

City of Keene
New Hampshire

FINANCE, ORGANIZATION, & PERSONNEL COMMITTEE
SPECIAL BUDGET MEETING MINUTES

Tuesday, May 14, 2024

5:30 PM

**Council Chamber,
City Hall**

Members Present:

Thomas F. Powers, Chair
Michael J. Remy, Vice Chair
Bettina A. Chadbourne
(arrived late)
Bryan J. Lake
Kris E. Roberts

Members Not Present:

All Present

Jay V. Kahn, Mayor

Staff Present:

Elizabeth A. Dragon, City Manager
Merri Howe, Finance Director
Elizabeth Fox, HR Director
Jesse Rounds, Community Development
Director
Don Lussier, City Engineer
Chelsea North, Parking Operations Manager
Harry McKelvey, Transportation and
Stormwater Operations Manager/Highway
Superintendent
Duncan Watson, Assistant Public Works
Director
Aaron Costa, Assistant Public Works
Director/WWTP Operations Manager
Jim Mountford, Fleet Services Managers

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

- 1) **FY 2025 Proposed Fiscal Budget Departmental Review – Resolution R2024-20 –
Relating to the 2024/2025 Fiscal Year Operating Budget**
 - a. **Community Development (page 146)**

Chair Powers welcomed Community Development Director, Jesse Rounds, who said the Community Development Department had another significant year, continuing to work within the City to improve cooperation and increase public involvement. In April, the Community Development Department took a significant step toward better integration between permitting and review processes within the Fire Department and Building Safety Division, with the hiring of Rick Wood to lead the permitting and enforcement overhaul for both departments. Since July 1, 2023, the Building Safety Division had issued 8 new Single Family Home Permits and closed 4 of them, issued 41 Single Family Home Renovation Permits and closed 23, issued 25 Commercial Renovation Permits, and issued 2 new Commercial Building Permits. Mr. Rounds noted that two of those projects—the 310 Marlboro Street multifamily development and the Keene Housing Roosevelt School development—will introduce approximately 140 new housing

units. The Roosevelt School project received final site plan approval this year along with 10 other projects to receive final approval. In addition, in the last year, 11 subdivisions and boundary line adjustments were reviewed and given final approval by the Planning Board. The Building Safety Division also processed 19 administrative applications and 4 minor Historic District applications.

Next, Mr. Rounds explained that in 2024, the City’s Congregate Living and Social Services Licensing Board began its first year of renewals. There are 22 different permitted agencies that operate within the City. Additionally, the Food Licensing Program inspected and issued licenses for 211 food establishments. Those trends are expected to continue in FY 2025, with a focus on improving public outreach on Building Safety through enhanced procedures and communication in the Planning Division. Mr. Rounds explained that the Community Development Department was also anticipating a busy year as staff continue to update the Land Development Code and begin the major Comprehensive Master Plan redevelopment.

The Director encouraged the public to visit www.keenemasterplan.com for Master Plan project updates, to take the survey, and to attend the “think tank” on May 30–31. This project involves reallocating funds for more staff training. This year, the State will be updating its Building Code, and new Code books will need to be purchased, so some funds were allocated. Additionally, Mr. Rounds proposed reclassifying the Department’s GIS Technician to a higher level, recognizing the work he does with geospatial awareness, as well as trying to get the entire City to adopt some digital information standards.

Councilor Chadbourne arrived.

b. Parking Fund (page 168)

Chair Powers welcomed Chelsea North, Parking Operations Manager, and Harry McKelvey, Transportation and Stormwater Operations Manager/Highway Superintendent. Ms. North was proud to report that in FY 24, the Parking Fund achieved a healthy and balanced budget, thanks in part to strategic measures such as the increase in ticket fees and meter rates. These adjustments bolstered the Fund’s financial position, enabling the City to continue providing essential services to the Community.

One significant development in FY 24 was the expansion of the Pay Station Program, made possible through Capital Improvement Program (CIP) funds. By the end of the FY, Ms. North anticipated having 21 operational pay stations, which will enhance convenience and efficiency for both patrons and businesses. A highlight of the Pay Station Program was the introduction of the 15-minute free option for on-street pay stations. This initiative proved to be immensely popular among patrons and businesses, while maintaining revenue stability for the Parking Fund. In terms of payment methods, web-based ticket payments had emerged as the preferred choice for users, reflecting the City’s commitment to embrace modern technology. However, she understood the importance of offering diverse payment options. The City continues to support

cash and check payments, and in-person credit card ticket payments; pay stations further enhance user convenience by still accepting coins and credit cards, expanding beyond the traditional coin meters. Additionally, the adoption of Park Mobile—mobile payment platform for paying for meter fees—had soared. The Parking Fund had an estimated 300–500 transactions per day, averaging 10,300 transactions per month, which is expected to continue increasing. These figures underscore the growing demand for mobile payment solutions and signify a significant step toward more modern parking management.

Looking ahead to FY 25, Ms. North anticipated a further increase in the adoption of mobile payments and the utilization of pay stations. These advancements will continue to streamline parking processes and enhance user experience throughout the City. She said it was important to recognize that the Parking Fund serves a vital role in maintaining the downtown area: snow removal, landscaping, trash removal, and facility maintenance. The Parking Fund’s operations contribute to the beautification and functionality of downtown Keene with over 1,200 parking spaces available. The parking system supports local businesses, deliveries, employees, residents, and events, all of which are integral to the vibrancy of the downtown community. Ms. North concluded, reiterating that staff are committed to sustaining these operations and functions into FY 25 and beyond by prioritizing innovation, convenience, and community engagement. Staff aim to ensure the continued success of downtown Keene and satisfaction for those who use parking services.

Mr. McKelvey added that he requested supplemental funds in this budget for the Wells Street Parking Garage electric services. The light structure was modified a few years ago and the bills went up quite a bit, so he was trying to recoup that.

c. Public Works

i. Administration and Engineering (page 153)

Chair Powers welcomed the Assistant Public Works Director, Duncan Watson, and City Engineer, Don Lussier. Mr. Lussier recalled that the Public Works Director position was vacant.

The administrative section consisted of the Director, Assistant Directors, the Infrastructure Project Manager, as well as the Office Manager and Administrative Assistant. The Administrative Assistant position was vacant and interviews for a replacement were in progress. A major focus for the admin staff over the last year was communications in support of the Council’s goal. The trend in the number of interactions with customers was growing and a metric is needed to quantify the Department’s Facebook page reach. In FY 23, success on Facebook was measured by the number of page reaches, and the Department was on track to beat that this year too. He also reported that the SeeClickFix issue reporting system had experienced more use by citizens in recent months. To date, approximately 1,500 issues had been reported through that system and resolved by City staff.

Next, Mr. Lussier reported on the Engineering Division, which consists of himself, three civil engineers, and an engineering technician. During the summer, the Division will bring on contract employees to help oversee construction projects. Next, he reported that one key theme for the Engineering Division was the pace of capital project planning and execution, which were challenging because of many vacant staff positions. In particular, the Division is down one civil engineer position, and without someone to manage those projects, the Division was unable to complete some planned projects, resulting in delays. Mr. Lussier also reported that there were Planning Board development projects, mostly smaller ones.

Mr. Lussier continued, reporting that the construction seasons had been getting busier to oversee. The Engineering Technician oversees the interconnections with water and sewer utilities, as well as the Driveway Permitting process. He thought the uptick in this activity was a good sign for the City, but it creates a lot of work for staff, especially when short staffed. He did not envision a solution to the staffing challenge anytime soon. He explained that the amount of federal spending on infrastructure had increased due to the Infrastructure Investment and Jobs Act and the American Rescue Plan Act. Thus, there were complexities between the availability of this funding and the fixed pool of engineering consultants and qualified engineers to design, plan, and oversee these construction projects. He thought the consultant community—with more funding—was winning the fight for that talent. Mr. Lussier said that, frankly, municipalities—with more limited budgets—will not be able to compete. So, the City tries to sell the other benefits of working for a municipality; he thinks it is the best job in the world. Nevertheless, the City will struggle with this staffing problem for the foreseeable future.

ii. *Highway Division (page 158)*

Mr. Watson said that the only supplemental request was for the Department's attempt to get ahead of succession planning in anticipation of Harry McKelvey finishing his tenure with the City at the end of 2024. Mr. McKelvey's long-term institutional knowledge of the Highway Division job is very important, so the Department wanted to hire somebody in advance of Mr. McKelvey's departure to facilitate that knowledge transfer. This new hire would be the Assistant Highway Superintendent/Assistant Transportation and Stormwater Operations Manager for approximately 3 months and assuming that they meet the performance levels, they would advance to replace Mr. McKelvey.

Mr. McKelvey talked about activities and challenges over the past year. There was an uptick of the invasive emerald ash borer infestation of ash trees in the City. He had shared some information on the issue with the Council in the past and met with Keene State College about the problem. Some other trees on Main Street need to be removed. There are many unknowns about the trees, and there is a tree budget. The City had expanded its tree inventory so it can make better financial decisions on that, but there are challenges.

Mr. McKelvey also reported on the Division's other main challenge: winter operations. In particular, there are infrastructure challenges. These issues will likely increase with global

warming challenges. The City's roadways (e.g., potholes every spring) and drainage systems were suffering. He said the Division also had challenges with traffic control signals, but they were managing well with help from Barry Hilton of the Police Department as a part-time employee and great resource. The Division will be focused on managing in the future with staff turnover; the Division was never fully staffed, which was always a challenge for Highway operations.

Mr. Watson emphasized the challenge the City faces in the future with trees. The budget is insufficient to deal with all of the existing tree issues, so staff had to distribute resources in an intelligent way. Still, some of the bigger trees are now diseased or reached their lifespan, requiring a fairly significant effort and expenditure just to remove them, let alone purchasing and planting new trees. Just removing one large tree would require a crane, closing the roadway, and traffic control, reaching a cost of approximately \$10,000. It is a significant expense, and staff were concerned about some of the high hazard trees dying, which would pose a threat of falling into the roadway. So, Mr. Watson said that Public Works staff would be working with the new Transportation and Stormwater Operations Manager to return next year with a budget that includes a more robust proposal for how to handle the City's tree assets.

iii. *Solid Waste* (page 188)

Mr. Watson reported that the City would go out to bid in late summer/early fall 2024 to try to secure a new contractor for solid waste transportation and disposal. City personnel run the Recycling Center and the Transfer Station daily. All of these operations have a subcontractor involved, including waste management, for which the City had the same contract for 12 years, having exercised every renewal clause. However, the renewal clauses would run out, and there would likely be interest from competitors. Triple T Trucking (Brattleboro, VT) was sold to Casella Waste, which has a foothold in this region and would likely be interested in expanding their presence here. Some questions remained about what the new costs would be, but Mr. Watson said the City had a good contract, allowing the City to meet its expenses and generate sufficient revenue to cover those expenses. Solid Waste had never requested additional funds to an extent that it would impact the tax rate. He hoped the Division would continue to maintain this as a pure Special Revenue Fund, completely outside of the tax rate, and supported by tipping fees and sale of commodities. For example, there were major changes in the packaging industry, which resulted in the City processing more containers than ever before at the Recycling Center, but without corresponding weight increases because the packages were lightweighted for a variety of reasons. For example, the improved durability of plastic water bottles over time. He expected that trend to continue because it benefits the manufacturers.

Mr. Watson continued, noting that more and more products are being packaged in plastic than ever before, and while there is debate over the use of plastic, he did not think it was going away anytime soon. Still, hopefully newer technologies will emerge that allow for better recycling of those plastics. He is asked often why the City does not expand its plastic recycling, and his response is that it requires 40 cubic yards of material to make 1 bale of material. At this time, the

City only accepted #1 and #2 plastics. If expanded to include #3, there would have to be 40 cubic yards of that plastic in order to make 1 bale, which could take several months. 25 bales are required for a tractor trailer load. Expansion would be limited by the footprint of the Recycling Center. So, there were several limiting factors. Eventually, Mr. Watson anticipated a new generation of materials recovery facilities. The City had been using a state-of-the-art materials recovery facility that was commissioned in 1994, but it was limited in the amount of material that could be diverted there. Someday, with advanced sorting technologies, there should be a real shift, which could be a game changer in terms of collection, processing, and marketing these materials. Still, Mr. Watson did not anticipate that happening in the next 5–6 budget cycles, but rather in the next decade. At that point, Keene would become a pure Transfer Station and transport the materials to a facility that is better able to segregate the waste stream into the 50–70 sortation that will be required to divert more than what Keene does right now, which is approximately 25%.

There were no public comments.

iv. Sewer Fund (page 202)

Chair Powers welcomed Aaron Costa, Assistant Public Works Director/Water Treatment Operations Manager, to discuss the Sewer Fund. The Water and Sewer Funds are Enterprise Funds, meaning they are not a part of the general tax base, and they are funded by rates and user fees. Those fees fund the operations, maintenance, and capital needs for these Enterprise Funds. The mission statement of the Sewer Fund is to reduce the community's impact on the natural environment through the proper maintenance and operation of the City's collection system and treatment facilities, and to comply with State and Federal regulations in a fiscally responsible way. The mission also includes the protection of public health. The Sewer Division's primary service is to operate more than 94 miles of sewer mains and forced mains and to treat approximately 3,000,000 gallons/day of wastewater at the Treatment Plant. The City has 5 wastewater pumping stations and administers a sampling and inspection program, as well as an industrial pretreatment program. The Water and Sewer Divisions manage wastewater collection, the Laboratory Division processes compliance testing, and the Utilities Maintenance Division maintains infrastructure. The Water and Sewer Divisions also partner with the Engineering Division.

Next, Mr. Costa described goals for FY 25 (projects listed on page 202) as well as accomplishments in FY 24. First, in FY 24, the 2-mile sewer force main from Martell Court to the Wastewater Treatment Plant was inspected. It is the only pipe that leads from Martell Court to the Wastewater Treatment Plant; the pipe came online in 1985 and it had never been evaluated. During the week before this meeting, staff inserted test balls into the force main at Martell Court and sent them down to the Treatment Plant; they are softball size balls with sensors that provide feedback on the pipe's condition. That data could be the driver of a bigger conversation about aging sewer pipes. Staff will be inspecting that force main again and report back to Council. Another goal for FY 25 is to complete the Martell Court bypass system.

Otherwise, Mr. Costa said the budget was similar to last year, with some supplementals for a Laboratory Intern to help with the sampling program, some increases in maintenance, and the laboratory's sampling work.

Vice Chair Remy asked if the Pump Station pipe runs under the Airport tarmac. Mr. Costa said no, it runs from the Martell Court pump station, behind Silent Way, and then runs down the access road to the Wastewater Treatment Plant.

v. *Water Fund (page 218)*

Mr. Costa said the mission of the Water Fund is to provide reliable and good quality drinking water that meets customer expectations and State and Federal standards. The primary service is to maintain the water mains, hydrants, meters, service lines, treatment facilities, and storage tanks 24/7/365, and to provide a reliable product and reliable service. The Water Fund administers a sampling and inspection plan for the water system, with the partnership of 6 different City divisions including distribution, treatment, laboratory testing, engineering, and water maintenance. One supplemental was listed on page 224 in response to some additional costs for equipment maintenance. Still, the budget was relatively flat compared to last year.

Mr. Costa noted that the Water and Sewer Divisions have 25 staff members, not including the Engineering Division. He reiterated the staffing challenges, with 5 positions vacant. There are also regulations to meet and increased costs for materials and parts.

There were no public comments.

vi. *Equipment (Fleet Fund) (page 234)*

Chair Powers welcomed Jim Mountford, Fleet Services Manager, who noted that the Fleet Fund is also Enterprise Fund. Fleet Services leases 159 vehicles back to the other City Divisions. The content of those leases includes fuel, fluids, tires, insurance, and replacement costs. There are a total of 266 City vehicles and pieces of equipment, and there are 6 staff members and three technicians working on an average of 3–4 vehicles per day. Fleet Services works for every City Division. Fleet Services consistently services, buys, and sells vehicles for the City. The previous few years, the City had been successful with auctioning off used vehicles thanks to the City Manager and other key personnel. Some vehicles are sold to out-of-state buyers. The profits from these sales go back into the CIP to hopefully offset the rising costs for vehicle replacements, with a 44% increase compared to 2 years ago. Replacement vehicles are purchased through these sources as well.

Mr. Mountford continued, noting that fuel prices are expected to continue increasing, having increased \$0.40 in the previous 6–7 weeks. The City bids on fuel and tries to get the best rate; an organization out of Boston helps with this annually, with a current rate of approximately \$4/gallon for diesel and fuel. Because Fleet Services is an Enterprise Fund, it bills other divisions

and there is inter-office billing, so that when working on vehicles that are not a part of the lease program, there is a \$128/hour charge for Fleet Services, which is less than major truck shops in the area by about \$25, and it is about \$18 more than regular car repair shops. The City has fewer admin vehicles than heavy equipment. Mr. Mountford said that costs this year were increasing because of increased cost of living, motor oil, tires, and steel. The Fleet Services staff were working ahead on maintenance to be ready for winter and keep costs low.

Councilor Chadbourne referred to page 239 and asked why overtime costs had increased so much over the last few years (from approximately \$8,000 to \$25,000). Mr. Mountford replied that the increase was an attempt to cover an offset. One staff member must be on-call 24/7/365, and he anticipated that the Division had exceeded budgeted costs in recent years. This is to cover the worst-case scenario. For example, during the previous week, there were 3 calls to the Fire Department, and these needs increase in the winter months. He hoped to account for all these aspects for his staff. Councilor Chadbourne asked if there is a rotating on-call system and Mr. Mountford said yes; staff carry pagers so there is compensation per day, which is a separate figure on the same page, under Standby. They receive their standby pay but would also be paid overtime if they must come in for a repair outside of regular business hours. Mr. Mountford added that it is a 3-hour call in period, as it is for the rest of the Public Works Department.

The HR Director/Assistant City Manager, Beth Fox, added that regretfully, approximately 1 year ago, staff discovered that there had been some misunderstandings about how this provision of the contract was being administered for Fleet employees. Staff had not been compensated appropriately under the terms of the contract, so adjustments were made to rectify that situation. She anticipated that was probably driving the change in cost from year-to-year, although not all of it. Councilor Chadbourne appreciated the explanation, noting that the City has such dedicated workers that are willing to be on call.

Mr. Watson added that, to demonstrate to the City Council and public what the Public Works Department does, there would be a community night at Public Works (350 Marlboro St.) on June 18 from 4:00 PM to 7:00 PM, with hot dogs and hamburgers. This will be an opportunity to tour the Fleet facilities and meet staff, with lots of displays for educational purposes. All are welcome. Councilor Chadbourne was glad to see this event return after Covid.

2) Adjournment

There being no further business, Chair Powers adjourned the meeting at 6:14 PM.

Respectfully submitted by,
Katrina Kibler, Minute Taker
May 21, 2024