



FINANCE, ORGANIZATION AND PERSONNEL COMMITTEE
Council Chambers B, Keene City Hall
September 14, 2023
6:00 PM

A. AGENDA ITEMS

1. 2024 Law Enforcement Substance Abuse Reduction Initiative Grant - Police Captain
2. Jared Goodell - Place of Assembly Permits - Recent Charge by Fire Department
3. Fleet Facility Assessment - Professional Services Contract - Assistant Public Works Director
4. Relating to Performance Bonuses and Class Allocation Ordinance O-2023-14
5. Relating to FY24 Fiscal Policies Resolution R-2023-32

B. MORE TIME ITEMS

NON PUBLIC SESSION

ADJOURNMENT



ITEM #A.1.

CITY OF KEENE NEW HAMPSHIRE

Meeting Date: September 14, 2023

To: Finance, Organization and Personnel Committee

From: Steven Tenney, Police Captain

Through: Steve Stewart, Police Chief
Elizabeth Dragon, City Manager

Subject: **2024 Law Enforcement Substance Abuse Reduction Initiative Grant -
Police Captain**

Recommendation:

That the Finance, Organization and Personnel Committee recommend the City Manager be authorized to do all things necessary to accept and expend the NH Department of Safety 2024 Law Enforcement Substance Abuse Reduction Initiative Grant in the amount of \$21,989.00

Attachments:

None

Background:

With the goal of reducing narcotics sales and abuse, which are causing an increase in overdoses and deaths, as well as a rise in more serious crimes, the Keene Police Department was awarded \$21,989.00 for this project. This amount would be in the form of overtime reimbursements associated with narcotics investigations and enforcement efforts for the period ending June 30, 2024.

Jared Goodell
PO Box 305
Keene, NH 03431

August 30, 2023

Honorable Mayor George Hansel
3 Washington Street
Keene, NH 03431

Via Electronic-Mail

Dear Mayor Hansel:

After recently opening my business in the City of Keene, I received a bill from the Keene Fire Department for \$70. The billable line item was for the “Assembly Permit” for the business. In New Hampshire, state statute governs Public Assembly Permits. The relevant statute is RSA 155:17 – 39.

The reason for my writing to you is I believe the City of Keene is charging businesses for Assembly Permits contrary to NH law. Specifically, RSA 155:19 states, in relevant part, that “Such permit shall be issued without charge for one year from date of issue...” *See attached statute.*

Upon inquiry to the City of Keene Finance Department regarding the bill for the Assembly Permit for my business, I received a written response from Keene Fire Chief Donald Farquhar. Chief Farquhar stated, “The fee is for the inspection, not the permit. The City Code of Ordinances ...describes the \$70.00 inspection fee under the *Life safety permit fees* section.” *See attached email.*

Specifically, Chief Farquhar is referring to “Appendix B - Fee Schedule” of City Code. In the fee schedule, under the heading “Life safety permit fees,” the first entry in the table lists “Place of assembly permits (valid for one year) -\$70.” This fee, of which my business was charged, clearly is for a Place of assembly permit, not for the inspection.

In fact, the City of Keene does have a fee schedule for “Inspection Fees,” but that fee schedule does not have a line for place of assembly permit inspections. Even if it did, it is arguable that such a fee would conflict with the intent of NH RSA 155:19.

I am requesting that the Keene City Council take the following actions in relation to this matter:

1. Issue a temporary order to City staff to immediately stop the practice of billing any Keene business for a Place of Assembly permit; and

2. Repeal City Code which charges businesses for Place of Assembly permits contrary to NH law; and
3. Refuse to enact any new code which would charge an inspection fee for a Place of Assembly Permit, or for any other fees which would burden a business in obtaining a Place of Assembly Permit or is contrary, in intent or otherwise, to State law; and
4. Instruct City staff to perform an audit, with a look back period of 2 years, of all fees charged to local businesses for Place of Assembly permits and provide the audit report (the "Audit") to the City Council; and
5. Order City staff to refund all monies, with interest, paid by businesses to the City of Keene for Place of Assembly permits as identified in the Audit; and
6. Grant such other and further relief as the Council deems is just and equitable.

I appreciate the City of Keene's commitment to being business friendly. Certainly this issue is not the fault of any person, but instead is likely an oversight mistake made by a previous Council in adopting fees contrary to NH law. Mistakes will always be made. It is the actions taken after mistakes are discovered that show a government's commitment to doing right by its people. I am confident that this City administration and City Council will take swift action in correcting this mistake and return what could amount to tens of thousands of dollars paid by local businesses, places of worship, community gathering places, and others for Place of Assembly Permits.

Sincerely yours,



Jared Goodell

Cc:

City Manager, Elizabeth Dragon
City Attorney, Thomas Mullins
City Clerk, Patty Little
City Councilors

From: Donald Farquhar dfarquhar@keenenh.gov
Subject: Assembly Permit
Date: Aug 28, 2023 at 1:36:16 PM

[REDACTED]
Cc: Kelly Derosier kderosier@keenenh.gov

Mr. Goodell ,

The fee is for the inspection , not the permit . The City Code of Ordinances , found here (https://library.municode.com/nh/keene/codes/code_of_ordinances?nodeId=PTIICOOR_APXBFESC) describes the \$ 70.00 inspection fee under the *Life safety permit fees* section.

Donald M. Farquhar, Fire Chief
City of Keene Fire Department
31 Vernon Street
Keene, NH. 03431

[603-757-0681](tel:603-757-0681) - Office
[603- 499-6421](tel:603-499-6421) Cell
[603-283-5668](tel:603-283-5668) Fax
dfarquhar@keenenh.gov

I received an invoice addressed to my business, Bender's Bar & Grill, for an assembly permit. The invoice is #9533 and is for \$70. NH RSA 155:19 states, in relevant part, "... Such permit shall be issued without charge for one year from date of issue and shall be revocable for cause." This RSA chapter specifically pertains to Assembly Permits. Can you please confirm whether or not this invoice for an Assembly Permit was issued in error?

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TITLE XII

PUBLIC SAFETY AND WELFARE

CHAPTER 155

FACTORIES, TENEMENTS, SCHOOLHOUSES, AND PLACES OF PUBLIC ACCOMMODATION, RESORT OR ASSEMBLY

Places of Assembly

Section 155:19

155:19 Application; Issuance; Revocation. – A permit shall be obtained from the licensing agency by the owner or operator of any place of assembly. Such permit shall be issued without charge for one year from date of issue and shall be revocable for cause. Application for permit shall be made to the licensing agency who may require building plans, showing type of construction, exits, aisles and seating arrangements and details of decorations. No permit shall be issued by the licensing agency until the provisions of this chapter have been complied with.

Source. 1943, 153:3, eff. May 5, 1943.



CITY OF KEENE NEW HAMPSHIRE

Meeting Date: September 14, 2023

To: Finance, Organization and Personnel Committee

From: Duncan Watson, Assistant Public Works Director

Through: Kurt Blomquist, ACM/Public Works Director
Elizabeth Dragon, City Manager

Subject: **Fleet Facility Assessment - Professional Services Contract - Assistant Public Works Director**

Recommendation:

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 agreement with RTA Fleet Consulting Group for technical services for a Fleet Facility Assessment for an amount not to exceed \$49,300.

Attachments:

None

Background:

The City of Keene issued a Request For Qualifications (02-23-11) seeking the services of an experienced fleet management consulting team to ensure that the fleet and the maintenance facilities are effectively and efficiently meeting the needs of the City. It is critical that maintenance facilities and staffing level support the current and future volume of work and that the staff is supported by appropriate equipment, parts, and training. In particular, the City would like to confirm that the maintenance facility is aligned with industry best practices and ready for future technology shifts.

The current fleet consists of approximately 150 vehicles and 220 pieces of equipment. This fleet is supported by a facility that includes six maintenance bays. The facility was originally designed to support a single type of vehicle fleet that supported the former use of the property as a grocery warehouse. The facility had some upgrade work done when the City moved into the site twenty years ago.

The City is looking for an experienced and knowledgeable fleet management consulting team to review the adequacy of the current fleet facility to meet current and future requirements of City operations. The City wishes to ensure it is in a position to be able to service vehicles and equipment in the future by employing best practices with appropriate fleet service facility infrastructure. Specific areas for review include:

- Overall facility size and layout,
- Number and distribution of bays for Light-Duty and Heavy-Duty repair,
- Employee comfort and safety to include air quality and lighting,
- Shop equipment availability and locations,
- Parts location and security,
- Access to and layout of fleet yard and site, and
- Ability to accommodate shifts in technology

The work plan will address these questions through a detailed best practice review, with a detailed consideration of maintenance staffing and bays, parts, and future needs.

A review group consisting of Duncan Watson, Assistant Public Works Director, Jim Mountford, Fleet Operations Manager, and Christian Tarr, Utilities Maintenance Manager, reviewed five (5) proposals and selected two (2) firms to interview. Based on the interviews held on September 1, 2023, the internal group unanimously selected RTA Fleet Consulting Group as the recommended firm to perform the City's Fleet Facility Assessment.

RTA Fleet Consulting Group will conduct a detailed analysis of fleet operations and facilities to recommend alignment with industry best practices and cost efficiencies while maintaining or improving service standards. The project budget of \$49,300 is within the approved Capital Improvement Program budget, and it is recommended that the Finance, Organization and Personnel Committee recommended the City Manager is authorized to do all things necessary to enter into a Professional Services Agreement with RTA Fleet Consulting Group to complete the City of Keene Analysis of Fleet Operations.



CITY OF KEENE

In the Year of Our Lord Two Thousand and _____ Twenty Three

AN ORDINANCE _____ Relating to Performance Bonuses and Class Allocation

Be it ordained by the City Council of the City of Keene, as follows:

That the ordinances of the City of Keene, as amended, hereby are further amended by deleting the stricken text and inserting the bolded text in Section 62-195, "Performance Bonuses" of Chapter 62 entitled "Personnel" effective January 8, 2023, as follows:

Sec. 62-195. Performance bonus.

Employees holding the following positions with the City of Keene and who receive a satisfactory performance evaluation **in the positions listed below** shall be entitled to an annual performance bonus in the amounts specified. Such payment shall be made within the month of the anniversary date of hire ~~or rehire~~, or at any other time as authorized by the city manager.

- (1) Fire chief and
deputy fire chief: annually ~~\$2,000.00~~**\$4,000.00**
- (2) Police chief and
police captain: annually ~~\$2,000.00~~**\$4,000.00**

That the ordinances of the City of Keene, as amended, hereby are further amended by deleting the stricken text and inserting the bolded text in Section 62-194, "Administrative, Office, Technical and Management Personnel" of Chapter 62 entitled "Personnel" effective October 1, 2023, as follows:

Sec. 62-194. Administrative, office, technical and management personnel

<u>GRADE</u>	<u>CLASS ALLOCATION</u>
S 4	Library Aide
S 5	Minute Taker
S 6	Administrative Assistant; Records Clerk
S 7	Administrative Assistant I
S 8	NO POSITIONS ASSIGNED
S 9	NO POSITIONS ASSIGNED
S 10	Audio Video Production Specialist

- S 11 Office Manager; Parking Services Technician
- S 12 Librarian I; Planning Technician; Executive Secretary; Staff Accountant;
Fire Department Administrator; Purchasing Specialist; Human Resource Specialist
- S 13 NO POSITIONS ASSIGNED
- S 14 NO POSITIONS ASSIGNED
- S 15 Executive Assistant; Librarian II; Payroll Administrator; Human Resources Assistant;
Youth Services Manager; Mapping Technician; Engineering Technician; Assistant City Clerk;
Senior Paralegal; Police Dispatch Supervisor; Social Worker
- S 16 Planner; Laboratory Supervisor
- S 17 Appraiser; Recreation Programmer; Librarian III; Parks & Cemetery Maintenance Superintendent;
Airport Maintenance & Operations Manager; IT Systems Specialist; Parking Operations Manager
- S 18 Water/Sewer Operations Manager; Purchasing Agent; Civil Engineer; Solid Waste Manager;
Maintenance Manager; Revenue Collector; Records Manager/Deputy City Clerk;
Laboratory Manager; Human Services Manager; Treatment Plant Manager
- S 19 Transportation/Stormwater Operations Manager; Utilities Treatment Operations/Plant Manager;
Senior Planner; Recreation Manager; Fleet Services Manager, Accounting & Fund Manager;
Infrastructure Project Manager
- S 20 Systems Administrator; Purchasing & Contract Services Manager; Assistant City Attorney
- S 21 NO POSITIONS ASSIGNED
- S 22 NO POSITIONS ASSIGNED
- S 23 NO POSITIONS ASSIGNED
- S 24 City Engineer; Assistant Public Works Director/Division Head; Database Administrator;
Airport Director; Building/Health Official
- S 25 Human Resources Director; Library Director; Assistant Finance Director/Assistant Treasurer;
~~Police Captain~~; Deputy Fire Chief
- S 26 Community Development Director; City Assessor; Parks, Recreation & Facilities Director
Police Captain
- S 27 Finance Director/Treasurer; IT Director; Communications & Marketing Director
- S 28 ~~Police Chief~~; Fire Chief; Public Works Director
- S 29 **Police Chief**
- S 30 Deputy City Manager

George S. Hansel, Mayor



CITY OF KEENE

In the Year of Our Lord Two Thousand and Twenty Three

A RESOLUTION Relating to FISCAL POLICIES

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

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

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

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

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

WHEREAS: The City Manager is hereby granted the authority to appoint a designee to temporarily perform the duties and responsibilities of the City Manager in his or her absence; and

WHEREAS: The City Manager will in writing inform the City Council of the temporary appointment including name and dates of appointment; and

WHEREAS: The Acting City Manager filling the position designated in the city budget as "City Manager" shall be vested with all the powers, rights, duties and responsibilities imposed upon the City Manager by the Charter, state statute, or by any city ordinance, resolution, agreement, document or other authority. Whenever the term "City Manager" is utilized in the Charter, state statute, or any such ordinance, resolution, agreement, document, or authority, it shall mean the "City Manager" as so designated; and

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 30th 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. It is the City's policy to permit employees to accumulate earned and unused leave. The City shall maintain an amount equivalent to the total of the earned and unused leave at the close of each fiscal year in a special revenue project. All vested earned leave is accrued when incurred and paid to the employee upon separation of employment as specified in the City's then current Employee Handbook and/or current Collective Bargaining Agreements, from the special revenue project. Should the project balance fall below the accumulated total, the city shall budget and transfer funds accordingly.

- H. A periodic budget status report for each fund will be provided to the City Council.
- I. The budget document shall provide multi-year projections of revenues and expenditures/expenses including property taxes and utility (water and sewer) rates.
- J. The budget will take into consideration the City's Policies on unassigned Fund Balance projected at the end of June.
- K. 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.
- L. Upon completion of any project, any residual funds shall be returned to the fund that provided the original appropriation.
- M. 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 Funds.
 - i. Capital Project Fund – shall be used to account for the capital projects funded by any of the governmental funds excluding the Sewer Fund and the Water Fund.
 - ii. Sewer Capital Project Fund – shall be used to account for the capital projects funded by the Sewer Fund.
 - iii. Water Capital Project Fund – shall be used to account for the capital projects funded by the Water Fund.
 - iv. Equipment Capital Project Fund – shall be used to account for the capital projects/assets funded by the Equipment Fund.
 - 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.
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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:

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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.

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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 seventeen percent (17%) 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.
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E. Revolving Funds.

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IX. Deposits of Funds in Custody of City Treasurer

- A. Objectives (in priority order):
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George S. Hansel, Mayor

Twenty-Three

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; and

WHEREAS: The City Manager is hereby granted the authority to appoint a designee to temporarily perform the duties and responsibilities of the City Manager in his or her absence; and

WHEREAS: The City Manager will in writing inform the City Council of the temporary appointment including name and dates of appointment; and

WHEREAS: The Acting City Manager filling the position designated in the city budget as "City Manager" shall be vested with all the powers, rights, duties and responsibilities imposed upon the City Manager by the Charter, state statute, or by any city ordinance, resolution, agreement, document or other authority. Whenever the term "City Manager" is utilized in the Charter, state statute, or any such ordinance, resolution, agreement, document, or authority, it shall mean the "City Manager" as so designated; and

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 30th 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. It is the City's policy to permit employees to accumulate earned and unused leave. The City shall maintain an amount equivalent to the total of the earned and unused leave at the close of each fiscal year in a special revenue project. All vested earned leave is accrued when incurred and paid to the employee upon separation of employment as specified in the City's then current Employee Handbook and/or current Collective Bargaining Agreements, from the special revenue project. Should the project balance fall below the accumulated total, the city shall budget and transfer funds accordingly.
- H. A periodic budget status report for each fund will be provided to the City Council.

- I. The budget document shall provide multi-year projections of revenues and expenditures/expenses including property taxes and utility (water and sewer) rates.
- J. The budget will take into consideration the City's Policies on unassigned Fund Balance projected at the end of June.
- K. 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.
- L. Upon completion of any project, any residual funds shall be returned to the fund that provided the original appropriation.
- M. 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 Funds.
 - i. Capital Project Fund – shall be used to account for the capital projects funded by any of the governmental funds excluding the Sewer Fund and the Water Fund.
 - ii. Sewer Capital Project Fund – shall be used to account for the capital projects funded by the Sewer Fund.
 - iii. Water Capital Project Fund – shall be used to account for the capital projects funded by the Water Fund.
 - iv. Equipment Capital Project Fund – shall be used to account for the capital projects/assets funded by the Equipment Fund.
 - 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.
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