

City of Keene
New Hampshire

FINANCE, ORGANIZATION AND PERSONNEL COMMITTEE
MEETING MINUTES

Thursday, February 26, 2026

6:00 PM

Council Chambers,
City Hall

Members Present:

Thomas F. Powers, Chair
Bettina A. Chadbourne, Vice Chair
Bryan J. Lake
Kris E. Roberts
Michele A. Chalice

Staff Present:

Elizabeth A. Ferland, City Manager
Amanda Palmeira, City Attorney
Rebecca Landry, Deputy City Manager
Brandon Latham, Deputy City Attorney
Dan Langille, Tax Assessor
Kari Chamberlain, Finance Director

Jay V. Kahn Mayor

Members Not Present:

All Present

Chair Powers called the meeting to order at 6:00 PM.

1) Presentation - City Budgeting/Capital Planning/Property Tax Rate Overview - Finance Director & City Assessor

City Assessor Dan Langille and Finance Director Kari Chamberlain addressed the Committee. Mr. Langille stated staff were before the Committee to present an overview of the budget process, in time for the upcoming CIP and the budget process. Staff would also be discussing the tax rate and how it is calculated. He turned the presentation over to the Finance Director.

Ms. Chamberlain stated she wanted to explain the baseline for how staff generate both the capital and operating budgets for the City. She stated that both the City Master Plan and the Council goals are the backbone of both budgets. Together, the two documents outline the long-term vision, community priorities, and desired outcomes. Ensuring that our annual budget decisions align with the City's overall direction. Every budget recommendation is evaluated for its consistency with these guided documents.

Ms. Chamberlain went on to say that the Master Plan translates community values into long-term policy direction. It identifies needs, including infrastructure, sustainability, housing, transportation, economic vitality, and quality-of-life investments. Both the Operating and Capital Budgets help advance these Master Plan focus areas over time, turning strategic vision into practical implementation. The Operating Budget funds the day-to-day services needed to deliver on both the Master Plan and Council Goals. Considerations include staffing and training to maintain consistent service levels. Program support is tied to strategic goals such as safety,

sustainability, and community engagement. Maintenance of City facilities, fleet, and infrastructure that support ongoing operations.

Mr. Chamberlain stated the Capital Budget, which staff is in the process of finalizing, for long-term infrastructure investments that directly support Master Plan objectives. These projects often span multiple years. They include roads, bridges, storm water improvements, public buildings and facilities, parks, trails, and recreation assets, technology systems, and equipment. This Capital Planning ensures that investments are timely, cost-effective, and aligned with the City's strategic priorities. Using both the Master Plan and the Council Goals ensures alignment with financial decisions and service delivery. It further ensures infrastructure needs and community outcomes are met and allows the City to create a balanced, forward-looking financial strategy that manages risks and supports sustainable growth.

Ms. Chamberlain next referred to the General Fund. The General Fund is the City's main operating fund; these are the resources necessary for day-to-day operations. The departments included in the general fund are Airport, Assessing, City Attorney, City Clerk, City Manager, Community Development, Facilities, Finance (which includes Human Services), Fire, Human Resources, Information Technology, Library, and Mayor and Council. It also includes Community Events and Outside Agencies, Police, Parks and Recreation, and Public Works. The resources are discretionary and allow the Mayor and the Council to allocate to programs and services with few restrictions.

She next referred to Enterprise Funds. These funds are self-supporting through user fees rather than general taxes. Those funds include Parking, Sewer, Solid Waste, and Water. The Capital Improvement Program (CIP) is updated biannually and reviewed annually. Once the CIP has been adopted by Council, the first two years of the Capital Budget are included in the next Operating Budget proposal. The City departments submit Operating Budget recommendations to the Finance Department. The Finance Department then compiles and calculates overall City budget impacts.

Meetings are then scheduled in which each department presents its budget proposals to the City Manager and Finance. The City Manager then reviews departmental and overall budget priorities and their impacts, and makes necessary revisions to ensure compliance with Fiscal Policies.

There are three important areas that staff ensure the City is in compliance with: Use of Unassigned Fund Balance, Consumer Price Index, and debt service limitations. Property tax revenues, the City has to stay within a three-year average of the Northeast Region Consumer Price Index.

The Unassigned Fund Balance, which is used to offset emergency expenditures, downturns, and collection of significant revenues or other unforeseen events, is restricted to between 7% and 17% of the sum of the total General Fund operating budget plus the tax commitment for the School and the County.

Ms. Chamberlain noted that the debt service limits are capped at a five-year average of 12% or less of the General Fund Operating Budget. Once the City Manager ensures compliance with

Fiscal Policy, the City Manager then presents the proposed budget to the City Council. The departments then have an opportunity to present their respective budget proposals to the Finance, Organization and Personnel Committee. There is a public hearing scheduled, and then the City Council adopts the Operating Budget with any adjustments as adopted by vote of the City Council.

Ms. Chamberlain referred to a calendar that outlines upcoming meetings. She stated the City encourages the public to participate so they can ask questions, gather information about the various proposed budgets, and provide their input.

Ms. Chamberlain next referred to the FY 26 budget. She indicated that the first slide discusses revenues, and the other refers to expenditures. The largest portion of revenue comes from property taxes. She indicated that property taxes are not just for City expenditures—taxes are collected for the School and the County. There are also other revenue sources, such as licenses, permits, fees, intergovernmental, which could be grants, and rooms and meals tax, charges for services, and other sources, such as trust income and rents.

Expenditures – The largest portion of expenditures in the budget is for Community Services. Community services include those provided by the Fire Department and Police Department. Those services alone are 46% of the budget.

She then turned the presentation over to the Assessor.

Councilor Chalice asked what is covered under Municipal Development Services. Ms. Chamberlain stated this is for the Airport, Community Development, and Public Works.

Mr. Langille addressed the Committee. He stated that the Finance Director mentioned 50% of the City portion is raised through taxation. He indicated the Department of Revenue sets the tax rate each fall. Taxes are billed twice per year; the first bill, sent in June, is an estimate from the prior year, and the final bill accounts for any changes in the budget.

Mr. Langille stated the tax rate for 2025 is \$34.37; 50% is the School, 40% is the City, and the County is 9%. The assessed value for the entire community is around \$3 billion, of which the taxable value is \$2.3 billion. The largest portion is residential, 48%; commercial, 26%; utilities, 22%; and exempt, 22%. Exempt property in the community includes all municipal buildings, school buildings, county buildings, churches, other charitable organizations, and Keene State College.

Mr. Langille noted that for the \$3 billion assessed value, the City is only at 66% of market value, which means that when it is brought up to 100%, that value will increase substantially.

Ms. Vicky Morton, of 275 Water Street, asked what utilities include. Mr. Langille stated the utilities are Eversource (electric) and Liberty (Gas).

Councilor Chalice referred to payment in lieu of taxes and asked which aspect of revenue it is.

Mr. Langille stated that the City receives approximately \$1.5 million annually in payment in lieu of taxes. This is another revenue that would come off the total that needs to be raised—it is listed under the General Fund.

Mr. Langille, for demonstration purposes, used only one example: the first column in the rendering shows that the total amount to be raised for taxation for the School, City, and County is \$78 million. Assessed value is 2.3 billion dollars. If the budget increases by 3%, the tax rate would rise from \$34 to \$35.

During a revaluation, not all properties increase by the same percentage.

Mr. Tom Burton of 45, Dover Street, stated that he has heard that other towns have been bringing their home assessments up to the actual market rate, which would significantly increase their taxes, and asked whether Keene would be doing the same. Mr. Langille stated that the City is going through a revaluation this year, as required by state law, which is required every five years. This year, all the properties will be brought up to market value. He indicated that, depending on how much the market value of a property goes up relative to the rest of the community, as well as what happens in the budgeting process, determines the overall tax on an individual property. It is not just because values are going up that your taxes will go up.

Chair Powers clarified that the Department of Revenue dictates this process. This is not a process that Keene decided. Every community follows the same process. Mr. Langille agreed and added there are a number of documents the City has to submit to the State to determine the overall budgets.

Councilor Haas thanked staff for the explanation they are providing tonight. He also indicated what the public would like to learn, namely how we compare to other towns.

Councilor Chalice asked whether this revaluation would have any effect on a property owner's insurance rates. Mr. Langille stated insurance was a completely different process.

The City Manager added it is very difficult to compare one city to another city and would not rely on that as they go through the budget process because for example a fire department might be similar to a fire department in another town, based on the number of calls and the region that they serve but the Finance Department or the Community Development might be formed completely different. Hence, it is difficult to find an organization with which you can compare yourself entirely.

The second issue the Manager raised is that the City's budget, in general, is made up of two things: operational increases are very minor throughout the year. It is about wages, benefits, and the cost of providing a service because we are a service organization or your capital projects. Those are your two areas. She indicated that the budget driver for the municipal rate has recently been increased in the Fire Department. From FY 24 to 26, their wages are up \$1.2 million. The City Council has added four firefighters twice over the last eight years, and each time that added half a million dollars to the budget. The Manager went on to say the other challenge is overtime. The last increase in personnel for the Fire Department was to run the third ambulance

due to the increase in call volume. She indicated the City's current issue is that there are not enough firefighters above the minimum staffing level. Whenever someone is out on family medical leave or vacation, the department is paying overtime. Overtime costs are dramatically increasing. Last year, overtime in the Fire Department was over budget by about \$400,000. This year, they anticipate between \$500,000 and \$600,000. She stressed that what drives the overall budget is the services provided and the staff required to provide them.

What is driving the majority of the tax rate increase is what is happening in the School District. The School District is not receiving the funding needed to provide an adequate education. Some of the required programs are not being funded. Special education is not being funded at the state level, and that puts pressure on local taxpayers. The Manager indicated that every municipality is feeling this pressure.

She stated in the State of New Hampshire: as home prices continue to escalate, we are going to see more pressure on the residential portion of the community in terms of what they are paying in taxes. The Manager stated there are only a couple of things we can do: either not invest in infrastructure that the City will eventually pay for, or not provide a service, and that goes for the City, the School, or the County.

Mayor Kahn thanked the Manager for providing that context. The Mayor asked for the schedule for the revaluation process and asked for the reason for the delay in tax bills going out late this year. Mr. Langille, as far as the schedule for the revaluation, properties, and values, they need to be completed by April 1, but the department is still looking at sales data and trends occurring all the way through April. He indicated preliminary values should be ready by summer. Preliminary notices will be sent to taxpayers, giving them an opportunity to come and speak with someone who was part of the revaluation to review their assessment throughout the process. This should take place during the August period, as the values have to be wrapped up by September.

Regarding the tax bill, the Finance Director stated that the process of filing all documents with the New Hampshire Department of Revenue Administration (DRA) is very involved. If a document was not signed or the City missed any communication from the DRA, it could slow the process. The City hit a roadblock because a form needed a signature. The Mayor clarified that because of this change in valuation, the impact is going to be on the second bill. Mr. Langille agreed.

Councilor Powers clarified that much of the reason for the tax billing delay might not have much to do with the City, as the City has very little control over it, as it relies on the State for much of it. The other issue is that the City of Keene is the tax collector, and the City has the honor of sending a bill for the monies it collects; the City has to pay the county and school district their portion, whether or not everyone has paid their taxes on time. This is one of the business functions the City must consider as it prepares the budget.

Mr. Peter Moran of Myrtle Street asked what the components used to determine commercial value are. Mr. Langille stated that market value dictates the overall value of a commercial property. The City is looking at sales, looking at what land is selling for, and what buildings are

selling for. Commercial can mean a big box retail store, it can mean a restaurant, a community apartment complex. For commercial property, specifically, the City also looks at what it calls an income-and-expense value. It is not just what a business actually makes, not what they are selling or what they are producing, but what the rental potential is for that property minus the expenses.

Ms. Vicky Morton of 275 Water Street began by thanking the presenters. She stated that when she wrote her letter in January 2026, the issue she was concerned about was the bad optics of Keene being the state's second-highest tax rate. She asked whether there was a collective acknowledgement among City staff or the City Council that, when these rates went out, this was the tag we would have, being the second-highest residential community in the State of New Hampshire. She questioned why anyone would want to move to Keene. Markem Image has laid off nearly 60 people. There are many empty spaces. Houses are almost out of reach for new families to move to Keene. Ms. Morton asked whether there was no way we could change the optics that we are not the second-highest tax rate and questioned what makes us the second-highest tax rate.

Ms. Morton went on to say she was informed at the January 5, 2026 meeting that the reason our tax rate is so high is that we have so much nontaxable property within the City of Keene. She felt that every county seat in the State of New Hampshire has a lot of nontaxable property because it provides space for the county, courtrooms, municipal jails, airports, and community colleges.

Mr. Langille, in response, stated it was a no-good idea to compare tax rates. He indicated, for example, Portsmouth has a tax rate of \$12 or \$15 per thousand, but in Portsmouth, you would not be able to purchase a home for less than \$1,000,000 right now. If someone were to look at a comparison, it should not be a tax rate; it should be the overall tax bill. From there, it is the affordability of that tax bill. He felt that was a fair comparison. Different communities can be at different levels of market value; if you have two identical towns, just like Keene, one is at 50%, one is 100%, you are going to have two different tax rates, one could be \$20, and one could be \$10 per thousand. Neither one of those tells you the story of what the real effect is, which is the actual tax bill, which is what one should be looking at, and not the tax rate.

The Manager stated she would agree with that. If the City was at 100% of value, our rate would probably be somewhere down in the 20's. There are also personal decisions that are made in each community about how much you invest in different things, including your schools. Some communities are not investing in their schools, and it is definitely not a one-for-one comparison. It is a combination of the decisions this community has made about what you feel is important to invest in, and, secondly, where we are in our equalized value.

Mr. Peter Moran asked how persuasive the City is in encouraging entities to support the pilot program. He felt some of these entities require dramatic services at no cost, but stressed that it is not free. He felt all entities should be reviewed, including churches, and everyone should support the City, as they are also benefiting. Mr. Langille stated that the properties that are exempt are exempt by state law, and there is no requirement for them to contribute. In some instances, in addition to being tax-exempt, the City also pays them for the services they provide. He did not feel that being aggressive in asking these entities to contribute to the City was the right tactic.

Mr. Langille added that since he started with the City 13 years ago, the City has taken in close to \$400,000 annually in pilot money, and working with the City Manager over the past few years, the City has increased that amount to \$1.5 million. As new organizations come into the community and they become exempt, the City is having those conversations right away.

Mr. Ken Kost of 51 Railroad Street stated he was concerned when he looked at his valuation and clarified that what the City was doing was bringing all properties up from 60% to 100%, and hence, he should not be too concerned at this moment about that \$34 tax rate, as this would decrease. Mr. Langille felt Mr. Kost's tax rate should be in the 20s, and, again, a lot of that depends on budgets and a few other variables, but agreed the tax rate will be coming down considerably to account for the overall increase in value.

Councilor Chalice asked whether the State designates a process by which the payment in lieu of taxes happens, or do we do this as a community, and if the community does this, do we compare how other communities are putting this in place?

The Manager added that the City had just worked with the hospital to negotiate a new pilot agreement and had significantly increased the amount they are paying the City. The City put this in place by looking at what they were paying in other communities, came up with a per-square-foot calculation, and requested fairness in terms of equal payment.

In addition, she said when Covenant Living was being built, the City negotiated a payment in lieu with them equal to the City and County portions, but not taking into consideration the School portion, as they are impacting City and County services but not School services. This was the same process as Keene State College, and the last agreement maintained their payment in lieu of taxes, even though their enrollment had been declining, but the need for City services had also declined.

Asst. City Manager Rebecca Landry noted that only religious, charitable, and educational entities are tax-exempt, but not all nonprofit organizations are.

Councilor Filiault addressed the Committee and stated that the reason our taxes are going up is that, in this past year alone, the State has downshifted nearly \$1/2-billion in revenue to municipalities, which directly impacts property taxes. He added that there are multiple bills to further downshift to municipalities in the future. He felt that unless something is done in Concord, things will only get worse.

Mr. Moran addressed the Committee again and agreed with Councilor Filiault. He added, with reference to nonprofits, that even if it is a penny on the dollar, the City should try to obtain those funds, as nothing is free. He agreed that \$1.5 million is a lot better than nothing, but when you have 21 million that is not taxable, this becomes an issue for taxpayers.

Tim Jordan of 275 Water Street addressed the Committee and stated that, following up on what Councilor Filiault said about downshifting, some municipalities are already pushing back on this very thing. He encouraged Keene to join them and push back. He felt that the more

municipalities push back, the better chance we have of having some sort of positive effect. The Manager stated there is an organization called the New Hampshire Municipal Association, to which the City belongs. A City staff member is on the board of that Association, and this group advocates for funding for towns and cities and also works to kill bills that shift costs downward. The Association has all communities in New Hampshire represented.

Ms. Jennifer Sizoo of Fairfield Court raised the issue of the 22% exempt. She asked if there was a way for an individual to find out the breakdown. Mr. Langille stated that if Ms. Sizoo would reach out to his department, he could provide that information.

Mr. Tom Burton, Dover Street, stated that if Concord were to pay the municipalities what they are supposed to pay, would that not mean the State would have to raise those funds from taxpayers? Mr. Langille stated that the state does not control the raising of property taxes. They would need to figure out another source of funding—some other kind of tax or service. Councilor Lake stated that as the State decreases what they pay municipalities, for example, like room and meals tax, residential property owners are the ones being burdened.

Councilor Filiault stated that, with reference to rooms and meals tax, the State was required to send municipalities \$0.40 on the dollar; they reduced that amount to \$0.21 on the dollar. When municipalities complained, they increased it to \$0.30 on a dollar.

Interest and dividends tax go to the wealthiest in New Hampshire. The State decided they were going to cut that, which took about \$1/2 billion away from cities. The taxes they are cutting go to the wealthiest of the wealthy. He added the Speaker of the House—who is a free stater—his goal is just to cut everything and make everything local control, which means collect your own taxes. The Councilor added that if the state had done nothing over the last five years, left everything as is, taxes would be flat this year.

Councilor Roberts noted that the number of different partnerships the State has with municipalities to contribute towards revenue is drastically reduced, especially at the Federal level, and added that the state is running on a deficit. This ends up being less money for fire, police, and natural disasters. The money is just not coming into the State from the Federal government. Last weekend's snow disaster would normally qualify for federal disaster funding to cover overtime costs.

Councilor Roberts continued that the businesses are not appreciating as much as residential properties, but many people listening think they will be slammed with higher taxes. He used his house as a hypothetical example. Five years ago, it was assessed at \$50,000; someone just bought a home for \$100,000; the amount of taxes will not be the same. The \$50,000 will have a greater impact than the person who just bought the \$100,000 home. Mr. Langille stated that the value of the homes will be as of April 1, not at the time that they purchased the home. So, it should be the same for all.

Mayor Kahn stated that, in addition to the efforts that are pursued through the New Hampshire Municipal Association, he takes a pretty active role in legislation and used the increase in room and meals tax as an example. The letters and the role that the Mayor had helped to keep the room

and meals tax at 30%. He stated he also stays active in school funding policies. For example, the Statewide Education Property Tax (SWEPT)—there are some that get more money through that than they need for an adequate education. This is because the distribution is done by the legislature. These excess SWEPT dollars can be redistributed back through the distribution formula and benefit all schools in the state, which is another issue he stays active on.

He added that when the SWEPT tax was implemented, it was \$6, but it has now been reduced to \$1.80. This is because properties have risen in price, but the state has frozen the dollar amount, and those excess SWEPT dollars are going back to communities that do not really need it. He stated that he is only one voice, and that we can collectively have an impact on our legislators, but it has to be a massive one. They need to hear it from all of us, and they need to ask the State not to put caps on municipalities, because we are left in the position of needing to sustain the services.

Ms. Morton stated it would be extremely helpful if there was a forum or a way to communicate exactly what Mayor Kahn just said, as she was not aware of this overpayment to one community over what they need or what they requested. She felt there could be a Community Action Activity that would try to make an impact and change. She felt there were plenty of people who would step up and use the example of No Ice in Merrimack, which was made possible by people stepping up. She asked for a Forum to be created.

The following motion by Councilor Chalice was duly seconded by Councilor Lake.

On a vote of 5 to 0, the Finance, Organization and Personnel Committee recommends the acceptance of the presentation on City Budgeting/Capital Planning/Property Tax Rate Overview as informational.

2) Relating to Service Connected Total Disability Veteran Tax Credit - Resolution R-2026-07

Councilor Roberts was recused from this item.

Mr. Langille explained that the recently enacted state law increased the amount of the service-connected disability credit from \$4,000 to \$5,000. Staff recommends increasing the \$4,000 to \$4,300. The main reason for this recommendation is that the same veteran could also receive another credit for which they are no longer eligible, so raising it to \$4300, at least at this time, keeps them whole and they are not actually seeing a decrease. He added that as part of the City Council's Fiscal Policy, the Council would review all exemptions and credits as part of the budget process, and after the revaluation, could review this issue.

The following motion by Councilor Lake was duly seconded by Councilor Chadbourne.

On a vote of 4 to 0, the Finance, Organization and Personnel Committee recommends the adoption of Resolution R-2026-07, with an effective date as of April 1, 2026.

3) Payment In Lieu of Taxes Agreement with Cedarcrest – City Assessor

Mr. Langille stated that Cedarcrest is one of the City’s charitable properties. They offer a specialized pediatric medical facility and school providing comprehensive services to children with complex medical and developmental needs. The City had preliminary conversations about the fact that they were exempt, and there is a demand on Police and Fire with this organization. This organization has a complex financial situation, and but wanted to contribute something to the community. Because of the relationship they have with the Fire Department, they wanted to contribute to that Department. Per the Chief’s request, Cedarcrest will donate Class A uniforms at a cost of \$5,300 annually as part of this pilot agreement.

The Manager expressed her appreciation to Cedarcrest for the donation.

The following motion by Councilor Chadbourne was duly seconded by Councilor Lake.

On a vote of 5 to 0, the Finance, Organization and Personnel Committee recommends the City Manager be authorized to negotiate and execute a Payment In Lieu of Taxes agreement with Cedarcrest Inc.

4) Adjournment

There being no further business, Chair adjourned the meeting at 7:14 PM.

Respectfully submitted by,
Krishni Pahl, Minute Taker

Edits submitted by,
Heather Fitz-Simon, Administrative Assistant