

City of Keene
New Hampshire

FINANCE, ORGANIZATION AND PERSONNEL COMMITTEE
MEETING MINUTES

Monday, May 17, 2021

6:30 PM

**Hybrid Meeting –
Council Chambers/via Zoom**

Members Present:

Thomas F. Powers, Chair
Stephen L. Hooper, Vice Chair
Bettina A. Chadbourne (arrived at 5:58 PM)
Michael J. Remy
Raleigh C. Ormerod

Members Not Present:

All Present

George S. Hansel, Mayor

Staff Present:

Elizabeth A. Dragon, City Manager
Thomas P. Mullins, City Attorney
Rhett Lamb, Community Development
Director
Kürt Blomquist, Public Works Director
Aaron Costa, Operations Manager
Don Lussier, City Engineer
Chelsea North, Parking Operations
Management
Beth Wood, Parking Services Manager
Chris Tarr, Acting Utilities Maintenance
Manager
Jim Mountford, Fleet Services Operations
Manager
Mary Ley
Medard Kopczynski, Economic Development
Director
Duncan Watson, Public Works Assistant
Director
Merri Howe, Finance Director
Beth Fox, Human Resources Director
Bill Byrne, Highway Superintendent

Councilor Powers read a prepared statement explaining how the Emergency Order #12, pursuant to Executive Order #2020-04 issued by the Governor of New Hampshire, waives certain provisions of RSA 91-A (which regulates the operation of public body meetings) during the declared COVID-19 State of Emergency.

1) Call to Order - Committee Chair

Chair Powers called the meeting to order at 5:33 PM. He stated that tonight they will hear presentations from the Public Works Department, the Parking Fund, Solid Waste Fund, Sewer

Fund, Water Fund, and Equipment Fund. He continued that there is a link to the 21-22 operating budget on the City's homepage. Roll call was conducted.

2) **FY 2022 Proposed Fiscal Budget Departmental Budget Review**

Chair Powers asked to hear from Mr. Blomquist.

Public Works Department (page 152): Kürt Blomquist, Public Works Director/Emergency Management Director, stated that tonight he and other senior members of the Public Works staff will present to the committee. He continued that usually when Public Works staff members come talk to the FOP Committee they are focused on a particular project, but tonight is an opportunity to talk about the bigger picture of what the PWD does. He shared the PWD's mission statement, which was redeveloped a number of years ago to reflect the PWD's overall responsibilities for the infrastructure that supports the community. It is important, and fits well within many of the other documents that the City Council has. Staff is always looking to see how they can provide the highest level of services, in an efficient, economical, environmentally-sensitive manner.

Mr. Blomquist continued that the City Council starting a strategic governance process gave him an opportunity to reflect on past budgets as he was developing this one. It is hard to believe that this is his 27th budget. Thus, he has a unique perspective, seeing budget developments and budget executions from the mid-1990s to the present. Something he likes about Public Works, and one of the reasons he and other Public Works staff members do this job, is that they are probably the only group of City employees who touch every person, every business, and every visitor, every day. When you get up in the morning and brush your teeth - that is Public Works. When you drive out of your driveway and head to the grocery store or a park - that is Public Works. Maybe the last activity you do in a day is get rid of something, and you put it out curbside - that is also Public Works. Public Works is there, every day, 24 hours a day, touching everyone every day in the activities that the PWD does.

Mr. Blomquist continued that this year, the PWD's budget for expenditures is \$22 million. The total City budget is approximately \$63 million. Thus, the PWD represents about a third of the total expenditures within the City. Yes, that is a big number, but you have to put it in the perspective of what that \$22 million is supporting. For example, the City has 52 miles of sidewalks, which is like walking from Keene to Concord, if the sidewalks were laid end to end. If you were to drive from Keene to Hartford, CT, that is how many miles of sewer mains the City has. If you drove from Keene to Portsmouth; that is how many miles of water mains the City has. Overall, the infrastructure represents over \$400 million dollars in value that the City Council and the community oversees and uses on a daily basis. The PWD budget, operations-wise, is supporting those daily activities of keeping those systems operating.

Mr. Blomquist continued that one other unique aspect of the PWD is that they are probably the only department that has a large revenue side. They bring in about \$14.6 million of annual

revenue through the solid waste fees and sewer and water rates. One of the things PWD staff keeps in mind is that they recognize that there is the property tax bill, but also there are other bills to the City of Keene. They are aware that these contribute to it. He is excited about the new financial system. He was here when they first brought aboard the current system. Chair Powers and he are probably the remainder of who was here when that was reviewed. The total tax revenues are about \$27 million. The PWD is bringing in another \$14.6 million, almost half of that same value. The new financial system will give them opportunities to serve the customers better in the Solid Waste Department. They can get customers through more efficiently and maybe set up some different fee structures. The committee is talking about sewer and water rates right now. Having the ability to potentially change up how they do those things will be exciting to the PWD. Yes, the PWD gets excited over finances, because that is part of their job is and part of the function they are responsible for.

Mr. Blomquist stated that something staff has been talking about, which is reflected in the PWD's budget documentation, is tying back to the goals the City Council developed this year. He showed on the screen the four goals the PWD aligns with most. He continued that the first goal is focused on the property taxpayer, but as he said, he steps back and sees that it is not just the property taxpayer that the PWD is responsible to. They are responsible to the ratepayers and folks who use the transfer station. Thus, they take goal #1 – "Manage municipal finances in a manner to minimize the burden to the property taxpayer" – not just on the general fund side, but also in the perspective of the Water, Sewer, and Solid Waste funds. All the PWD activities support the diverse needs of the community. The infrastructure is core to what they do.

He continued that regarding public engagement, he hopes folks join the PWD's Facebook and/or Twitter page. Administrative staff try to keep folks aware of what is going on. On Mondays and Thursdays at 7:10 people can join Bill Byrnes on Danny Mitchell's (show) – he gives an update about what his folks are doing. Don Lussier, City Engineer, has been joining him once a month to talk about the projects. They are working all the time to engage the community to keep people up to date on what is happening. They have a whole slew of plans as they go through the strategic goal initiative, such as the Water Main Asset Management Plan, Road Asset Management Plan, the Watershed Management Plan for Roaring Brook, Downtown Program Standard of Maintenance, and Keene Water System Energy Evaluation. Their facilities are some of the largest users of energy and PWD staff are always looking at ways of being able to do that. He hopes this all gives an idea of how the PWD is supporting the City Council's goal and moving the City Council's goals forward.

Mr. Blomquist showed a graphic tracking winter storms and inches of snow from 1997-1998 to 2020-2021. He continued that the PWD uses this kind of information and documentation to develop its budgets. The PWD's budget is a resource plan. The PWD staff looks at where they will be spending their efforts. How many sewer main problems do they think there will be? How many water main problems might there be? How big is the winter going to be? They project in December or January what they think the following December or January is going to be like. When you start looking more closely at the PWD budget, you see variation from year to

year, from the actuals to the plans, but what you should be able to see is the bottom line. As the Director, that is what he looks at, when it comes to the fiscal responsibility. He looks to make sure the PWD is staying within their total, overall plan. The superintendents and managers of the various areas look at the other resource plans. The Highway Superintendent, for example, looks at what they project winter to be like, and maybe it ends up a little lighter, so he will decide to do more road maintenance or brush cutting, and thus, in the budget you might see an area that is overspent and an area that is underspent. That is because they project what they think they are going to do and end up having to adjust. That is something for the Committee to keep in mind as they go through the PWD's budget and talk with the superintendents. You will see this go up and down. The PWD many times looks at 3- to 5-year averages, along with charts or plans like his winter storm chart.

Mr. Blomquist continued that as he wraps up, he wants to talk about some observations in a couple areas he wants to the Council to be thinking about as they go through this budget cycle. It occurred to him as he was working on this budget that he has the opportunity, which many people do not, to look at fiscal objectives and how the PWD has developed over the past 27 years. There was a hard recession period in 2008 or 2010. At that time, the Council responded by pulling back on the expenditures. He lost senior, supervisory positions in the PWD and several frontline employees. Since that time, he has been fortunate enough to get back one of the senior, supervisory people and several of the full-time, frontline positions. What that started with the City Council was looking at some fiscal policy. Originally, in that early period, it was more a direction to the City Manager, saying "We want you to maintain the budget within these parameters." In 2011, the City Council began developing the actual fiscal policy that exists today. During that period the City Council tied its fiscal policy to the Boston CPI. That is a good marker of how things are going, what the cost of things are in general, but one of the things that has happened over the last 13 years is that maintaining that has created a fiscal constraint, from his perspective. He has not been able to propose to the City Council any real, new change in programs. Because the City Council set the policy before the PWD began the budget, so the PWD begins their budget work. What typically happens is the cost of union contracts, and labor, and the NH Retirement System, and healthcare costs, and so on and so forth, eat into a lot of that increase that may be available.

Mr. Blomquist continued that approximately 40-45% of the PWD's budget for materials to do their work. Over the years, have dramatically jumped up, particularly for products such as oil and asphalt. Right now, they are dealing with dramatic increases in the costs for lumber, steel, and so on and so forth, due to local as well as worldwide issues. This has caused the PWD to keep doing "minimal maintenance." In some cases, in some of the PWD's areas, it is triage. Their operational budget is such that they go out and take care of the worst of the worst. He is concerned about that. In this strategic governance process, he is looking forward to the opportunity to prioritize. It allows the Council and community to prioritize what they want the PWD to focus on. That might mean there are things the PWD will not be doing at the same level, but they will be able to shift resources to the areas that the community is looking to do. That is something for the City Council to think about as they continue to work with their fiscal

policies. This is just his observation, as the City's Public Works Director, and the impacts that he sees, particularly with this limiting to around the CPI every year, and what that has ultimately done to the budget. His division managers will comment on areas they are concerned with.

Mr. Blomquist continued that he continues to be concerned with the aging infrastructure and the demand on that infrastructure and the demand for services. They are looking forward to potentially some new infrastructure bills from Congress. Unfortunately, a lot of that will be one-time funding, and people in the infrastructure management world are looking and hoping for more consistent funding on a yearly basis. For example, in the Water Main Asset Management Plan, right now they are looking at about a 100-year cycle to get through the water system. In many cases, the water components are already 100 years old. That is an area the PWD will continue talking to the FOP Committee about. Hopefully they can continue to move forward in what they can do. There continues to be a demand on services. A concern that the Council hears from the PWD all the time is that the City needs to focus on maintaining what it owns, and not necessarily continue building new things. Part of his job is to remind them of that, but he also knows that it is not entirely practical, because people want more. As they continue to expand the multi-trail system and continue to add infrastructure, a price comes with that. The price is the cost of maintaining whatever is built.

Mr. Blomquist stated that how the City manages its solid waste and recycling is going to change in the next year or two. He continued that the City's long-term contract with Waste Management for transportation and disposal is ending. The PWD is in discussions with Waste Management, asking them where they see their business going. From a bigger picture perspective, the City Council has heard him talk about his concerns about where the end disposal is. People do not like paying for things that they do not want anymore, but the costs for those disposals will continue to rise. New Hampshire has one primary public disposal site and it has its limits. Massachusetts has a moratorium on landfill construction. There will be changes over the next few years, and that does affect the PWD's operational costs because they manage that material and the recycling. Recycling is another area that is changing. The City Council has heard about issues with glass. Duncan Watson, Solid Waste Manager, has done a great job finding markets, but that is something that is always impacted, not just locally, but internationally. That is an area of concern over the next couple of years.

Mr. Blomquist continued that he is always looking at what is happening in the regulatory environment. That is an area that will impact the PWD's operational budget. In the last year or so, PFAS (per- and polyfluoroalkyl substances) have become a growing concern. Potentially they will be seeing impacts on that, which Aaron Costa can talk more about. Recently the PWD got a bid in for their disposal of bio-solids that came in lower than anticipated, but it is higher than what they are paying for today. Primarily what is affecting that is PFAS.

Mr. Blomquist continued that the City is waiting for its national dilution elimination system permit from the State for the Wastewater Treatment Plant (WWTP). They think they know what they will see in it and it will have some impact. But there is always room for that to change.

Mr. Blomquist continued that storm water is something he has talked to the City Council about before in the CIP. They are due to get a permit for that from the State in two years. If Keene becomes what they call an “MS4 Community” where they have to begin dealing more with the storm water and storm water best management practices are going to be impacted.

Mr. Blomquist stated that those are areas he wanted to bring to the City Council’s attention. He looks forward to talking more with the FOP Committee about the budget this evening. He turned the presentation over to Mr. Watson, Mr. Lussier, and Mr. Byrne.

Councilor Chadbourne joined the meeting at 5:58 PM.

Engineering: Don Lussier, City Engineer, stated that the Engineering Division is a “small but mighty crew” of folks at the PWD: himself, three Civil Engineers and an Engineering Technician. He continued that they have a couple more people in the summer, on a contract basis, overseeing different construction projects. About 75% of the workload during the course of the year comes out of the CIP. The other 25% of the workload is what he refers to as “engineering services,” including permitting for the public – for example, excavation permits for a homeowner to replace their sewer service, or a permit for someone to create a new water/fire suppression line into a building, or encumbrance permits for when someone will be blocking a sidewalk or street. Over the last year he has noticed a big uptick in the number of driveway permits the Division is issuing, which is exciting news. It is nice to see new construction happening in the city. The Division also reviews site plans, as part of the City-wide team, coordinating that through the Community Development Department. They also get frequent requests from property owners or engineers working on private development plans for information that the Engineering Division is the repository for.

Mr. Lussier continued that he would be glad to give anyone a tour of the Engineering Division. They have mapping in their archives dating back to the 1700s. It is an amazing trove of information that they maintain. They get requests from folks who need help finding information, such as historic mapping, old plans for how a property use could be developed, and so on and so forth. Occasionally a homeowner will ask the Division for help finding their property corners and they do that just as a service. The Division cannot locate them, mark them, or put in new boundary markers, but if they are able to find the evidence that exists today then they will help the property owners know where their property is.

Mr. Lussier stated that the last piece of the “engineering services” umbrella is the Division’s services to other departments and divisions within the PWD. He encourages folks to think of the Engineering Division as the “in-house engineering consultant.” Whether it is a project at the Airport that someone needs someone to bounce an idea off of or the Parks, Recreation, and Facilities Department folks need help developing a contract, those are the sorts of things the Division’s staff does for their colleagues across the City. It is a good portion of their work, and it is also fun to get to know other folks that way.

Mr. Lussier stated that that is the Division's work in a nutshell. He continued that Mr. Blomquist asked him to talk about the Division's areas of concern. He shares many of the concerns that Mr. Blomquist has already mentioned, but he will highlight a couple. The news media today frequently talks about infrastructure and investing. There is a lot of talk at the Federal and State level about infrastructure spending. In Keene they are managing to keep their heads above water with applications and going after those available pots of money, but the CIP that they have laid out, and the staffing they have maintained, is really geared around a set pace of activity with respect to Capital Improvement funding. He is concerned that if a lot of infrastructure money becomes available it will overwhelm his and others' abilities to manage that workload, and he thinks they will have to shift to relying more on outside consultants to do a lot of the work that he and his team do today. Also, they have done a lot of work over the past several years with systemizing and formalizing their asset management programs. Now that they have these systems in place, there is a requirement to maintain those plans, to gather new information and be constantly doing inspections so that the information stays current and relevant and can help you make good decisions. At some point, he thinks, they will need to look at how that gets done and whether that needs to be contractual work where they hire a consultant to periodically update this information or if additional staff is needed to maintain that constant capital planning process.

Chair Powers asked if anyone had questions for Mr. Lussier. Hearing none, he asked if there were any questions from other Councilors listening in, or members of the public. Hearing none, he asked staff to continue.

Highway: Bill Byrne, Highway Superintendent, stated that the Highway Division maintains the infrastructure and takes care of over 126 miles of paved roads, about 5 miles of gravel roads, and about 5,000 catch basins and manholes. He continued that they take care of the downtown and do beautification projects there. Some of their tasks and requests are seasonal – in the fall they focus on leaf collection and street sweeping, and winter operations in the fall is when they focus on open ditch maintenance and the tax ditches. Although some activities are seasonal for the Highway Division, they are out year-round. A few years ago, they purchased an asphalt recycler and can use hot asphalt in the middle of winter to address potholes as needed. That has been very effective in keeping streets together during the freeze/thaw cycles. The Division has 23 employees, and a Sign Maker who maintains all the signs in the city. They currently have three vacancies they are in the process of filling. He looks forward to being fully staffed. Things are moving along and he is confident that they will continue to progress and assist the city and perform their best work for their customers.

Duncan Watson, Assistant Public Works Director stated that he has nothing to add regarding the Highway Division but is here to support Mr. Byrne. He will await questions from Councilors or they can review line items in the budget as needed.

Councilor Ormerod stated that his questions start on page 155 with the objectives. He continued that he was pleased to see that one of the guidelines is “responding to deficiencies reported to the

Asset Management System.” He also heard that they are giving sidewalks more attention in the Asset Management System, which is tremendous and he thanks them. There is a metric for how many hours are spent mowing open ditches, and his question is if they should not also have a metric for the sidewalks as well. He expects they may add that in the future.

Mr. Byrne replied that they just added that this year, because the Asset Management System has gone through a few different phases, and the new system they have was upgraded, and they are able to pull out this information. That is why he placed it in the budget book. They plan to add more. Mr. Blomquist has discussed with him and Mr. Watson that he wants to add other asset tasks that they can track to show how much time they devote to certain requests from customers. Sidewalks is an example.

Councilor Ormerod stated that he sent a list of his questions for reference, and he will not go through them all, but there are a couple salient ones. He was glad to see sidewalk repairs. Why is the budget for street sweeping larger than the budget for sidewalks?

Mr. Lussier replied that street sweeping is through a contractor. He continued that years ago, the PWD did it internally, and through analysis, they determined that it is more cost effective to have a contractor do it, than to maintain that piece of equipment and have that employee spend the whole year. Thus, they eliminated that piece of equipment, which was in the budget. Through some creative financing by Mr. Watson, Mr. Blomquist, and himself, they were able to shift some funds around, and get another employee. They have the sweeping done citywide now. The contractor has numerous sweepers, so if one goes down, they have backups, whereas the PWD only had one sweeper and the person who operated the sweeper had that as his sole job for the whole year until winter operations.

Mr. Blomquist stated that he thinks the sidewalk issue will be addressed as they move through the strategic governance process. He continued that as he spoke to earlier, they have many plates spinning in the air right now. Over the past 13+ years when they have been fiscally constrained, regarding maintenance of sidewalks and many of these other areas, the PWD is basically doing what they were doing the year before. Sidewalks in the operations budget is really triage. It is not bringing the sidewalks to a higher level; it is just keeping what we have going. Soon, through the Municipal Services, Facilities, and Infrastructure Committee, Mr. Lussier will be discussing the Sidewalk Asset Management planning. They will be talking about questions such as: what is the expectation? What is the service level? Then staff can come back to the City Council and let them know what resources the PWD will need to maintain the sidewalks at the level that the community and the City Council are looking for. If the PWD does not see an increase in their overall allocation resources, it might mean that if the sidewalks are a higher priority than something else, they will have to shift the resources from that lower priority area over to the higher priority. That has been one of the PWD’s struggles. It is difficult to be held by the constraints of the fiscal policies from the past 13 years.

Mr. Watson stated that regarding the street sweeping costs, for years the PWD stockpiled the

street sweepings in the yard at 560 Main St. They thought they had a project they could use the material for, but they had to test it, and it turned out that there are a lot of hydrocarbons. They were not able to use the material for that project, and they continue to stockpile this problematic material. They have arranged for the street sweeper to haul the material to Lebanon, NH for use as alternative daily cover for their landfill, which is an acceptable use for contaminated soil. This has increased the cost. They started this practice last year and plan to continue it, because they cannot see stockpiling a material that is problematic forever.

Councilor Ormerod stated that he acknowledges that the PWD has a lot of different categories and departments and they have had to make a lot of choices. He continued that he is curious about three items all related to each other: catch basin cleaning (02022), and drainage area cleaning (page 165 and 166), where there are a lot of zeros. What are the consequences of just not doing any maintenance or even staffing those areas?

Mr. Byrne replied that the Highway Division has 29 cost centers, and to try to make the budget less confusing they were consolidating those cost centers to try and get the number down. There are zeros in the cost centers Councilor Ormerod mentioned because those two or three cost centers were consolidated into another, 02021, Enclosed Drain Maintenance. Staff are still performing all those tasks, but putting them all under one code instead of spreading them out.

Councilor Ormerod asked if that is why he cannot find “ditch mowing” in there. Did it get consolidated into something else? Mr. Byrne replied yes, that goes under the “Open Drain Maintenance” program. They consolidated other cost centers into the Enclosed Drainage Ditch System, which are pipes and things like that. The Beaver Brook and Drain Area Cleaning cost centers are zeroed out because those were consolidated into the Enclosed Drain Maintenance and Open Ditch Maintenance cost centers as well. The tasks and requests are still being done but staff is trying to eliminate as many cost centers as possible, just for budgetary reasons.

Councilor Ormerod stated that he sees there has been a lot of critical analysis in this budget. He thanked Mr. Byrne for the explanation.

Chair Powers stated that that they should recognize that the expense for sidewalks here is maintenance, which is not the only emphasis they give to sidewalks. There are new sidewalks and sidewalks in the Capital Program, and then when there is new construction, there are sidewalks. While it is true that they need to do more for sidewalks, maintenance is not all they are doing for sidewalks.

Councilor Remy stated that on page 166, in the downtown maintenance cost center for electricity, there was a significant spike in actuals. He continued that he wants to confirm that that was a one-time that they were expecting. Mr. Byrne replied that under Downtown Maintenance 02027 and 62503, the figure “\$73,160” is a typo. He continued that they only budget about \$8,000 for the power there. He noticed that typo when he was reviewing this and should have mentioned it to the FOP Committee sooner.

Parking (page 169): Medard Kopczynski, Economic Development Director, stated that it is interesting to be bracketed between Public Works in this conversation, because Mr. Blomquist sets such a high standard in what he presents to the City Council. He continued that he looks fondly back to the years when Mr. Blomquist did the “Roads & Commodes” presentations. He will continue some of the themes Mr. Blomquist has laid out, as well as some of Andy Bohannon’s from the night before.

Mr. Kopczynski stated that tonight he will give the Committee information about Parking Management and Parking Services, and he is happy to answer questions. He continued that Parking Management refers to policies and programs that result in a more efficient use of parking resources. This provides both opportunity and reduces the need for wasteful parking structures where that land has better uses. That is extremely important in the downtown environment. You do not want vast parking lots and you do not want unused parking structures. These are key concepts for the economy of the City, and how they manage Parking Services is consistent with and in support of six out of eight City Council goals, and nine out of thirteen of the City Manager’s strategic priorities. Parking is very careful in what they do and in connecting with the City Manager, because Parking is the vision of the City Manager’s Office through Economic Development.

Mr. Kopczynski continued that Parking Management should be thought of as a system, and the City-regulated parking system consists of 514 on-street meters, 293 spaces at pay stations, 71 leased spaces, and 338 reserved spaces (mostly for employees who work downtown), plus 45 accessible spaces, 2 electric car spaces, and 12 official, curbside, loading spaces. As part of the COVID-19 response, they added another 14 of those. Parking is categorized into on-street and off-street parking. There is City-owned public parking; City-owned, off-street, private parking; and City-owned, on-street parking that can be free, metered, or reserved by permit. Privately-owned, off-street, public parking is dedicated to the use of the property. Within the expanded downtown the City is creating with its Land Development Code, there are 1,647 public spaces, and 4,938 private parking spaces at present within the boundaries of that extended downtown.

Mr. Kopczynski continued that lower Main St. requirements are different from those of Central Square, and the Elm St. lot has different clients than Gilbo lot or Wells garage. They are completely different in terms of what people are looking for and they are completely different in how they are utilized. There are 156 spaces on Main St., including those on Central Square. Main St. parking has a mix of users, not just retailers on Main St. Staff found that out when they started looking at some of the events planning that they were going to do. They found out how many differences there are in the utilization and how many businesses Keene has that they just do not think of. The needs of services such as hairdressers are very different from the needs of an office, restaurant, or store. In addition, the City has to provide for residents as well as visitors and regular customers. Staff is getting a lot of inquiry from some of the newer apartment buildings downtown wanting to rent spaces from the City on a permanent basis, as well as businesses. Most businesses, especially restaurants, do not open until 10:00 or 11:00 AM, and

restaurants do not close until late in the evening. Presently, retail, small service, and office uses carry the weight of parking payments. Downtown is busiest in the late afternoon and night. The City's meters turn on at 8:00 AM and turn off at 5:00 PM, but the majority or quite significant amount of the parking effort is taking place outside of those hours.

Mr. Kopczynski continued that the City has made significant investments in parking devices and technology. The first meters were installed in 1947 and the very first parking meter in the country was installed in Oklahoma City in 1935, so Keene was not too far behind the curve. Most of Keene's meter housings date from that era, but some were purchased from other communities when they did not use them anymore. The housing for the meters is the same, and the only change was the replacement of the mechanical systems with electrical systems. The only other change was the installation of pay stations and the use of a parking app, Park Mobile.

Mr. Kopczynski continued that currently, 514 parking spaces have traditional, electrical mechanical meters and 293 parking spaces are managed with pay stations. Internationally, Parking Management has evolved towards completely touchless systems, which is very important in a COVID-19 world, where all reservations and payments for a space are made on a mobile phone or the internet, and not via hardware like meters or multi-stations. Parking Services will look to remove some on-street meters in FY22 and replace them with multi-space, smart meter pay stations. This will enable them to repurpose parts from the historic meters for replacements when other meters are broken. That is important is because they cannot find parts unless they start cannibalizing what they have. Multi-space meters can open the sidewalks so downtown businesses can continue to safely use outside space for dining and merchandise racks.

Mr. Kopczynski continued that Parking Services exists to provide the best management of the City's assets and provide as much parking opportunity as they can. That means that they want to have parking spaces open up so that people have a regular opportunity to go to different places or to park where they work, or whatever sort of opportunity the City can provide. This year's budget request is level, with the knowledge that revenue is down and the revenue loss will be augmented by \$108,000 from the American Rescue Plan as well as projected economic recovery. They are already seeing an uptick in revenue as they start opening up the downtown.

Mr. Kopczynski continued that most of the income from parking supports maintenance of parking facilities as well as Main St. beautification. The decrease in Parking Services revenue is due to lack of parking activity on Main St. and in the lots due to the loss of Keene State College (KSC) student use, and less employees and visitors to the downtown, largely caused by the pandemic. However, there has been a trend downwards in revenue as the use of Keene's streets and lots has changed. That means they really need to think about how to change the services to match the users' needs. They will need to discuss funding as well as whom the services should be aligned to. More of this discussion will take place as they discuss the strategic plan. The strategic plan is ahead of but also contingent with what they will do with strategic governance. They anticipate that at some point they may need to rehire one Parking Officer position that has been vacant since last year. They have a part-time position they have not hired, as they have not

had a need, but as things spark up they may need that. They currently have one full-time Parking Officer and one part-time officer. With numerous events on the horizon, they may need more staff downtown. Those events are mostly on Saturdays, with one part-time Parking Officer on duty. Having only one part-time and one full-time Parking Officer does not adequately cover all shifts and impedes parking enforcement in the downtown. Working around people's schedules, working around vacations, and so on and so forth, becomes rather problematic.

Mr. Kopczynski continued that in FY22 the Parking Department staff will maintain their efforts at collaborating and coordinating communications for economic development and with downtown groups to continue optimizing the parking program to meet the competing needs of parking customers, downtown workforce, and residents. They will also work on an expanded reserve permit program geared toward downtown workforce and residents. They will engage further with the users of the parking program to provide education regarding parking signage and visibility as needed in the core downtown area. Parking Services will work closely with the PWD to ensure enhanced lighting in Wells garage's lower level, which will increase the sense of security to promote full occupancy. Washington St. apartment complexes increase demand for permit parking in the Roxbury St. area, which exceeds the current number of spaces available. Staff will present to the Council a strategic parking plan that outlines ideas for changing how the City manages parking in the future, and how to tailor services in ways that will better meet City Council goals, provide parking opportunity, and more defined asset utilization.

Mr. Kopczynski showed a historic photo and stated that the marquis on the former Latchis Theater – which is where Subway is right now – lists an Ethel Merman film that was produced in 1953, which is how he determined the year of the photo. He continued that the parking meters in the photo are the same meters that exist today. When this photo was taken, he was either one or two years old, to give some idea of how long the City has been operating the parking system and what they probably should do to modernize it.

Mr. Kopczynski stated that with him tonight are Beth Wood and Chelsea North, the new Parking Operations Manager. He thanked Ms. Wood and Ms. North for helping create the presentation.

Chair Powers stated that the budget figures begin on page 176 (revenue) and page 177 (expense). He continued that the only difference between those meters that were there in 1953 and the ones there today is you had to crank the ones in 1953, and now there are batteries. He asked if anyone had questions regarding the Parking Fund.

Councilor Ormerod stated that he is delighted to notice that over the next three years, Mr. Kopczynski expects to have to spend less on taxes and more on revenues from the Parking Program. He sees Mr. Kopczynski budgeted \$527,000 for this last year, and for FY 22-23 and FY 23-24, it is down to \$170,000 and \$144,000. He asked if that is intentional.

Mr. Kopczynski replied yes, that is intentional, and if needed, Merri Howe can give the specifics. He continued that they need to remember that some of the taxes are paid through the Parking

Fund for other properties. For example, the City collects a leasehold on the Corner News and then they pay taxes through that. They also pay some taxes on some of the properties that are put on the tax rolls when they lease out parking.

Merri Howe, Finance Director, stated that property taxes paid out of the Parking Fund were also the property taxes that the City paid on for the courthouse. She continued that the courthouse is now owned by Cheshire County. The new market tax credits seven-year time period came up, so the City is no longer responsible for paying those taxes, which is why there is a huge decrease between the \$257,000 down to the \$2,300 for FY22.

Mr. Kopczynski stated that it is no longer a 503c4. Now it is owned by the County, so it goes off the tax rolls. He asked if that is correct. Ms. Howe replied yes.

Councilor Remy stated that on the revenue side of taxes, it drops off substantially. Not the expense side. He asked why this is. Ms. Howe replied that when they took the courthouse off the tax rolls, which was in the TIF district, it decreased the value of properties available to raise taxation for the TIF district. She continued that is why they are seeing the decrease in revenues from the \$836,000 actual for 2020 down to the projected for 2022 of \$545,108.

Councilor Remy stated that they see that further decreasing to \$170,350 in FY22-23 and down further than that (in the next fiscal year). Ms. Howe replied that the new Ameritech credits will be unwinding on the Library at that period of time, so they will be decreasing the valuation again in the TIF district in those years.

Councilor Remy asked if it is thus correct that this represents an artifact of the TIF districts and not necessarily a plan to be less dependent on taxes. Ms. Howe replied that is correct.

Chair Powers asked if there were further questions from other Councilors listening in, or members of the public. Hearing none, he thanked Mr. Kopczynski and his team.

Solid Waste (Page 187): Duncan Watson, Solid Waste Manager/Assistant Public Works Director, stated that Mr. Blomquist alluded to the issues they are facing right now, but he will give more detail. He continued that the good news is that they continue to successfully operate as a special revenue fund, which means that the Solid Waste costs are not borne by the tax rate and he continues to make it a personal mission to use everything in his toolbox to make sure that continues. This upcoming year will be probably the most challenging one to pull a rabbit out of a hat but he is hopeful that they can continue to do that. As Mr. Blomquist mentioned, they are in the final year of their contract with Waste Management; it expires in December 2021. They have renewal clauses in the contract but the question is whether they can reach an agreement with the pricing structure that allows them to continue that relationship, and they are exploring that currently. The issue is this “perfect storm” that has been brewing for quite some time that they are now starting to see the reality of, which is a simple lack of disposal outlets. That is what is driving the prices up. New Hampshire has two landfills, one in Bethlehem that is operated by

Casella, and one in Rochester that is operated by Waste Management. The latter is where all of Keene's waste currently goes. They currently are able to mix the construction demolition debris along with the municipal solid waste/household refuse, and it is a good situation for the City to not have to weed out those two waste streams. One of the disadvantages, potentially, of looking at other disposal options is that it may require them to separate those two different waste components, which increases the processing costs at the transfer station and represents a different type of headache. The Solid Waste Department has done this before, so they have experience with it, but they are not giving up on this relationship with Waste Management yet. They will have to see how the numbers bear out. The quintessential problem with the relationship with Waste Management right now is that the contractual relationship required Waste Management to bring in waste from outside of Keene, because Keene has a flow control system whereby anything that is generated that Keene is permitted to take must be brought to the City's Solid Waste facility. This helps to fund the Solid Waste Department's operation. They have bonds are still outstanding for the construction of the recycling center, and it makes sense that they would protect the asset in such a way that they are able to. All of the haulers largely comply with it, but Waste Management has been losing market share in this area to some of the local haulers, and that has affected their ability to bring in the volumes of waste from outside of Keene that has made Keene's special revenue system work.

Mr. Watson continued that he has to keep in mind that the actual cost of disposal at the transfer station represents a fairly small fraction of the overall cost for what it costs the hauler to run down the street, pick up waste, bring it to the Solid Waste facility, and then deliver it. Thus, even if they have, say, a \$10 increase in the tipping fee at the recycling center and transfer station, that does not necessarily translate to a \$10 cost to the homeowner, because the cost of running that truck down the street has to be accounted for in addition to the disposal cost. It is a small fraction of the pie, but it does have an impact. If they do have to increase the tipping fees at the transfer station to account for some losses in revenue, that will overall increase the costs, but the private sector determines what those costs are. And people do have a variety of choices for haulers to use. That is the way the system is designed to work and it works reasonably well.

Mr. Watson continued that the Solid Waste Department will decide whether they have a good case to make with renewal of the contract in the next couple of months. Talks are ongoing with Waste Management. If they just cannot make the numbers work and they feel like there are better options by putting an RFP out on the street for the transportation and disposal of the material, they will look to do that. One of the big challenges they have had as the economy has evolved, which the waste companies talk about a lot, is the shortage of drivers who are able to transport the waste. If they end up putting this out to bid, they could see a situation where they are vulnerable to a lack of ability to transport the material the long distances that would be required to get the lower tipping fee. They maybe have access to solid waste facilities in upstate New York or Ohio, where the tipping fees are very inexpensive, but then the cost of transportation for these materials makes it uneconomical to consider. All the disposal facilities in MA are closing down per government edict, and that is putting increasing pressure on the facilities that are still available to Keene. They will see the real world effects of this in the next

weeks and months ahead. By January 1, 2022, they will have a new contract in place, whether with Waste Management or some other entity. That is something the Council will be looped in on as that process moves forward.

Mr. Watson continued that the good news about recycling is that a lot of the demand created by the crisis of China shutting off all outlets for marketing recycling has been picked up by other countries as well as domestically. Thus, they have seen a rebound in the pricing. What they also continue to see is a change in packaging. There has been a dramatic reduction in fiber materials, mostly printed office paper, magazines, and so on and so forth. They have seen, over the years, about a 1,000-ton difference in reduction of printed material, but they are seeing an increase in corrugated packaging at the recycling center because many people are now shopping online and items are packaged in cardboard. The biggest growth area they are seeing is plastics, which is a very challenging material to handle. It has tremendous economic benefits in some aspects, since it is lightweight and reduces transportation costs, which is good from a greenhouse gas perspective. Oftentimes, people are led to believe that recycling of plastics is just a universal thing – they think, “It has a recycling symbol on the bottom of the container, so therefore it can be processed,” and that is far from the truth. In a facility like Keene’s, they do not generate a tremendous volume of material, and you need a critical mass of material in order to make something marketable. Then once you have collected enough material, you need to have an outlet to send it to. These are things that prove to be difficult for things that go beyond what Keene is currently doing. As they see with the lightweight packaging, they are physically handling more and more material, but they are not seeing weight increases because of the packaging changes. The recycling numbers are staying even, and the diversion rate is reasonable, and it is what they are able to do, given the situation that they are facing.

Mr. Watson continued that there will be changes coming down the road, but they are much longer-term and not really for a budget discussion. It is much more of a capital-type of expenditure down the road. From an operational budget standpoint, they will likely see some increases in the Solid Waste costs, but given their revenue model, increases in revenue would likely offset that to keep the Solid Waste fund in the black going forward.

Councilor Chadbourne stated that regarding what Mr. Watson was saying about Waste Management losing business to local companies, she is not familiar with the set-up of surrounding towns, but there is a company in Winchester that does a lot of construction pick-up of containers, and another company out of Jaffrey. When they pick up in Keene, do they have a choice of where to take that material, such as to a transfer station in their town, versus Keene? Do those towns even have transfer stations?

Mr. Watson replied that the issue Councilor Chadbourne is alluding to is that the local haulers that he is referring to, specifically, where Waste Management is losing market share, are ones that have their own transfer stations. Those transfer stations are not located in Keene. There is one in Brattleboro, VT, and one in Jaffrey, NH. They are making an economic model work better for them by bringing that material to their own transfer stations and therefore it is not

being collected in another way and being brought to Keene. Staff are having discussions with some of those local businesses to see what number may attract some of that waste to help Keene's financial situation. However, if they are able to give the businesses a number that works for them, for those businesses to divert material to Keene's facility, Keene will have to be able to, on the back end, send that material out so Keene makes some revenue on that after the processing costs are factored. That is what the main issue is – the haulers that have their own disposal outlets, transfer stations, are subject to the same issues that Keene would have if Keene discontinued its relationship with Waste Management. They have to find an ultimate disposal outlet. But they are vertically integrated, so they are collecting the waste, transporting the waste to their own facilities, and then on the back end, loading it into larger vehicles and transporting that material to some distant location. He is surprised by how far some of that material will travel. Our own material in Keene, though, goes 120 miles to Rochester to be disposed of, so the cost of transportation really affects the ability to be competitive in this market.

Councilor Chadbourne stated that regarding recycling, she is thinking about the contrast between tonight and a couple years ago when they were in the budget process. She continued that tonight Mr. Watson is saying there is more plastic, but a couple years ago they were talking about getting less revenue from recycling plastic, particularly because companies that make plastic bottles are making the bottles thinner and thinner and the recycling center makes money from the weight of it. Tonight Mr. Watson is saying they are seeing more plastic – is that a trend, a change, or a contradiction, or separate?

Mr. Watson replied that it is a trend. He continued that plastic packaging is replacing some other traditional packaging materials, such as aluminum or glass. Mostly those are business decisions that companies make in order to save money for themselves on the distribution of their product. He always uses the example of: less than 10 years ago, when you held a regular 16-oz water bottle in your hand, there was some firmness to it, even when the bottle was empty. It was a little harder to crush. Today, you would need four or five of that same bottle to equal one of the older ones. These companies have really done a lot with reducing the amount of packaging material while still keeping the bottles structurally sound. Certainly, that has lots of other benefits. PET plastic, #1, and HDPE, #2, are the two most common plastics in consumer items, and Keene continues to be able to sort and market these successfully, even with their light weighting.

Chair Powers asked if there were any further questions from the Committee, other Councilors, or the public. Hearing none, he asked staff to continue.

Water Fund & Sewer Fund: Mr. Blomquist stated that Aaron Costa, Operations Manager; Chris Tarr, Acting Utilities Maintenance Manager; and Mary Ley, Laboratory Manager, will present on the Water and Sewer Funds. He continued that these two funds sort of flow together, because these same folks deal with both sides. They will talk about their areas, both from the perspective of the funds overall, and then specifically Sewer and specifically Water. Today, he is overseeing directly the Water and Sewer Division, which has approximately 10 folks. They

are responsible for the maintenance of the sewer collection and distribution system. These are the crews you see out at 2:00 AM when water is squirting up in the air, or quickly trying to get in and unclog something so that the wastewater will move down toward the plant.

Mr. Blomquist continued that also within the Water and Sewer Division is the meter function, which is critical, because that is how they receive the revenues – close to \$9 million. There are three folks there - a Water Meter Foreman, a technician, and a maintenance aide. The Water Meter Foreman also oversees the backflow program, which protects the distribution system from the private side. Particularly you see these in industrial, larger commercial activity. If a negative pressure occurs in the system this protects it so water is not drawn back into the system from some type of industrial activity.

Mr. Blomquist continued that this is one of the senior positions that the Council authorized the PWD to bring back. It is also a position that has been challenging to fill, since the position requires State licensing. He has gone out several times, and will talk with the HR Director. He needs to change something up and somehow make the position more attractive. One of the challenges, in general, is that the PWD requires the highest grade of licenses in the state for both Sewer and Water, but most of the surrounding systems are significantly smaller. Thus, there are training aspects. Normally in this business, someone working at a slightly smaller facility will want to move up to the next level. But in some cases, a position at a Keene facility is two levels up from a position at one of the surrounding communities' facilities. That makes it challenging to fill the senior positions.

Aaron Costa stated that tonight he, Ms. Ley, and Mr. Tarr will present the Water & Sewer operating budgets. He continued that when putting together the budget, staff analyzes multi-year trends for some budget items like overtime, electricity, chemicals, hauling and disposal, and so on and so forth, while other, smaller items remain relatively unchanged from year to year. User-based fees set on water and sewer rates, which are comprised of meter charges and volumetric charges, finance the Water & Sewer Enterprise funds. They have had some fun, lively discussions about the proposed model for that that at recent FOP Committee meetings. Approximately 6,200 connections serve the residences and businesses of Keene. Portions of Marlborough and Swanzey are connected to the sewer system, and Marlborough and Swanzey are built by the City in accordance with terms outlined in the intermunicipal agreement.

Mr. Costa continued that the sewer system itself is comprised of a wastewater treatment facility (WWTP), five wastewater pumping stations, and about 86 miles of sanitary sewer pipe. The WWTP treats about 3 million gallons of wastewater every day. The sewer infrastructure, equipment, and operating expenditures (such as electricity, hauling and disposal of bio-solids and chemicals) tend to be a little larger than the water side, which is why the Sewer budget tends to be larger than the Water budget.

Mr. Costa continued that the water system is comprised of a water treatment facility (WTP), two surface water reservoirs, four groundwater wells, six water storage tanks, four water pump

stations, two booster stations, about 90 miles of water main, water meters, hydrants, and valves. The City of Keene produces about 2 million gallons a day throughout the year, with peak demand at about 3 million gallons a day in the summer.

Mr. Costa continued that the water and sewer systems tend to be out of sight and out of mind, and the department does not get as much attention or love as some other departments, but as Mr. Blomquist mentioned earlier, they affect every citizen and visitor, who use the water and sewer services on a daily basis. Staff works diligently to provide quality drinking water, which complies with all State and Federal regulations, to people's homes and businesses. They also maintain adequate supply and infrastructure for fire protection, and treat wastewater that is discharged in the Ashuelot River, 24 hours a day, seven days a week, 365 days of the year. That also complies with State and Federal regulations.

Mr. Costa continued that staff are proud of their facilities and maintain them to the best of their abilities with the available resources. In the Drummer Hill area, you may have noticed the brand new 125,000-gallon glass fused to steel water storage tank, which was completed in December 2020. It is a real gem and they are very proud of it. Once COVID-19 restrictions subside, he encourages City Councilors and anyone from the public who wants to schedule a tour of the facilities to do so. He and his staff love what they do and guarantee a fun and educational time.

Sewer Fund (Page 199): Mr. Costa stated that the Sewer Enterprise Fund is comprised of five focus areas: Wastewater Collection; Wastewater Treatment Plant; Wastewater Process and Compliance Testing, which is done by Ms. Ley's division in the laboratory; Maintenance of Wastewater Infrastructure and Equipment; and Wastewater System Engineering. Together these areas provide services that accomplish the basic mission of transporting, treating, and discharging domestic, commercial, and industrial wastewater in a manner consistent with regulatory, fiscal, and community expectations. The primary services and responsibilities are: to operate and maintain the gravity and force mains; to treat all wastewater to meet customer expectations and State and Federal standards; to maintain the reliable operation of wastewater infrastructure and collection pumping treatment facilities through preventative, predictive, scheduled, and emergency maintenance; and to create and administer sampling inspection plans for wastewater system and industrial pretreatment programs to protect public health and system reliability.

Mr. Costa stated that he wants to highlight some accomplishments from this fiscal year, both through the operating budget and the capital improvement program. At the WWTP they completed a paving project; upgraded chemical bead systems; painted and cleaned some of the secondary clarifiers; are continuing renovations to the Bradco pump station, located by Hamshaw Lumber; and replaced some original waste-activated and return-activated sludge valves, which is a much larger job than it sounds. The division that Mr. Blomquist is overseeing right now performed manhole inspections, sewer main flushing, and multiple camera inspections. The lab staff partnered with KSC to sample for COVID-19 in wastewater. That has been featured on WMUR over the last few weeks and has provided valuable information to the

community. They also replaced some fluorescent lights with LED at the WWTP. The WWTP is the largest consumer of electricity in Cheshire County.

Mr. Costa stated that moving on to FY22, they have quite a few goals they want to achieve and some projects they are working on, such as the installation of emergency generators for Martel Court and the WWTP. He continued that Martel Court is the heartbeat of the sewer system. All the wastewater in the city flows by gravity to Martel Court and is pumped two miles to the WWTP. The generator at that station is original to the station from 1985, and it is the same with the WWTP's generator. A project he is excited about is the construction of a screening system at Martel Court pump station. This project is going to deal with the wipe problem that plagues all municipalities. It will hopefully remove all non-flushable material before it goes through the pumps at Martel Court and conveyed to the WWTP. They will continue video inspections and cleaning sections of the sewer main to identify and repair operational deficiencies and reduce the number of sewer overflows. Currently they are replacing eight flow gates at the WWTP, and that will probably be done before FY22, so they are ahead there. In that 90% design they are also working on renovations for the laboratory. Again, the infrastructure there is original to the plant. He came before this committee not long ago, talking about HVAC improvements, fume hood replacements, and a laboratory renovation.

Mr. Costa continued that also coming up is a Sludge Drier Feasibility Assessment, which is one of the challenges they have this fiscal year – in addition to Mr. Watson having a contract with Waste Management for solid waste, the Sewer Division also had a 10-year agreement with Waste Management for bio-solids hauling and removal. That expires October 2021. They recently went out for bid, in preparation for the budget process, because they were told the prices would be much higher than what they have been paying. Currently they are paying about \$85 per ton and they were told to expect prices to be anywhere from \$150 to \$200 per ton, but he is happy to report that they came in at \$121 per ton for the first year. While it is still quite a jump from \$85, it is not as bad as it could be. Again, they run into the same problem with bio-solids as Mr. Watson does in the Solid Waste Department. Waste Management recently told him that if they were not an existing customer with them already, Waste Management would not even be able to bid on the job. There are only three ways to dispose of bio-solids – the first is landfill, and the capacity of landfills in this area is depleting. The second is incineration, and Manchester is the only municipality in NH that incinerates its bio-solids, and he does not believe they accept bio-solids from other municipalities. The third is land application, which may be going away due to these PFAS requirements. Those are some of the challenges. They do operate and discharge in the Ashuelot River, based on their National Pollutant Discharge Elimination System (NPDES) permit. That expired quite some time ago and they are in the process of getting a new permit. They do not know what impacts that may have, even though they have some idea. They are starting to put PFAS limits in the Star Island plant on the coast; they got a PFAS monitoring in their most recent permit. That is probably going to be one of the challenges Keene faces on the wastewater side, whether they are talking about bio-solids or effluent discharge.

Mr. Costa stated that to jump to the supplemental items, again, they pretty much held the line. They only have a few supplemental items in the Sewer Fund. One is for a summer intern for the laboratory. The supplemental funding request is split between Water and Wastewater. A KSC junior majoring in Biology will work about 20 hours per week, June through August 15, assisting the laboratory with sampling and water quality monitoring. Staff also propose a redundant alarm system. All of the water and wastewater out systems communicate back to the main plant via radio to the plant's data system. There are a few pumping stations they are concerned with – if the radio equipment failed, they would not know. A redundant alarm system would page staff after hours if they get a radio communication failure. The other three items on the list are tied to the new screening system at Martel Court. Trash removed from the collections system will be washed and screened and will need to be deposited in a dumpster and handled as domestic trash. They have removal of materials, wash water, and propane heat for the new screening system and hot water system at Martel Court. Then the big one, for \$176,000 supplemental, is what they are expecting to pay based on the bid they received for the hauling and disposal. They will continue to work with Waste Management on that; they were the low bidder. As Mr. Watson mentioned, the solid waste and bio-solids will be going to the Rochester turnkey landfill.

Water Fund (page 215): Mr. Costa stated that the Water Fund is comprised of six complementary focus areas that together support the fund's mission of providing clean water for drinking, fire protection, and commercial and industrial activities in Keene and the North Swanzey Water & Fire Precinct. Those areas are Water Meters, Water Distribution, Water Treatment, Water System Engineering, Water Maintenance, and Water Testing. The primary services and responsibilities are to maintain and ensure 24/7 operation of water mains, valves, hydrants, meters, service lines, gravel wells, the WTP, the storage tank, and the monitoring and inspection of the well head and water supply lands. Other goals are: to supply high-quality water that meets customer expectations and State and Federal regulations while being mindful of fiscal responsibilities; provide 24-hour a day, 365-days per year preventative, predictive, unscheduled, and emergency maintenance services; and administer sampling and inspection plans for the drinking water system.

Mr. Costa continued that some of the accomplishments from this fiscal year include, again, the new tank at the Drummer Hill area. They also rehabilitated one of the filter systems at the WTP. That facility is almost 30 years old and the filter system had never been rehabilitated, and the media they use had never been replaced, so they did one of the three filters this year. They replaced pneumatic chemical feed pumps with electrical pumps to save energy, and replaced all of the high-pressure sodium and fluorescent lighting with LEDs at the facility. They did distribution flushing and continue to do that. They did additional groundwater monitoring, due to the drought last year. Laboratory staff frequently monitored the many monitoring wells around the main groundwater production wells and continued cyanobacteria and PFAS monitoring programs.

Mr. Costa continued that they have exciting projects coming up for FY22. The upgrade to the Chapman Rd. pump station to allow the operation without the storage tank has been completed

and just needs to be tested. That is important because that tank was built in 1993 and was never taken offline for maintenance, so they needed to refurbish the interior and exterior but had no way to provide water to that pressure zone. The maintenance staff, working with Engineering, came up with a way to operate that pump station so they can operate that pressure zone without the tank online for a short period of time while that maintenance is being performed. Being constructed right now is an above-ground water pumping station that will fill the water storage tank at Drummer Hill. It will replace a 1987, below-grade pumping station, and function well and efficiently. They will also rehabilitate the second filter unit at the WTP, and complete the reconstruction of the Woodward Dam.

Mr. Costa continued that with the big infrastructure projects coming up, and with the influx of money, they are concerned about contractor availability. There will be a lot of work out there. They hope contractors continue to bid on the Water projects. Costs of materials are going up, such as lumber, steel, and more. Availability of materials is decreasing. Sometimes they have a hard time getting materials. Lead times may be longer and the overall cost may be increasing.

Councilor Hooper stated that he is happy the laboratory is being renovated. He continued that when he worked at the Keene Sentinel, he went to the laboratory in the mid-1990s to do a story and take pictures, and at that time, it looked old. Thus, he is very pleased that laboratory staff will be working in a new environment.

Councilor Ormerod stated that he noticed that Mr. Costa's operating budget is fiscally flat, despite all the challenges, which is very good news. He continued that the "meters" expenditure on page 218 was around \$400,000 and then climbed to close to \$500,000. What exactly is that? Is it meter servicing, inspections, reading, or something else?

Mr. Blomquist replied that most of that is the cost of the meters. He continued that they are attempting to return to a 3- to 5-year replacement program. In "operating supplies," you will see that the costs continue to rise, because those are metal. For example, in 2018-2019 they spent about \$112,000 and this upcoming year they are spending about \$155,000.

Chair Powers asked if there were any more questions for Water & Sewer staff. City Manager Elizabeth Dragon stated that she cannot let the Water & Sewer crew go without letting them know that they are in fact loved. She continued that if they do not feel they get the attention they need, they should know that.

Equipment Fund (page 230): Fleet Services Operations Manager Jim Mountford stated that Fleet Services has six people, with himself, four technicians, and the Administrative Coordinator (who doubles as the parts man and service writer). He continued that it is a 365-days a year operation, 24 hours a day, holidays included. They support every division of the City that has a working piece of machinery that is drivable or operational. They also take care of the fuel for the City, both gasoline and diesel. They do all the billing, ordering, and distribution for the fueling, including three outlying areas – the Airport, the Transfer Station, and the Parks &

Recreation Department. They also take care of a 159-vehicle lease, which is in the City's CIP for the Fleet Program. That being said, the lease is comprised of certain components with the parts, labor, and fuel all known as "fleet charges" for every division that pays into the fleet part of the operating budget. The Fleet Division is also a fleet-only NH State Inspection Station and take care of only machinery owned by the City of Keene. There are a stringent set of rules that are stronger than what you would get on the street. It is very closely watched by the State. Also, the fuel is UST underground certified, which is a requirement for the fuel system. Everyone in the division is State inspection certified and five are Class-A certified drivers so they can, if need be, move the vehicles back to the facility.

Mr. Mountford continued that they also watch what the labor rates are. Part of their fleet charges are the labor rates. They look at other outlying areas, the heavy truck industry, and automotive industry (i.e. cars and light-duty pickups). When they look at, for example, a heavy truck industry like International of New Hampshire, Keene is in between those prices. Instead of being on the high or low end, they are somewhere in the middle, so that will take care of the operating costs on a pretty normal basis. Those charges are how Fleet covers its budget costs. As everyone else stated tonight, the prices have increased, such as for rubber, which Fleet uses a lot of, as they provide all the tires for every vehicle in the City; engine oil; hydraulic oil; steel, and plastics. Everything they put into the vehicles is a derivative from a drop of oil.

Mr. Mountford continued that some people had questions about what Fleet is doing about the electric vehicle process. They frequently look at where the City can use or benefit from electric-powered vehicles. A few years back they had some hybrid vehicles and unfortunately, before the service life of those vehicles was over, the batteries went bad. If it had not been for the intact warranties, the batteries for each vehicle would have cost \$5,000. When they got rid of those vehicles, they traded them in for the new cool cars they bought as used demo vehicles for a fraction of the cost that they would have paid for new vehicles. They did not get much money on those (hybrid) vehicles on trade because they were so hard to dispose of. Every year they look at what is trending, what the City will be able to use, and where they can put infrastructure at the Fleet facility, because those vehicles will have to be there, i.e. "pool cars." For staff cars they have to look at where those infrastructures to charge those cars to be, and what the costs will be. One downfall is that as those vehicles are out of warranty, the Fleet Division will have to have a special repair day to work on them, which is a big cost. It also requires a substantial amount of training. Everyone in Fleet is skilled and schooled in combustion vehicles, with 120+ years of experience (combined). Hopefully sooner than later they will be able to look into the future and figure out what they can do, and what will actually be a benefit to the City of Keene and how they will use electric vehicles in the future.

Chair Powers asked if there were questions from the committee. Hearing none, he asked if there were questions from other Councilors, or the public. Hearing none, he stated that he has a question, although it is not for Mr. Mountford. Page 39, Capital Improvements, talks about an increase to the replacement section of the Equipment Fund, from \$627,000 to \$932,000. It also

refers to page 198, but he does not see it in the finance or expense section of the budget. He asked if that is a true figure or if it was misquoted there.

Ms. Howe stated that in FY22 they moved around some funding to purchase a new equipment, and this came out of the capital reserve. She continued that it is capital reserve money, so it is not a budgetary item. Funding of the capital reserve remains the same, but spending of the capital reserve money increased.

Mr. Mountford stated that to answer Chair Powers's question that is the moving up of the Water & Sewer truck to the Highway Division. They repaired the old Water & Sewer Division's truck about five years ago and they got another five years out of it. Unfortunately, it is getting to the point where it will not pass State inspection anymore, so they had to move some money up to replace that truck this year. They are going with a smaller truck that will do the same amount of work for far less money than they paid for the one that they bought in 2015. It is far less money because it is only a 9-yard body instead of 12-yard, and only a 6-wheel instead an 8-wheel truck.

Mr. Blomquist stated that the way Mr. Mountford is using the word "truck," he thinks he is describing the Vac-Con, which is a special piece of equipment. Mr. Mountford agreed.

Chair Powers thanked them.

Mr. Blomquist thanked the committee for its attention, and the other Councilors present tonight. He continued that he has one more thing to mention. As he said, this is his 27th budget, and part of the reason he has been here 27 years is because of the people. He has an outstanding staff and has had an outstanding staff for 27 years. Also, the Council hears about each department's budget sort of individually, but he is here to say that the budgets really are connected. For example, the snow and ice operations are actually a combined operation between the PWD, the Parks, Recreation, and Facilities Department, and the Airport. The three directors from those departments oversee how the City is responding to snow and ice activities. He has Water and Wastewater folks who are plowing, and Highway folks who are doing plowing operations at the Airport and supplementing Airport staff, and it is the same way with Parks & Recreation – they supplement each other. Hopefully what the Council can take away is yes, they are looking at these departments individually, but also, they need to recognize is that underneath, they are all interconnected. That is how, in so many ways, the City has been able to maintain services and maintain them at the efficient and economical cost. It may seem unusual to say, but if he had to cut staffing at the PWD, that could have an impact in how snow operation is at the Airport, because he sends folks to the Airport to operate within the Airport's team. Thus, the budget is not just individual departments; it is all of them together. He could go on, talking about the relationship the PWD has with the Police and Fire departments and the administrative departments. Without IT, they would not have the cyber security for their Water and Wastewater facilities. Without some of the other departments, they could not do what they do. In the City they are all one team. That is why he has been here as long as he has.

Councilor Johnsen stated that having been on the City Council for just a year, listening last Thursday and this evening, and having this overview, she wants to thank all of the individual leaders and teachers, because they are teaching her so much about topics she knew nothing about. She continued that she appreciates everything they are doing. It is amazing to hear about all the kinds of things that they need to keep the City running. Regarding the perspective that the work is all interconnected, as a Councilor of one year, she thanks them very much.

There being no further business, Chair Powers adjourned the meeting at 7:30 PM.

Respectfully submitted by,
Britta Reida, Minute Taker