local presence. Both firms have offices within an hour of travel time from Keene. The table below summarizes the scores that each proposal received by the review team.

<b>Reviewer</b>	<b>Freedom Energy Logistics</b>	<b>Good Energy/Standard Power</b>
<b>1</b>	26	36
<b>2</b>	40	43
<b>3</b>	40	47
<b>4</b>	50	55
<b>5</b>	36.5	42.5
<b>6</b>	31	43
<b>Total</b>	223.5	266.5
Average	<b>37.3</b>	<b>44.4</b>

In the event that negotiations with Good Energy and Standard Power are unsuccessful, staff request that the City Manager be authorized to negotiate and execute a contract with Freedom Energy Logistics.



City of Keene  
*Transmittal Form*

September 8, 2020

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

**FROM:** Merri Howe, Finance Director

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

**ITEM:** 6.

**SUBJECT:** Fiscal Policies Resolution R-2020-32

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**RECOMMENDATION:**

That the Finance, Organization, and Personnel Committee (FOP) recommend to the City Council the adoption of Resolution R-2020-32 pertaining to Fiscal Policies.

**ATTACHMENTS:**

Description

Resolution R-2020-32

**BACKGROUND:**

Fiscal policies serve as a tool to address questions and provide guidance for fiscal management and decision making. Each year the policy is reviewed and amendments proposed. This year the proposed amendments focus on the topics of the budget, CIP, bonded debt and other funding sources, and stabilization funds, with updates to terms and references to current conditions.

The Fiscal Policy Workshop was held on September 1, 2020 where an in-depth presentation of the proposed amendments was made to the City Council.

Since the workshop, the City Attorney recommended some legal edits and additions.

Part I – Budgetary Policies paragraph D has been modified to include additional language from R-94-32 regarding items eliminated by the Council during the budget approval. Eliminated items cannot be purchased with funds from other line items without Council approval. This item along with the other modifications in this section formalize long-standing budgetary practices of the City.

Upon further research from a comment raised at the fiscal policies workshop, it was discovered that the resolutions from 1994 (R-94-9A and R-94-32) actually ceased to be effective by their own terms in 1997. A new paragraph, L, has been added to incorporate the City Manager's emergency authorization with respect to emergency expenditures under R-2020-10-A into the FY21 fiscal policies.





# CITY OF KEENE

R-2020-32

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

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 effective July 1, 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 October each year.
- D. All departments are authorized to vary actual departmental spending from line item estimates provided the total departmental budget is not exceeded within each fund; provided, however, that any item specifically eliminated by the City Council during budget approval cannot be purchased from another

line item without City Council approval.

- E. Any unexpended funds in a personnel line related to a vacancy cannot be expended without prior approval from the City Manager and the City Council unless funds are being expended to fill a vacancy, recruiting, or to employ temporary help including professional and contract services.
- F. A periodic budget status report for each fund will be provided to the City Council.
- G. The budget document shall provide multi-year projections of revenues and expenditures/expenses including property taxes and utility (water and sewer) rates.
- H. The budget will take into consideration the City's Policies on unassigned Fund Balance projected at the end of June.
- I. The City of Keene will contain its General Fund debt service, on a five (5) year average, at or less than twelve percent (12%) of the General Fund operating budget.
- J. Upon completion of any project, any residual funds shall be returned to the fund that provided the original appropriation.
- K. Property Taxes.
  - 1) The City shall limit its property tax revenue increases to a rolling three (3) year average of the Boston-Cambridge-Newton, (MA-NH) CPI net of expenditures required by law, and excluding debt service payments and capital leases. 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 at least every five (5) years in conjunction with the City revaluation 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.
- L. Notwithstanding anything to the contrary contained herein, Resolution R-2020-10-A, Related to Emergency Management, remains in effect until rescinded in accordance with its terms, and is incorporated by reference herein.

## II. Capital Improvement Program

- A. The City of Keene shall prepare a capital improvement program (CIP) with a span of seven (7) years.
- B. The CIP shall be prepared biannually with a review each year during the operating budget cycle.
- C. All capital projects or equipment purchases that have an estimated cost of at least \$35,000 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 \$35,000 and which increases the useful life of the asset by at least five years.
- D. 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.
- E. City departments will prepare project funding-requests for capital projects as instructed by the City Manager.
- F. 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 projects such as:
    - a) One-time nonrecurring investments (e.g. 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 (e.g. water treatment plant expansion due to EPA permit changes) when resources other than debt are not available.
    - c) Projects necessary due to asset or system operational failure or obsolescence when resources other than debt are not available.
- G. The CIP shall be reviewed by the Finance, Organization and Personnel Committee and the Planning Board.
- H. The CIP will be the subject of a public hearing before adoption.
- I. The funding requests in the first year of the adopted CIP will be included in the next annual budget document. The City Manager after review will include the second year funding request in the subsequent budget document.
- J. 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. 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) PC Replacement Fund – shall be used to account for the on-going replacement of PC's, ~~certain~~ peripherals, and desk-top related software utilized by all City departments.
    - b) 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.

Cost recovery should be based on the total cost of delivering the service, including direct costs, departmental administration costs, and when permitted 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 will 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 will 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. Fees and charges shall be adopted by the City Council when required.
- 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 when required.

IV. Bonded 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 bond counsel and a financial advisor, if required, to assist in preparing for and executing the sale of bonds.
- G. The City of Keene issues bonds including but not limited to:
- 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.

H. Competitive sale is the preferred method of sale; however, negotiated sales may occur for a current or advance refunding, or for other appropriate reasons.

I. Term.

- 1) Debt will be incurred only for projects with a useful life of at least seven (7) 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.

#### V. Other Sources

- A. To the extent they are available, the City of Keene will consider on a case-by-case basis, the use of other financing mechanisms including but not limited to:
  - 1) Capital leases.
  - 2) State programs (e.g. State Revolving Fund Loan programs).
- B. To the extent they are available, the City of Keene will actively pursue other funding sources including but not limited to:
  - 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.
  - 4) Public-private partnerships.
  - 5) Unanticipated revenues. These sources will be evaluated for placement and designated as committed fund balance for advancing budgetary policies related to bonded debt, capital outlay or property taxes.

#### VI. Asset Management Programs

- A. The City may develop, implement, and refine 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 asset management programs 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.

VII. 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.

VIII. Stabilization Funds

A. Unassigned Fund Balance.



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.

- 1) Unassigned fund balance for the General Fund will be maintained at an amount 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.
- 2) Unrestricted fund balance, excluding capital reserves, for the enterprise funds should be maintained at an amount between the equivalent of 180 days to 365 days of the annual operating budget for that fund.
- 2) Unassigned/unrestricted fund balance for all remaining budgeted funds should be maintained at an amount between five percent (5%) and fifteen percent (15%) of the annual operating budget for that fund.

B. Self-Funded Health Insurance.

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.

The City utilizes capital reserves, classified as committed funds, established under State of New Hampshire law, and 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.

D. Expendable Trust Funds.

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.

E. Revolving Funds.

The City Council may authorize the establishment and use of revolving funds as it deems necessary. The purpose of the funds and source of revenues will be determined at the time of creation. Monies in the revolving fund shall be allowed to accumulate from year to year, and shall not be considered a part of the City's general surplus.

IX. Deposits of Funds in Custody of City Treasurer

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 into 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.
- 6) Certificate of Deposit Account Registry Service (CDARS).

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George S. Hansel, Mayor