



FINANCE, ORGANIZATION AND PERSONNEL COMMITTEE  
Council Chambers B, Keene City Hall  
September 9, 2021  
6:00 PM

**A. AGENDA ITEMS**

1. Police Department - Acceptance of Federal Forfeiture Monies
2. Police Department - NH DOT Highway Safety Grant; Grant # 22-095
3. Public Works Department - Engineering Services - 1.5 Million Gallon Storage Tank Repair Project
4. Public Works Department - Engineering Services – Sludge Pump Replacement Project
5. Relating to FY22 Fiscal Policies  
Resolution R-2021-37
6. Relating to the Appropriation of Funds from the Solid Waste Fund Unassigned Fund Balance for the Repair of the Transfer Station from Fire Damage and Upgraded Fire Protection  
Resolution R-2021-39

**B. MORE TIME ITEMS**

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

**NON PUBLIC SESSION**

**ADJOURNMENT**



# CITY OF KEENE NEW HAMPSHIRE

ITEM #A.1.

**Meeting Date:** September 9, 2021  
**To:** Finance, Organization and Personnel Committee  
**From:** Steven Stewart, Police Captain  
**Through:** Steven Russo, Police Chief  
**Subject:** **Police Department - Acceptance of Federal Forfeiture Monies**

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**Recommendation:**

That the Finance, Organization and Personnel Committee recommend the City Manager be authorized to do all things necessary to accept federal forfeiture monies in the amount \$54,781.26.

**Attachments:**

None

**Background:**

The forfeited money in question was seized in conjunction with drug investigations conducted jointly by Keene PD and U.S. Homeland Security Investigations and is broken down in three amounts. The first, \$12,366.31 was a result of an investigation that took place in the months of October and November of 2019. The last two, \$32,133.90 and \$10,281.05 were from an investigation that began in October of 2019 and culminated in June of 2020.



## CITY OF KEENE NEW HAMPSHIRE

**Meeting Date:** September 9, 2021  
**To:** Finance, Organization and Personnel Committee  
**From:** Steven Russo, Police Chief  
**Through:** Elizabeth Dragon, City Manager  
**Subject:** Police Department - NH DOT Highway Safety Grant; Grant # 22-095

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**Recommendation:**

Move that the Finance, Organization, and Personnel Committee recommend that the City Manager be authorized to do all things necessary to accept the grant from the New Hampshire Highway Safety Agency to fund the Highway Safety Grant- Keene.

**Attachments:**

None

**Background:**

This program is a statewide initiative sponsored by the NH Highway Safety Agency on an annual basis. Previously, this grant was divided and applied for through different sub-projects such as DWI Patrols, Sustained Traffic Enforcement Patrols and Bicycle and Pedestrian Patrols. The NH Highway Safety Agency has now combined all these different programs into one complete grant.

The purpose of this grant is to reduce the number of persons driving while intoxicated and their related accidents, to combat all of the more prevalent motor vehicle safety infractions and to reduce the number of persons who are violating pedestrian and bicycle laws in the downtown area.

The campaign runs from October 1, 2021 to September 30, 2022.

Below is the allocation of the grant funding.:

Sustained Traffic Enforcement Patrols: \$10,084  
Bicycle and Pedestrian Patrols: \$2,900  
DWI Patrols: \$5,848

The total cost of this operation, \$18,832, will be reimbursed by the New Hampshire Highway Safety Agency; the reimbursement includes payroll-related deductions.



## CITY OF KEENE NEW HAMPSHIRE

**Meeting Date:** September 9, 2021

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

**From:** Aaron Costa, Operations Manager  
Kurt Blomquist, Public Works Director

**Through:** Elizabeth Dragon, City Manager

**Subject:** **Public Works Department - Engineering Services - 1.5 Million Gallon Storage Tank Repair Project**

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### **Recommendation:**

Move that the Finance, Organization, and Personnel Committee recommend that the City Manager be authorized to do all things necessary to negotiate and execute a professional services contract with Weston & Sampson to perform engineering and technical services for an amount not to exceed \$85,280 for the 1.5 Million Gallon Storage Tank Repair Project. If a contract cannot be negotiated, the City Manager is authorized to negotiate and execute a contract with the next ranked firm.

### **Attachments:**

None

### **Background:**

The City of Keene owns and operates a 1.5 million gallon (MG) water storage tank that was constructed in 1924. This is a cast in place concrete tank which is completely below grade and as the tank approaches 100 years of age, performing the recommended improvements as identified below will maintain this valuable infrastructure component for years to come.

In 2013, Tighe & Bond Engineers performed an exterior evaluation of the 1.5 MG storage tank and listed several structural recommendations which included the installation of an impermeable membrane roof cover, installation of a new tank vent, and improvements to the tank overflow, manhole structures and tank vault. To enhance water quality, their recommendations included evaluating water age, turnover rates and installation of a mixing system.

In July 2021, the City advertised a Request for Proposals (RFP) looking for a qualified consultant to assist the City with the design of the new roof cover and other identified recommendations, develop construction contract documents, perform bidding services and construction oversight services. The City received four responses.

A review team consisting of Aaron Costa, Operations Manager, Ben Crowder, Water Treatment

Facility Manager and Christian Tarr, Utilities Maintenance Manager, independently rated the proposals. The firms were rated on criteria including their understanding of the project, project approach, experience of the firm and assigned personnel, overall quality of the submission and total costs/hours on a 100 point scale.

The following table summarizes the teams' average scores.

<u>Firm Name</u>	<u>Score</u>
Weston & Sampson	91
Tighe & Bond	86
DuBois & King	85
Wright Pierce	78

Based on the above scoring matrix, Weston & Sampson was judged by the team to be the best qualified consultant for this project. Therefore, it's recommended that the City Manager be authorized to do all things necessary to negotiate and execute a professional services contract with Weston & Sampson to perform engineering and technical services for an amount not to exceed \$85,280. If an agreement cannot be reached, the City Manager is authorized to negotiate and execute a contract with the next ranked firm. Funding for this work is available in the 1.5MG Storage Tank Repairs Capital Improvement Project 05096.



## CITY OF KEENE NEW HAMPSHIRE

**Meeting Date:** September 9, 2021

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

**From:** Aaron Costa, Operations Manager  
Kurt Blomquist, Public Works Director

**Through:** Elizabeth Dragon, City Manager

**Subject:** **Public Works Department - Engineering Services – Sludge Pump Replacement Project**

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**Recommendation:**

Move that the Finance, Organization, and Personnel Committee recommend that the City Manager be authorized to do all things necessary to negotiate and execute a professional services contract with Underwood Engineers for engineering and technical services for an amount not to exceed \$58,200 for the Sludge Pump Replacement Project. If a contract cannot be negotiated, the City Manager is authorized to negotiate and execute with the next ranked firm.

**Attachments:**

None

**Background:**

The City of Keene owns and operates a wastewater treatment plant (WWTP) that was constructed in the mid 1980's. As the facility approaches 40 years of age, many original components are at the end of their useful life. This project replaces six (6) original sludge pumps. These pumps have served the City well and have been scheduled for replacement through the City's Capital Improvement Program (CIP).

In July 2021, the City advertised a Request for Proposals (RFP) looking for a qualified consultant to assist the City with selecting a new style of pump, develop construction contract documents, and perform construction oversight services. The City received three responses. However, one firm's proposal was not considered due to the proposed cost.

A review team consisting of Aaron Costa, Operations Manager, Neil Goodell, Maintenance Electrician and Christian Tarr, Utilities Maintenance Manager, independently rated the proposals. The firms were rated on criteria including their understanding of the project, project approach, experience of the firm and assigned personnel, overall quality of the submission and total costs/hours on a 100 point scale. The following table summarizes the teams' average scores.

<u>Firm Name</u>	<u>Score</u>
Underwood Engineers	95
Brown and Caldwell	89
Wright-Pierce	See note

Note:

Wright-Pierce's proposal for the project was \$176,400, more than 3 times higher than the other two firms.

Based on the above-described scoring matrix, Underwood Engineers was judged by the team to be the best qualified consultant for this project. It is further recommended that if an agreement cannot be reached with the first firm, the City Manager is authorized to negotiate and execute with the next ranked firm. Funding for this work is available in the Sludge Pump Replacement Project 08082.



# CITY OF KEENE NEW HAMPSHIRE

ITEM #A.5.

**Meeting Date:** September 9, 2021  
**To:** Mayor and Keene City Council  
**From:** Merri Howe, Finance Director/Treasurer  
**Through:** Elizabeth Dragon, City Manager  
**Subject:** **Relating to FY22 Fiscal Policies  
Resolution R-2021-37**

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## **Council Action:**

In City Council September 2, 2021.

**Referred to the Finance, Organization and Personnel Committee.**

## **Recommendation:**

That Resolution R-2021-37 relating FY22 Fiscal Policies has a first reading in front of the City Council and be referred to the Finance, Organization and Personnel Committee.

## **Attachments:**

1. Resolution R-2021-37\_referral
2. R-2021-37 Fiscal policy WITH\_ Markup

## **Background:**

Shortly after the beginning of each new fiscal year, the fiscal policies of the City are reviewed and updated to provide guidance for fiscal management and decision making. This is also the time of year when the City Manager and staff start planning for the next fiscal year and the budget.

The update to the fiscal policies is the first step in the budget process. This document sets the boundaries for which both the Capital Improvements Program and City operating budget need to stay within while providing direction that incorporates City Council goals and objectives.

Updates for the FY2022 Fiscal Policies include incorporating the newly adopted City Council goals and strategic governance. By doing so, the funding source become linked to the City's planning documents, providing two key elements to move the City towards its goals.

Outside Agencies and the process for selecting the agencies to be funded and amounts is touched upon in this year's fiscal policy reiterating the application and joint staff and council committee selection process.

Throughout the document, items needing housekeeping attention are addressed as well as clarification on submission of a memo for approval vs. a resolution for adoption as it related to the transfer of funds. In addition, language has been added pertaining to the presentation of Capital



Reserve activity in the CIP stating the monetary limitation is not applicable.

Deletions include the removal of resolution R-2020-10A Related to Emergency Management which ended on June 30, 2021. The remaining changes relate to corrections and minor wording adjustments.



# CITY OF KEENE

R-2021-37

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

Relating to FISCAL POLICIES

A RESOLUTION .....

*Resolved by the City Council of the City of Keene, as follows:*

WHEREAS: the National Advisory Council on State and Local Budgeting (NACSLB) has developed a comprehensive set of recommended practices on budgeting; and

WHEREAS: one key component of those recommended practices calls for the adoption of fiscal policies by the local legislative body to help frame resource allocation decisions; and

WHEREAS: the Government Finance Officers' Association (GFOA) has endorsed the recommended practice developed by the NACSLB; and

WHEREAS: it is the intent of the City Council, by this resolution, to articulate this financial blueprint as clearly and completely as possible.

NOW, THEREFORE, BE IT RESOLVED that the fiscal policy should be reviewed and adopted by the City Council on an annual basis effective July 1, superseding any prior fiscal policies and

NOW, THEREFORE, BE IT FURTHER RESOLVED by the City Council of the City of Keene that its fiscal policies are as follows:

**PART 1 – Budgetary Policies**

Strategic Governance links both operational and capital budgets to long term goals established by the City's Master Plan and prioritized through the City Council goal's process. Departments prepare budgets with proposed strategies to advance the goals of the Master Plan along with three to five Council priorities which have been stated as outcome focused goals. Budget strategies may involve multiple years of investment above and beyond the City's base budget. This budget strategy is a hybrid of the priority based and the more traditional base budgeting approach. Priority based budgeting helps the city work towards its high level goals and ensures budget dollars are tied to community and council priorities and desired outcomes. The base budgeting approach separates budget items which are supplemental requests from those that are included in the base budget. The base budget is the amount required to maintain the current level of services.

I. Budget

- A. The City shall annually adopt and appropriate budgets for the following funds
  - 1) General Fund
  - 2) Parking Fund
  - 3) PC Replacement Fund
  - 4) Solid Waste Fund
  - 5) Sewer Fund
  - 6) Water Fund

PASSED

7) Equipment Fund

- B. All appropriated budgets shall be balanced.
- C. All appropriations for annual operating budgets (exclusive of capital projects) shall lapse at fiscal year-end unless encumbered by a City of Keene purchase order that is recorded in the financial system on or before June 30<sup>th</sup> of any year, or as authorized by the City Manager in writing, on a case-by-case basis. Those encumbrances shall be reported to the City Council in an informational memorandum by the first week of October each year.
- D. All departments are authorized to vary actual departmental spending from line item estimates provided the total departmental budget is not exceeded within each fund; provided, however, that any item specifically eliminated by the City Council during budget approval cannot be purchased from another line item without City Council approval.
- E. Outside Agencies seeking funding from the City shall complete an application substantiating their request, the necessity of the services provided, and financial impact on the City if services were not provided. All applicants shall meet eligibility criteria set by the City and eligible applications shall be reviewed by a committee consisting of at least 2 City Councilors, and representation from Human Services, Finance, Community Development, and Police Departments. The committee shall put forth a list of Outside Agencies to the City Manager with recommended funding to be included in the budget.
- F. Any unexpended funds in a personnel line related to a vacancy cannot be expended without prior approval from the City Manager and the City Council unless funds are being expended to fill a vacancy, recruiting, or to employ temporary help including professional and contract services.
- G. A periodic budget status report for each fund will be provided to the City Council.
- H. The budget document shall provide multi-year projections of revenues and expenditures/expenses including property taxes and utility (water and sewer) rates.
- I. The budget will take into consideration the City's Policies on unassigned Fund Balance projected at the end of June.
- J. The City of Keene will contain its General Fund debt service, on a five (5) year average, at or less than twelve percent (12%) of the General Fund operating budget.
- K. Upon completion of any project, any residual funds shall be returned to the fund that provided the original appropriation.
- L. Property Taxes.
  - 1) The City shall limit its property tax revenue increases to a rolling three (3) year average of the Boston-Cambridge-Newton, (MA-NH) CPI net of expenditures required by law, and excluding debt service payments and capital leases. The City chooses to utilize the CPI, not because it reflects inflation in the City's costs, but because it reflects the overall inflation in what citizens purchase. This manages City spending such that increases in a citizen's tax bill are in line with increases in all of their other expenses. The goal is to have the cost of City services as a percentage of a taxpayer's total expenses remain constant.

- 2) Property Tax Credits and Exemptions.  
All exemptions and credits will be reviewed with the City Council at least every five (5) years in conjunction with the City revaluation unless there are legislative changes that cause a review to occur on a more frequent basis.
- 3) The State has chosen to solve its revenue problem by downshifting expenses to the local communities and tapping into the broad based property tax at the local level. Downshifting is an effective strategy for the State; however, it is unsustainable at the local level and would quickly lead to a significant reduction in City services. The City is sensitive to these added expenses to the taxpayers and will attempt to limit the impact; however, as a State expense, the City will pass through the State downshifting to the taxpayers.

II. Capital Improvement Program

- A. The City of Keene shall prepare a capital improvement program (CIP) with a span of seven (7) years.
- B. The CIP shall be prepared biannually with a review each year during the operating budget cycle.
- C. All capital projects or equipment purchases that have an estimated cost of at least \$35,000 and an estimated useful life of at least five years will be included in the capital improvement program (CIP) planning process. These projects may include capital asset preservation projects (designed to preserve the functionality and condition of major infrastructure systems and City facilities) with an estimated cost of at least \$35,000 and which increases the useful life of the asset by at least five years.
- D. The CIP shall include all expenditure and funding activity anticipated from any capital reserve fund, including those activities less than \$35,000.
- E. The CIP shall contain revenue projections and rate impacts that support estimated operating costs as well as the proposed capital program. Expenditures included in each year of the CIP (operations, debt service and capital) will be equal to estimated revenue available to finance proposed activity in each year of the CIP. Cost and revenue estimates in projected years will be presented for planning purposes, and are based upon the then current best available information.
- F. City departments will prepare project funding-requests for capital projects as instructed by the City Manager.
- G. CIP Funding Methodology
  - 1) Whenever possible, CIP projects will be funded with available resources, examples of which are current revenues, grants, donations, and reserves, but not debt.
  - 2) Appropriate uses of debt include projects such as:
    - a) One-time nonrecurring investments (e.g. the construction of a new asset, or the expansion or adaptation of an existing asset) to provide added service delivery capacity or to meet changing community needs.

- b) Projects necessary due to regulatory requirements (e.g. water treatment plant expansion due to EPA permit changes) when resources other than debt are not available.
  - c) Projects necessary due to asset or system operational failure or obsolescence when resources other than debt are not available.
- H. The CIP shall be reviewed by the Finance, Organization and Personnel Committee and the Planning Board.
- I. The CIP will be the subject of a public hearing before adoption.
- J. The funding requests in the first year of the adopted CIP will be included in the next annual budget document. The City Manager after review will include the second year funding request in the subsequent budget document.
- K. Upon project completion, any residual funds shall be returned to the fund that provided the original appropriation unless otherwise directed by the City Council.
- L. Project transfer requests:
  - 1) Memorandums shall be presented to City Council for transfer request approval by majority vote for projects:
    - a) Within the same fund and
    - b) Not funded with bond proceeds/debt and/or
    - c) Have prior authorization to expend capital reserve funds and is within the purpose of the capital reserve.
  - 2) Resolutions shall be presented to City Council for transfer request adoption by 2/3 majority vote for projects:
    - a) Within the same fund and
    - b) Funded with bond/debt proceeds and/or
    - c) Funded with a new capital reserve appropriation.

## **PART 2 - Financial Policies**

### **I. Fund Structure**

- A. All funds are intended to be self-supporting, with no subsidies from one fund to another required for operations or capital outlay.
- B. The City will continue to conduct its financial activities through the use of the following funds:
  - 1) Governmental Funds.
    - a) General Fund – shall be used to account for those governmental activities that are not recorded in one of the other City Funds.
    - b) Special Revenue Funds.
      - i. Special Revenue Fund – shall be used for those activities that are funded in part or in whole by contributions from other entities.
      - ii. Parking Fund – shall be used to account for the operations, maintenance and capital outlay needs of the municipal parking areas.

- iii. Solid Waste Fund – shall be used to account for the activities of the transfer and recycling operations and for post-closure costs associated with the landfill.
  - c) Capital Projects Fund – shall be used to account for the capital projects funded by any of the governmental funds.
- 2) Proprietary Funds.
  - a) Enterprise Funds.
    - i. Sewer Fund – shall be used to account for the operations, maintenance, and capital outlay needs of the sewer collection and treatment systems.
    - ii. Water Fund – shall be used to account for the operations, maintenance, and capital outlay needs of the water treatment and distribution systems.
- 3) Internal Service Funds.
  - a) PC Replacement Fund – shall be used to account for the on-going replacement of PC's, peripherals, and related software utilized by all City departments.
  - b) Equipment Fund - shall be used to account for the operations, maintenance, and capital outlay needs of fleet services.

## II. Revenues

- A. One-Time Revenues.
 

One-time revenues will only be applied toward one-time expenditures; they will not be used to finance on-going programs or services. On-going revenues should be equal to, or greater than, on-going expenditures.
- B. Diversity.
 

The City will diversify its revenues by maximizing the use of non- property tax revenues such as payments in lieu of taxes, and user fees and charges.
- C. Designation of Revenues.
  - 1) Each year, the City shall designate and set aside \$25,000 for conservation purposes, funded through the allocation of the Land Use Change Tax (LUCT). If the prior years' LUCT revenues are less than \$25,000, the General Fund will provide the difference from general revenues to ensure an annual contribution of \$25,000. Additionally, in the years when the LUCT revenues exceed \$25,000, fifty percent (50%) of the amount over \$25,000 will be designated for conservation purposes, with the total annual designation not to exceed \$100,000. Expenditure of funds to be made upon approval of the City Council. Balance of said sum not to exceed \$500,000.
  - 2) Direct reimbursements from other entities shall be used to offset the appropriate City expense.
  - 3) Except for the provisions stated above, or as provided otherwise by Federal, State law, or by local Code of Ordinances, no unanticipated revenues shall be designated for a specific purpose(s) unless directed by the City Council.

### III. Fees and Charges

- A. Certain services provided by the City of Keene will be assigned a fee or charge for the users of the service, dependent upon how the community benefits from the provision of those services.
  - 1) In the case of general governmental services (such as fire protection, law enforcement, or general street maintenance) there will be no user fee or charge assessed.
  - 2) In the event that the service benefits a finite and definable sector of the community then that group will be assessed a fee or charge for provision of the service.
- B. Cost Recovery Standard for Fees and Charges.

Cost recovery should be based on the total cost of delivering the service, including direct costs, departmental administration costs, and when permitted organization-wide support costs (e.g. accounting, human resources, data processing, insurance, vehicle maintenance, and regulatory and enforcement costs).
- C. Exceptions to Cost Recovery Standard for Fees and Charges:
  - 1) Fees and Charges may be set at something less than full cost recovery when:
    - a) A high level of cost recovery will negatively impact the delivery of service to low-income groups.
    - b) Collecting the fees and charges is not cost effective.
    - c) There is no intended relationship between the amount paid and the benefit received (e.g. social service programs).
    - d) There is no intent to limit the use of the service (e.g. access to parks and playgrounds).
    - e) Collecting the fees would discourage compliance with regulatory requirements and adherence to said requirements is self-identified, and as such, failure to comply would not be readily detected by the City of Keene.
  - 2) Fees and Charges will be set at, or above, full cost recovery when:
    - a) The service is also provided, or could be provided, by the private sector.
    - b) The use of the service is discouraged (e.g. fire or police responses to false alarms).
    - c) The service is regulatory in nature and voluntary compliance is not expected (e.g. building permits, plans review, subdivisions).
    - d) When the fee or charge for the use of City property or resources is incurred by a commercial entity.
  - 3) Ambulance:
    - a) Service fees shall be set at two hundred fifty percent (250%) above the Medicare-determined usual and customary charge.
    - b) A fee will be implemented for those instances when responses that involve the use of drugs or specialized services are provided but there is no transport.

- c) There will be no charge for responses determined by the Fire Department to be “public assists.”
- D. The method of assessing and collecting fees should be made as simple as possible in order to reduce the administrative and support costs of collection.
- E. The City will periodically utilize the services of a collection agency when all other reasonable efforts to collect fees and fines have been exhausted; fees for such services to be paid from amounts collected.
- F. Rate structures should be sensitive to the market price for comparable services in the private sector or other public sector entities.
- G. Fees and charges shall be adopted by the City Council when required.
- H. Fees and charges shall be reviewed in accordance with a schedule developed by the City Manager that has each fee reviewed biannually. Recommended changes will be reviewed and approved by the City Council when required.

#### IV. Bonded Debt

- A. The City of Keene will periodically incur debt to finance capital projects. All issuances of debt are subject to State of New Hampshire Statutes, RSA 34 and 162-K.
- B. Debt may be issued to fund projects with a public purpose of a lasting nature or as otherwise allowed by State law.
- C. Debt will not be issued to provide for the payment of expenses for current maintenance and operation except as otherwise provided by law.
- D. The City of Keene shall not incur debt that exceeds any limits set by State law.
- E. All bonds shall be authorized by resolution of the City Council and require a two-thirds (2/3) vote.
- F. The City of Keene may use the services of bond counsel and a financial advisor, if required, to assist in preparing for and executing the sale of bonds.
- G. The City of Keene issues bonds including but not limited to:
  - 1) General Obligation Bonds – repayment is backed by the full taxing power of the City of Keene.
  - 2) Tax Increment Financing Bonds – repayment is first backed by the revenue stream generated by increased revenues created within an established Tax Increment Financing District. To the extent that the increased revenues created within the district are not adequate, the repayment of the bonds would then be backed by the full taxing power of the City of Keene.
  - 3) Refunding Bonds – these bonds are issued to refinance outstanding bonds before their term in order to either remove restrictions on the original bonds and/or to take advantage of lower interest rates. Repayment is backed by the full taxing power of the City of Keene.



- H. Competitive sale is the preferred method of sale; however, negotiated sales may occur for a current or advance refunding, or for other appropriate reasons.
  - I. Term.
    - 1) Debt will be incurred only for projects with a useful life of at least seven (7) years.
    - 2) The term of any debt incurred by the City shall be limited to no greater than the expected useful life of the improvement.
- V. Other Sources
- A. To the extent they are available, the City of Keene will consider on a case-by-case basis, the use of other financing mechanisms including but not limited to:
    - 1) Capital leases.
    - 2) State programs (e.g. State Revolving Fund Loan programs).
  - B. To the extent they are available, the City of Keene will actively pursue other funding sources including but not limited to:
    - 1) Grants that reduce the City's initial investment in project/improvement.
    - 2) Grants that contribute to the on-going debt service for city project(s).
    - 3) Other financing tools such as tax credits that leverage the City's initial investment in a project.
    - 4) Public-private partnerships.
    - 5) Unanticipated revenues. These sources will be evaluated for placement and designated as committed fund balance for advancing budgetary policies related to bonded debt, capital outlay or property taxes.
- VI. Asset-Management Programs
- A. The City may develop, implement, and refine asset management programs (defined as an integrated business approach involving planning, engineering, finance, facilities management, utilities, technology and operations to effectively manage existing and new facilities and infrastructure to maximize benefits, manage cost, reduce risk, and provide satisfactory levels of service to community users in a socially, environmentally, and economically sustainable manner). The asset management should contain at least the following elements:
    - 1) Periodic inventories and assessment of the physical condition of City capital assets and infrastructure.
    - 2) Establishment of condition and functional standards for various types of asset.
    - 3) Criteria to evaluate infrastructure and facility assets and set priorities.
    - 4) Financing policies to maintain a condition assessment system(s) and promote sufficient funding for capital asset preservation, repair, and maintenance.
    - 5) Monitoring and development of periodic plain language status reports on the various components of the City's capital assets and infrastructure.
- VII. Fund Balance Classification Policies and Procedures

A. Fund Balance.

Fund balance represents the difference between current assets and liabilities and shall be comprised of non-spendable, restricted, committed, assigned, and unassigned amounts defined as follows:

- 1) Non-spendable fund balance - includes amounts that are not in spendable form such as inventory or prepaid expenses or are required to be maintained intact such as perpetual care or the principal of an endowment fund.
- 2) Restricted fund balance - includes amounts that can only be spent for specific purposes stipulated by external resource providers such as grantors or, as in the case of special revenue funds, as established through enabling legislation.
- 3) Committed fund balance - includes amounts that can be reported and expended as a result of motions passed by the highest decision making authority - the City Council.
- 4) Assigned fund balance - includes amounts to be used for specific purposes including encumbrances and authorized carry forwards or fund balance to be used in the subsequent fiscal year.
- 5) Unassigned fund balance - includes amounts that are not obligated or specifically designated, and is available in future periods.

B. Spending Prioritization.

When an expenditure is incurred that would qualify for payment from multiple fund balance types, the City uses the following order to liquidate liabilities: restricted, committed, assigned, and unassigned.

C. Net Assets.

Net assets represent the difference between assets and liabilities. Net assets invested in capital assets, net of related debt, consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition, construction, or improvement of those assets. Net assets are reported as restricted when there are limitations imposed on their use either through enabling legislation adopted by the City or through external restrictions imposed by creditors, grantors, laws or regulations, or other governments. All other net assets are reported as unrestricted.

VIII. Stabilization Funds

A. Unassigned Fund Balance.

That portion of available funds within each fund that can be used to offset emergency expenditures, a downturn in collection of significant revenues, or other unforeseen events.

- 1) Unassigned fund balance for the General Fund will be maintained at an amount between seven percent (7%) and ten percent (10%) of the sum of the total of the General Fund annual operating budget and the property tax commitment for the school (both local and State) and the county.

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

B. Self-Funded Health Insurance.

The City shall retain funds for its self-funded health insurance program. The intended purposes for these funds are to provide a measure to smooth rate fluctuations, to accommodate an unforeseen increase in claims, and to provide financial protection from run-out costs in the event the City moves toward a fully insured plan. The amount retained shall not exceed three (3) months of estimated claim costs.

C. Capital Reserves.

The City utilizes capital reserves, classified as committed funds, established under State of New Hampshire law, and invested by the Trustees of Trust Funds, for several purposes that include the construction, reconstruction, or acquisition of a specific capital improvement, or the acquisition of a specific item or of specific items of equipment, or other purposes identified in NH RSA 34, relating to Capital Reserve Funds for Cities.

D. Expendable Trust Funds.

The City Council may create and fund through annual operating budget appropriations, various expendable trust funds as it deems necessary for the maintenance and operation of the City; and any other public purpose that is not foreign to the City's institution or incompatible with the objects of its organization. The trust funds will be administered by the Trustees of the Trust Funds.

E. Revolving Funds.

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

IX. Deposits of Funds in Custody of City Treasurer

A. Objectives (in priority order):

- 1) Safety – the safety of principal is the foremost objective.
- 2) Liquidity – investments shall remain sufficiently liquid to meet the operational cash needs of the City of Keene.
- 3) Yield – taking into account the priority objectives of safety of principal and liquidity, a market rate of return.

- B. Authorized Investments:
- 1) US Treasury obligations.
  - 2) US government agency and instrumentality obligations.
  - 3) Repurchase agreements with New Hampshire Banks acting as principal or agent, collateralized by US Treasury/Agency obligations.
  - 4) Certificates of Deposits in New Hampshire Banks (collateralized).
  - 5) New Hampshire Public Deposit Investment Pool.
  - 6) Certificate of Deposit Account Registry Service (CDARS).

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George S. Hansel, Mayor

In City Council September 2, 2021.  
Referred to the Finance, Organization  
and Personnel Committee.

  
Deputy City Clerk

Twenty-one

Relating to FISCAL POLICIES

WHEREAS: the National Advisory Council on State and Local Budgeting (NACSLB) has developed a comprehensive set of recommended practices on budgeting; and

WHEREAS: one key component of those recommended practices calls for the adoption of fiscal policies by the local legislative body to help frame resource allocation decisions; and

WHEREAS: the Government Finance Officers' Association (GFOA) has endorsed the recommended practice developed by the NACSLB; and

WHEREAS: it is the intent of the City Council, by this resolution, to articulate this financial blueprint as clearly and completely as possible.

NOW, THEREFORE, BE IT RESOLVED that the fiscal policy should be reviewed and adopted by the City Council on an annual basis effective July 1, superseding any prior fiscal policies and

NOW, THEREFORE, BE IT FURTHER RESOLVED by the City Council of the City of Keene that its fiscal policies are as follows:

**PART 1 – Budgetary Policies**

Strategic Governance links both operational and capital budgets to long term goals established by the City's Master Plan and prioritized through the City Council goal's process. Departments prepare budgets with proposed strategies to advance the goals of the Master Plan along with three to five Council priorities which have been stated as outcome focused goals. Budget strategies may involve multiple years of investment above and beyond the City's base budget. This budget strategy is a hybrid of the priority based and the more traditional base budgeting approach. Priority based budgeting helps the city work towards its high level goals and ensures budget dollars are tied to community and council priorities and desired outcomes. The base budgeting approach separates budget items which are supplemental requests from those that are included in the base budget. The base budget is the amount required to maintain the current level of services.

I. Budget

- A. The City shall annually adopt and appropriate budgets for the following funds
  - 1) General Fund
  - 2) Parking Fund
  - 3) PC Replacement Fund
  - 4) Solid Waste Fund
  - 5) Sewer Fund
  - 6) Water Fund

7) Equipment Fund

- B. All appropriated budgets shall be balanced.
- C. All appropriations for annual operating budgets (exclusive of capital projects) shall lapse at fiscal year-end unless encumbered by a City of Keene purchase order that is recorded in the financial system on or before June 30<sup>th</sup> of any year, or as authorized by the City Manager in writing, on a case-by-case basis. Those encumbrances shall be reported to the City Council in an informational memorandum by the first week of October each year.
- D. All departments are authorized to vary actual departmental spending from line item estimates provided the total departmental budget is not exceeded within each fund; provided, however, that any item specifically eliminated by the City Council during budget approval cannot be purchased from another line item without City Council approval.
- E. Outside Agencies seeking funding from the City shall complete an application substantiating their request, the necessity of the services provided, and financial impact on the City if services were not provided. All applicants shall meet eligibility criteria set by the City and eligible applications shall be reviewed by a committee consisting of at least 2 City Councilors, and representation from Human Services, Finance, Community Development, and Police Departments. The committee shall put forth a list of Outside Agencies to the City Manager with recommended funding to be included in the budget.
- F. Any unexpended funds in a personnel line related to a vacancy cannot be expended without prior approval from the City Manager and the City Council unless funds are being expended to fill a vacancy, recruiting, or to employ temporary help including professional and contract services.
- G. A periodic budget status report for each fund will be provided to the City Council.
- H. The budget document shall provide multi-year projections of revenues and expenditures/expenses including property taxes and utility (water and sewer) rates.
- I. The budget will take into consideration the City's Policies on unassigned Fund Balance projected at the end of June.
- J. The City of Keene will contain its General Fund debt service, on a five (5) year average, at or less than twelve percent (12%) of the General Fund operating budget.
- K. Upon completion of any project, any residual funds shall be returned to the fund that provided the original appropriation.
- L. Property Taxes.
  - 1) The City shall limit its property tax revenue increases to a rolling three (3) year average of the Boston-Cambridge-Newton, (MA-NH) CPI net of expenditures required by law, and excluding debt service payments and capital leases. The City chooses to utilize the CPI, not because it reflects inflation in the City's costs, but because it reflects the overall inflation in what citizens purchase. This manages City spending such that increases in a citizen's tax bill are in line with increases in all of their other expenses. The goal is to have the cost of City services as a percentage of a taxpayer's total expenses remain constant.

2) Property Tax Credits and Exemptions.

All exemptions and credits will be reviewed with the City Council at least every five (5) years in conjunction with the City revaluation unless there are legislative changes that cause a review to occur on a more frequent basis.

- 3) The State has chosen to solve its revenue problem by downshifting expenses to the local communities and tapping into the broad based property tax at the local level. Downshifting is an effective strategy for the State; however, it is unsustainable at the local level and would quickly lead to a significant reduction in City services. The City is sensitive to these added expenses to the taxpayers and will attempt to limit the impact; however, as a State expense, the City will pass through the State downshifting to the taxpayers.

II. Capital Improvement Program

- A. The City of Keene shall prepare a capital improvement program (CIP) with a span of seven (7) years.
- B. The CIP shall be prepared biannually with a review each year during the operating budget cycle.
- C. All capital projects or equipment purchases that have an estimated cost of at least \$35,000 and an estimated useful life of at least five years will be included in the capital improvement program (CIP) planning process. These projects may include capital asset preservation projects (designed to preserve the functionality and condition of major infrastructure systems and City facilities) with an estimated cost of at least \$35,000 and which increases the useful life of the asset by at least five years.
- D. The CIP shall include all expenditure and funding activity anticipated from any capital reserve fund, including those activities less than \$35,000.
- E. The CIP shall contain revenue projections and rate impacts that support estimated operating costs as well as the proposed capital program. Expenditures included in each year of the CIP (operations, debt service and capital) will be equal to estimated revenue available to finance proposed activity in each year of the CIP. Cost and revenue estimates in projected years will be presented for planning purposes, and are based upon the then current best available information.
- F. City departments will prepare project funding-requests for capital projects as instructed by the City Manager.
- G. CIP Funding Methodology
- 1) Whenever possible, CIP projects will be funded with available resources, examples of which are current revenues, grants, donations, and reserves, but not debt.

- 2) Appropriate uses of debt include projects such as:
  - a) One-time nonrecurring investments (e.g. the construction of a new asset, or the expansion or adaptation of an existing asset) to provide added service delivery capacity or to meet changing community needs.
  - b) Projects necessary due to regulatory requirements (e.g. water treatment plant expansion due to EPA permit changes) when resources other than debt are not available.
  - c) Projects necessary due to asset or system operational failure or obsolescence when resources other than debt are not available.
- H. The CIP shall be reviewed by the Finance, Organization and Personnel Committee and the Planning Board.
- I. The CIP will be the subject of a public hearing before adoption.
- J. The funding requests in the first year of the adopted CIP will be included in the next annual budget document. The City Manager after review will include the second year funding request in the subsequent budget document.
- K. Upon project completion, any residual funds shall be returned to the fund that provided the original appropriation unless otherwise directed by the City Council.
- L. **Project transfer requests:**
  - 1) Memorandums shall be presented to City Council for transfer request approval by majority vote for projects:
    - a) Within the same fund and
    - b) Not funded with bond proceeds/debt and/or
    - c) Have prior authorization to expend capital reserve funds and is within the purpose of the capital reserve.
  - 2) Resolutions shall be presented to City Council for transfer request adoption by 2/3 majority vote for projects:
    - a) Within the same fund and
    - b) Funded with bond/debt proceeds and/or
    - c) Funded with a new capital reserve appropriation

## **PART 2 - Financial Policies**

- I. Fund Structure
  - A. All funds are intended to be self-supporting, with no subsidies from one fund to another required for operations or capital outlay.
  - B. The City will continue to conduct its financial activities through the use of the following funds:
    - 1) Governmental Funds.
      - a) General Fund – shall be used to account for those governmental activities that are not recorded in one of the other City Funds.
      - b) Special Revenue Funds.
        - i. Special Revenue Fund – shall be used for those activities that are funded in part or in whole by contributions from other entities.



- ii. Parking Fund – shall be used to account for the operations, maintenance and capital outlay needs of the municipal parking areas.
    - iii. Solid Waste Fund – shall be used to account for the activities of the transfer and recycling operations and for post-closure costs associated with the landfill.
  - c) Capital Projects Fund – shall be used to account for the capital projects funded by any of the governmental funds.
- 2) Proprietary Funds.
  - a) Enterprise Funds.
    - i. Sewer Fund – shall be used to account for the operations, maintenance, and capital outlay needs of the sewer collection and treatment systems.
    - ii. Water Fund – shall be used to account for the operations, maintenance, and capital outlay needs of the water treatment and distribution systems.
- 3) Internal Service Funds.
  - a) PC Replacement Fund – shall be used to account for the on-going replacement of PC's, peripherals, and related software utilized by all City departments.
  - b) Equipment Fund - shall be used to account for the operations, maintenance, and capital outlay needs of fleet services.

## II. Revenues

### A. One-Time Revenues.

One-time revenues will only be applied toward one-time expenditures; they will not be used to finance on-going programs or services. On-going revenues should be equal to, or greater than, on-going expenditures.

### B. Diversity.

The City will diversify its revenues by maximizing the use of non- property tax revenues such as payments in lieu of taxes, and user fees and charges.

### C. Designation of Revenues.

- 1) Each year, the City shall designate and set aside \$25,000 for conservation purposes, funded through the allocation of the Land Use Change Tax (LUCT). If the prior years' LUCT revenues are less than \$25,000, the General Fund will provide the difference from general revenues to ensure an annual contribution of \$25,000. Additionally, in the years when the LUCT revenues exceed \$25,000, fifty percent (50%) of the amount over \$25,000 will be designated for conservation purposes, with the total annual designation not to exceed \$100,000. Expenditure of funds to be made upon approval of the City Council. Balance of said sum not to exceed \$500,000.
- 2) Direct reimbursements from other entities shall be used to offset the appropriate City expense.

- 3) Except for the provisions stated above, or as provided otherwise by Federal, State law, or by local Code of Ordinances, no unanticipated revenues shall be designated for a specific purpose(s) unless directed by the City Council.

### III. Fees and Charges

- A. Certain services provided by the City of Keene will be assigned a fee or charge for the users of the service, dependent upon how the community benefits from the provision of those services.
  - 1) In the case of general governmental services (such as fire protection, law enforcement, or general street maintenance) there will be no user fee or charge assessed.
  - 2) In the event that the service benefits a finite and definable sector of the community then that group will be assessed a fee or charge for provision of the service.
- B. Cost Recovery Standard for Fees and Charges.

Cost recovery should be based on the total cost of delivering the service, including direct costs, departmental administration costs, and when permitted organization-wide support costs (e.g. accounting, human resources, data processing, insurance, vehicle maintenance, and regulatory and enforcement costs).
- C. Exceptions to Cost Recovery Standard for Fees and Charges:
  - 1) Fees and Charges may be set at something less than full cost recovery when:
    - a) A high level of cost recovery will negatively impact the delivery of service to low-income groups.
    - b) Collecting the fees and charges is not cost effective.
    - c) There is no intended relationship between the amount paid and the benefit received (e.g. social service programs).
    - d) There is no intent to limit the use of the service (e.g. access to parks and playgrounds).
    - e) Collecting the fees would discourage compliance with regulatory requirements and adherence to said requirements is self-identified, and as such, failure to comply would not be readily detected by the City of Keene.
  - 2) Fees and Charges will be set at, or above, full cost recovery when:
    - a) The service is also provided, or could be provided, by the private sector.
    - b) The use of the service is discouraged (e.g. fire or police responses to false alarms).
    - c) The service is regulatory in nature and voluntary compliance is not expected (e.g. building permits, plans review, subdivisions).
    - d) When the fee or charge for the use of City property or resources is incurred by a commercial entity.
  - 3) Ambulance:
    - a) Service fees shall be set at two hundred fifty percent (250%) above the Medicare-determined usual and customary charge.

- b) A fee will be implemented for those instances when responses that involve the use of drugs or specialized services are provided but there is no transport.
  - c) There will be no charge for responses determined by the Fire Department to be “public assists.”
- D. The method of assessing and collecting fees should be made as simple as possible in order to reduce the administrative and support costs of collection.
- E. The City will periodically utilize the services of a collection agency when all other reasonable efforts to collect fees and fines have been exhausted; fees for such services to be paid from amounts collected.
- F. Rate structures should be sensitive to the market price for comparable services in the private sector or other public sector entities.
- G. Fees and charges shall be adopted by the City Council when required.
- H. Fees and charges shall be reviewed in accordance with a schedule developed by the City Manager that has each fee reviewed biannually. Recommended changes will be reviewed and approved by the City Council when required.

IV. Bonded Debt

- A. The City of Keene will periodically incur debt to finance capital projects. All issuances of debt are subject to State of New Hampshire Statutes, RSA 34 and 162-K.
- B. Debt may be issued to fund projects with a public purpose of a lasting nature or as otherwise allowed by State law.
- C. Debt will not be issued to provide for the payment of expenses for current maintenance and operation except as otherwise provided by law.
- D. The City of Keene shall not incur debt that exceeds any limits set by State law.
- E. All bonds shall be authorized by resolution of the City Council and require a two-thirds (2/3) vote.
- F. The City of Keene may use the services of bond counsel and a financial advisor, if required, to assist in preparing for and executing the sale of bonds.
- G. The City of Keene issues bonds including but not limited to:
  - 1) General Obligation Bonds – repayment is backed by the full taxing power of the City of Keene.
  - 2) Tax Increment Financing Bonds – repayment is first backed by the revenue stream generated by increased revenues created within an established Tax Increment Financing District. To the extent that the increased revenues created within the district are not adequate, the repayment of the bonds would then be backed by the full taxing power of the City of Keene.
  - 3) Refunding Bonds – these bonds are issued to refinance outstanding bonds before their term in order to either remove restrictions on the original bonds and/or to take advantage of lower interest rates. Repayment is backed by the full taxing power of the City of Keene.

- H. Competitive sale is the preferred method of sale; however, negotiated sales may occur for a current or advance refunding, or for other appropriate reasons.
  - I. Term.
    - 1) Debt will be incurred only for projects with a useful life of at least seven (7) years.
    - 2) The term of any debt incurred by the City shall be limited to no greater than the expected useful life of the improvement.
- V. Other Sources
- A. To the extent they are available, the City of Keene will consider on a case-by-case basis, the use of other financing mechanisms including but not limited to:
    - 1) Capital leases.
    - 2) State programs (e.g. State Revolving Fund Loan programs).
  - B. To the extent they are available, the City of Keene will actively pursue other funding sources including but not limited to:
    - 1) Grants that reduce the City's initial investment in project/improvement.
    - 2) Grants that contribute to the on-going debt service for city project(s).
    - 3) Other financing tools such as tax credits that leverage the City's initial investment in a project.
    - 4) Public-private partnerships.
    - 5) Unanticipated revenues. These sources will be evaluated for placement and designated as committed fund balance for advancing budgetary policies related to bonded debt, capital outlay or property taxes.
- VI. Asset-Management Programs
- A. The City may develop, implement, and refine asset management programs (defined as an integrated business approach involving planning, engineering, finance, facilities management, utilities, technology and operations to effectively manage existing and new facilities and infrastructure to maximize benefits, manage cost, reduce risk, and provide satisfactory levels of service to community users in a socially, environmentally, and economically sustainable manner). The asset management should contain at least the following elements:
    - 1) Periodic inventories and assessment of the physical condition of City capital assets and infrastructure.
    - 2) Establishment of condition and functional standards for various types of asset.
    - 3) Criteria to evaluate infrastructure and facility assets and set priorities.
    - 4) Financing policies to maintain a condition assessment system(s) and promote sufficient funding for capital asset preservation, repair, and maintenance.
    - 5) Monitoring and development of periodic plain language status reports on the various components of the City's capital assets and infrastructure.

VII. Fund Balance Classification Policies and Procedures

A. Fund Balance.

Fund balance represents the difference between current assets and liabilities and shall be comprised of non-spendable, restricted, committed, assigned, and unassigned amounts defined as follows:

- 1) Non-spendable fund balance - includes amounts that are not in spendable form such as inventory or prepaid expenses or are required to be maintained intact such as perpetual care or the principal of an endowment fund.
- 2) Restricted fund balance - includes amounts that can only be spent for specific purposes stipulated by external resource providers such as grantors or, as in the case of special revenue funds, as established through enabling legislation.
- 3) Committed fund balance - includes amounts that can be reported and expended as a result of motions passed by the highest decision making authority - the City Council.
- 4) Assigned fund balance - includes amounts to be used for specific purposes including encumbrances and authorized carry forwards or fund balance to be used in the subsequent fiscal year.
- 5) Unassigned fund balance - includes amounts that are not obligated or specifically designated, and is available in future periods.

B. Spending Prioritization.

When an expenditure is incurred that would qualify for payment from multiple fund balance types, the City uses the following order to liquidate liabilities: restricted, committed, assigned, and unassigned.

C. Net Assets.

Net assets represent the difference between assets and liabilities. Net assets invested in capital assets, net of related debt, consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition, construction, or improvement of those assets. Net assets are reported as restricted when there are limitations imposed on their use either through enabling legislation adopted by the City or through external restrictions imposed by creditors, grantors, laws or regulations, or other governments. All other net assets are reported as unrestricted.

VIII. Stabilization Funds

A. Unassigned Fund Balance.

That portion of available funds within each fund that can be used to offset emergency expenditures, a downturn in collection of significant revenues, or other unforeseen events.

- 1) Unassigned fund balance for the General Fund will be maintained at an amount between seven percent (7%) and ten percent (10%) of the sum of the total of the General Fund annual operating budget and the property tax commitment for the school (both local and State) and the county.

- 2) Unrestricted fund balance, excluding capital reserves, for the enterprise funds should be maintained at an amount between the equivalent of 180 days to 365 days of the annual operating budget for that fund.
  - 3) Unassigned/unrestricted fund balance for all remaining budgeted funds should be maintained at an amount between five percent (5%) and fifteen percent (15%) of the annual operating budget for that fund.
- B. Self-Funded Health Insurance.
- The City shall retain funds for its self-funded health insurance program. The intended purposes for these funds are to provide a measure to smooth rate fluctuations, to accommodate an unforeseen increase in claims, and to provide financial protection from run-out costs in the event the City moves toward a fully insured plan. The amount retained shall not exceed three (3) months of estimated claim costs.
- C. Capital Reserves.
- The City utilizes capital reserves, classified as committed funds, established under State of New Hampshire law, and invested by the Trustees of Trust Funds, for several purposes that include the construction, reconstruction, or acquisition of a specific capital improvement, or the acquisition of a specific item or of specific items of equipment, or other purposes identified in NH RSA 34, relating to Capital Reserve Funds for Cities.
- D. Expendable Trust Funds.
- The City Council may create and fund through annual operating budget appropriations, various expendable trust funds as it deems necessary for the maintenance and operation of the City; and any other public purpose that is not foreign to the City's institution or incompatible with the objects of its organization. The trust funds will be administered by the Trustees of the Trust Funds.
- E. Revolving Funds.
- The City Council may authorize the establishment and use of revolving funds as it deems necessary. The purpose of the funds and source of revenues will be determined at the time of creation. Monies in the revolving fund shall be allowed to accumulate from year to year, and shall not be considered a part of the City's general surplus.
- IX. Deposits of Funds in Custody of City Treasurer
- A. Objectives (in priority order):
    - 1) Safety – the safety of principal is the foremost objective.
    - 2) Liquidity – investments shall remain sufficiently liquid to meet the operational cash needs of the City of Keene.
    - 3) Yield – taking into account the priority objectives of safety of principal and liquidity, a market rate of return.
  - B. Authorized Investments:
    - 1) US Treasury obligations.
    - 2) US government agency and instrumentality obligations.
    - 3) Repurchase agreements with New Hampshire Banks acting as principal or agent, collateralized by US Treasury/Agency obligations.
    - 4) Certificates of Deposits in New Hampshire Banks (collateralized).

- 5) New Hampshire Public Deposit Investment Pool.
- 6) Certificate of Deposit Account Registry Service (CDARS).

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George S. Hansel, Mayor



# CITY OF KEENE NEW HAMPSHIRE

ITEM #A.6.

**Meeting Date:** September 9, 2021

**To:** Mayor and Keene City Council

**From:** Duncan Watson, Assistant Public Works Director

**Through:** Elizabeth Dragon, City Manager  
Merri Howe, Finance Director/Treasurer

**Subject:** **Relating to the Appropriation of Funds from the Solid Waste Fund  
Unassigned Fund Balance for the Repair of the Transfer Station from Fire  
Damage and Upgraded Fire Protection  
Resolution R-2021-39**

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**Council Action:**

**In City Council September 2, 2021.**

**Referred to the Finance, Organization and Personnel Committee.**

**Recommendation:**

First reading of Resolution R-2021-39 Relating to the Appropriation of funds from the Solid Waste Fund Unassigned Fund Balance for the Repair of the Transfer Station from Fire Damage and Upgraded Fire Protection and referring to the Finance, Organization and Personnel Committee.

**Attachments:**

1. Resolution R-2021-39\_referral

**Background:**

In April 2020 the Transfer Station had its third major fire, damaging the building and disrupting operations. The cause of the fire, while not specifically determined, is likely to have been caused by disposal of incompatible waste that resulted in spontaneous combustion. The fire alarm system functioned properly, and the 30,000 gallon fire cistern was used to extinguish the fire. In consultation with the City's insurance company, Primex, and the Keene Fire Department, it is recommended that the Solid Waste Division install a dry pipe system to enable a pump truck to connect to the system to provide a deluge of water in the event of a fire to help extinguish a fire promptly. A deluge system is the best and most cost effective retrofit option to minimize damage to the Transfer Station and surrounding operations, and reduce the risk to firefighters and other personnel responding to a fire.

A portion of the repair of the Transfer Station is being handled through the City's insurance company, Primex, and will address those issues directly related to the fire which include the building siding, roof insulation, fire alarm system and lighting. This recommendation also covers two primary



objectives- 1. Install a dry pipe system to assist the Keene Fire Department in extinguishing future fires as quickly as possible and, 2. Provide additional structural support to the roof system to account for heavy snow load. In October 2020, the City Council authorized the City Manager to execute a change order with CMA Engineers to include the necessary engineering work to incorporate the design changes to the Transfer Station for a fire suppression system and additional structural support for snow loading. Bids were issued in June,2021, and the Solid Waste Division is recommending Project Resource Group, LLC as the low responsive bidder for a repair price of \$370,183, which includes a 10% contingency in the event that something unforeseen during repairs necessitates a change order. The portion of the building repairs covered by insurance proceeds, once received, will go back into the Solid Waste Fund unassigned fund balance.

In addition, a professional services contract will be developed with an engineering firm to provide periodic construction inspection services to ensure the contractor is complying with project design and specifications. The estimated periodic construction inspection services is \$25,000.

It should be noted, that the Solid Waste Fund is completely separate from the General Fund in that no tax dollars support the Solid Waste Fund. Revenues are primarily derived from the tipping fees from disposal of solid waste and the revenue received from the sale of recyclable commodities. The Solid Waste Fund Balance has sufficient balance to transfer the amount needed to transfer funds to the 2021/2022 operating budget to fund the repair of the fire damage (reimbursed by insurance proceeds), installation of a fire suppression system and increased structural support for snow loads.

FY 21/22 Solid Waste Expenditure Adjustment

<u>Account #</u>	<u>Description</u>	<u>FY 21/22 Budget</u>	<u>Fund Transfer Request</u>	<u>Revised Budget</u>
10001-62350	Building Maintenance	\$ 25,000	\$395,183	\$420,183



# CITY OF KEENE

R-2021-39

Twenty-one

In the Year of Our Lord Two Thousand and .....  
Relating to the Appropriation of funds from the Solid Waste Fund Unassigned  
Fund Balance for the Repair of the Fire Damaged Transfer Station and Upgraded  
A RESOLUTION ..... Fire Protection.....

**Resolved by the City Council of the City of Keene, as follows:**

That up to the sum of three hundred thousand, one hundred and eighty three dollars (\$395,183) be appropriated from the Solid Waste Fund Unassigned Fund Balance to repair the fire damaged transfer station and upgrade fire protection.

\_\_\_\_\_  
George S. Hansel, Mayor

In City Council September 2, 2021.  
Referred to the Finance, Organization  
and Personnel Committee.

*William S. Dow*  
Deputy City Clerk

PASSED