REVISED

FINANCE, ORGANIZATION AND PERSONNEL COMMITTEE AGENDA

Council Chambers A
February 11, 2016
5:30 PM

City of Keene
New Hampshire

Mitchell H. Greenwald
Carl B. Jacobs
Terry M. Clark
Thomas F. Powers
Jay V. Kahn

1.	MEMORANDUM	Campaign Manager for the Next Chapter Campaign Drive
2.	MEMORANDUM	Parks, Recreation & Facilities – American Legion Ball Field Agreement
3.	MEMORANDUM	Planner – Sole Source Approval for GZA GeoEnvironmental, Inc. – Woodland Cemetery Wetland Restoration Project
4.	MEMORANDUM	Assistant Public Works Director – Use of State Revolving Fund for the WWTP Dewatering Equipment Replacement Project
5.	MEMORANDUM	City Engineer – Professional Services Agreement for Runway 14/32 Reconstruction Project
6.	MEMORANDUM	City Engineer – Grant Application – Runway 14/32 Reconstruction
7.	RESOLUTION	R-2016-03: Appropriation for Airport Improvement Projects
8.	DISCUSSION	CIP Review - Administrative Services & Community Services Portfolios
9.	RESOLUTION	R-2016-02: Fiscal Policies

MORE TIME ITEMS:

A. Relinquishment of easement to parking spaces on railroad property on behalf of Monadnock Food Co-op

Possible Non-Public Session

City of Keene
New Hampshire

February 06, 2016

TO: Finance, Organization, and Personnel Committee

THROUGH: Medard Kopczynski, City Manager
Steve Thornton, ~~Finance Director~~
Nancy Burridge, Trust Manager

FROM: Patty Farmer, Campaign Manager for the Next Chapter Campaign Drive

RE: Donations to the Library Renovation Project through the City's Library Renovation Temporarily Restricted City Trust Fund

Recommendation: That the City accepts donations of $276,469.24 listed in the December and January statements of the Cambridge Trust Bank (See attached reports) to be deposited into the Library Renovation Temporarily Restricted City Trust as part of the Next Chapter Campaign Drive.

Background: On June 30, 2015 the City Council authorized the establishment of a Temporarily Restricted City Trust Fund to receive and distribute funds for the Library Renovation Project. The Friends of the Library have hired Patty Farmer as Campaign Manager. Together with the Library Trustees, they have put in place a campaign committee with Judith Putnam and Alfreida (Dita) Englund as Co-Campaign Chairs and Ernest Hebert as the Honorary Chair.

The first step of the campaign was to solicit donations and pledges from the Library Trustees, Friends of the Library Board and Campaign Committee members. We have one hundred percent participation. The attached reports contain details of the monies received in December and January. Donors have received acknowledgement of their donations.

The next phase of fundraising is the quiet phase. The Campaign Committee members will be visiting with individuals and businesses to seek support. The intent is to bring forward Cambridge's monthly report for acceptance by the City Council. The report will then go the Trustees of the City Held Trust funds for approval and acceptance. This process was reviewed by the City Finance Department, the Library Trustees, the Friends of the Library Board, the City Attorney and Terry Knowles, Assistant Director, Charitable Trust Unit of the Department of the Attorney General.

NANCY VINCENT
CITY OF KEENE
3 WASHINGTON STREET
KEENE, NH 03431

Account Name: CITY OF KEENE LIBRARY RENOVATION TRUST FUND

Account Number:

Statement Period
JAN 01, 2016 Through JAN 31, 2016

MESSAGE

Did you know that you can access your monthly account statement via a secure website? If you are interested in establishing online access, please contact your Trust Officer.

ACCOUNT SUMMARY

Account Status

	As of Last Period	This Period
Cash Equivalents	117,417.18	276,562.65
Priced Investments		
Equities	0.00	0.00
Fixed Income	0.00	0.00
Other	0.00	0.00
Sub-total	0.00	0.00
Total Portfolio	117,417.18	276,562.65

Capital Gains/Losses

This period	64.87
YTD	64.87

Income Summary

Estimated Annual Income	
Dividends	26.93
Taxable Int	0.00
Non-taxable Int	0.00
Other	0.00
Total	26.93

Actual Income	This Period	YTD
Dividends	0.12	0.12
Taxable Int	0.00	0.00
Non-taxable Int	0.00	0.00
Other	0.00	0.00
Total	0.12	0.12

PORTFOLIO

QUANTITY	SECURITY DESCRIPTION	TICKER	MARKET VALUE PER UNIT	MARKET VALUE TOTAL	TOTAL TAX COST	EST INCOME
PRINCIPAL CASH & CASH EQUIVALENTS						
	CASH			7,262.53	7,262.53	
	Federated Money Mkt Obligs Govt Oblig Tax Managed (fund #637)	GTSXX	0.000	269,300.00	269,300.00	
		Total		276,562.53	276,562.53	
INCOME CASH & CASH EQUIVALENTS						
	CASH			0.12	0.12	
		Total		0.12	0.12	
Total Portfolio				276,562.65	276,562.65	

This statement reports capital gains/losses using settlement dates rather than trade dates. Capital gains/losses and income figures reported in this statement should not be used for tax preparation purposes. Market prices shown have been obtained from pricing services which we believe are reliable; however, we cannot guarantee their accuracy or that securities can be bought or sold for these prices. Please consult your trust officer with any questions.

ACCOUNT ACTIVITY

NANCY VINCENT
CITY OF KEENE
3 WASHINGTON STREET
KEENE, NH 03431

Account Name: CITY OF KEENE LIBRARY RENOVATION TRUST FUND

Account Number:

Statement Period
DEC 01, 2015 Through DEC 31, 2015

MESSAGE

Thank you for a wonderful 2015! We look forward to serving our clients, and wish you a healthy and prosperous 2016. Please let us know if there are other banking services that we can provide for you to add value to our relationship

ACCOUNT SUMMARY

Account Status

	As of Last Period	This Period
Cash Equivalents	0.00	117,417.18
Priced Investments		
Equities	0.00	0.00
Fixed Income	0.00	0.00
Other	0.00	0.00
Sub-total	0.00	0.00
Total Portfolio	0.00	117,417.18

Income Summary

Estimated Annual Income	
Dividends	11.74
Taxable Int	0.00
Non-taxable Int	0.00
Other	0.00
Total	11.74

Actual Income	This Period	YTD
Dividends	0.00	0.00
Taxable Int	0.00	0.00
Non-taxable Int	0.00	0.00
Other	0.00	0.00
Total	0.00	0.00

Capital Gains/Losses

This period	97.82
YTD	97.82

Statement Period
DEC 01, 2015 Through DEC 31, 2015

CITY OF KEENE LIBRARY
RENOVATION TRUST FUND
Account Number:

PORTFOLIO

QUANTITY	SECURITY DESCRIPTION	TICKER	MARKET VALUE PER UNIT	MARKET VALUE TOTAL	TOTAL TAX COST	EST INCOME
PRINCIPAL CASH & CASH EQUIVALENTS						
	CASH			17.18	17.18	
	Federated Money Mkt Obligs Govt Oblig Tax Managed (fund #637)	GTSXX	0.000	117,400.00	117,400.00	
		Total		117,417.18	117,417.18	
Total Portfolio				117,417.18	117,417.18	

This statement reports capital gains/losses using settlement dates rather than trade dates. Capital gains/losses and income figures reported in this statement should not be used for tax preparation purposes. Market prices shown have been obtained from pricing services which we believe are reliable; however, we cannot guarantee their accuracy or that securities can be bought or sold for these prices. Please consult your trust officer with any questions.

ACCOUNT ACTIVITY

City of Keene
New Hampshire

Date: January 19, 2016

To: Finance, Organization and Personnel Committee

Through: Med Kopczynski, City Manager

From: Andy Bohannon, Parks, Recreation & Facilities Director AB

Subject: American Legion Ball Field Agreement

Recommendation:

Move that the Finance, Organization and Personnel Committee recommend that the City Manager be authorized to negotiate between the American Legion Post #4 and the City of Keene for a one year control and use agreement of the softball fields located at 797 Court Street.

Background:

In September 2010, a 25 year control and use agreement concluded between the Gordon Bissell American Legion Post # 4 and the City of Keene for the use of softball fields located on Court Street. Since that time, one year agreements have been in place with the most recent agreement having expired in November 2015.

The 2015, an agreement fee of $5000 was paid in two installments of $2500 from the two adult softball leagues and the City.

Without the two fields at the Legion, the leagues will have to drastically reorganize their current field utilization that services 75 teams between the two organizations.

CITY OF KEENE
NEW HAMPSHIRE

DATE: January 25, 2016

TO: Finance, Organization and Personal Committee

THROUGH: Medard Kopczynski, City Manager

FROM: Tara Kessler, Planner TK

SUBJECT: Sole Source Approval for GZA GeoEnviromental Inc. Professional Services for Woodland Cemetery Wetland Restoration Project

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 GZA GeoEnviromental Inc. as a sole source provider of construction oversight professional services for the Woodland Cemetery Wetland Restoration Project for an amount not to exceed $33,000.

Background:

In November of 2012, the City of Keene received a $277,707 grant from the NH Department of Environmental Services (DES) Aquatic Resource Mitigation (ARM) Fund to restore a wetland in Woodland Cemetery. This project was divided into two phases: design and construction. Following an open and competitive selection process, GZA GeoEnvironmental Inc. (GZA) was hired in the fall of 2014 to conduct the pre-construction design phase of this project.

As part of their 2014 contract, GZA developed plans, technical specifications, and contract documents for the construction phase of this project. GZA also performed site/fill characterization to help inform the scope of the proposed construction activities and procured all necessary permits. The work completed by GZA is critical to completing the construction phase of this project, which involves excavating fill and debris from an area slightly less than one acre in Woodland Cemetery and restoring it as a wetland habitat.

The construction phase is intended to begin in spring of 2016. An important component of this phase is oversight of the selected contractor by a qualified wetland scientist. Given GZA's knowledge of the site and involvement designing the project, this firm is uniquely qualified to perform the task of construction oversight. The services to be undertaken by GZA will include construction administration, coordination with DES and City staff, confirmatory soil testing, and meetings with City staff and/or the selected contractor. The contractor hired to perform the construction activities will be selected through a competitive bid process.

An overview of work performed on this project to date is attached.

WOODLAND CEMETERY WETLAND RESTORATION
OVERVIEW OF WORK PERFORMED TO DATE

MAR 2012	The Woodland Cemetery Wetland Restoration Project was initiated in early 2012 with the goals of restoring aquatic and riparian habitat, augmenting flood storage, and creating scientific and educational opportunities within the Beaver Brook Watershed. The project involves the restoration of approximately 1 acre of historically filled wetlands in Woodland Cemetery, a City-owned parcel located off North Lincoln Street.
NOV 2012	In 2012, the City was awarded a grant from the NH Department of Environmental Services' (NHDES) Aquatic Resource Mitigation (ARM) Fund in the amount $277,000 to perform wetland restoration and stream enhancement and restoration activities in Woodland Cemetery.
MAR 2014	Following discussions with NHDES regarding the Scope of Work for this project and approval of the City Council to accept the grant award in November of 2013, the City of Keene ARM Fund grant was approved by Governor and Council on March 26, 2014.
APR-SEP 2014	The City issued a Request for Proposals (RFP) for design and permitting services for the project. In June of 2014, the City selected GZA GeoEnvironmental, Inc. (GZA) to perform this work. In September, the City entered into a professional services contract with GZA for $38,700 to conduct the project design, wetland permitting, and other technical services.
OCT 2014	As part of the pre-construction design phase of the project, GZA performed fill investigation and characterization. This work was required to ensure that fill material was properly characterized and managed as part of the wetland restoration project. GZA and the City's Department of Public Works completed 23 test pits to evaluate the subsurface conditions at the site. GZA also completed site reconnaissance in support of the design of the stream restoration including review of site conditions, flow paths, land survey for elevations and reviewed natural stream conditions upstream and downstream of the cemetery. Based on this work it was determined that an alternative stream restoration design that would result in less impacts within the historic block channel would result in significantly more and higher quality stream habitat.
JAN-APR 2014	The fill investigation and characterization conducted by GZA found that the actual depth to water, volume of fill to be removed and amount of debris to be disposed of required to complete the wetland restoration was well beyond the proposed budget. The volume of soil needing removal increased from an estimated 620 tons to 3,600 tons, increasing project costs dramatically. Staff returned to NHDES with an additional funding request, which the ARM Fund Council declined to support. Recognizing the need to reduce costs, the project is moving forward with only the proposed work in Area A being completed.

Based on the information collected from the fill investigation and characterization, GZA developed plans, technical specifications and contract documents to support the construction phase of the wetland restoration project.

AUG-OCT 2015	Prior to construction, Japanese knotweed (an invasive plant species) in the area of the wetland restoration project needs to be treated. The City applied for and received a Special Permit from the NH Department of Agriculture to contract with a licensed pesticide applicator to treat the Japanese knotweed in this area. The City entered into a professional services contract with Vegetation Control Services to perform this work in early October 2015 and Spring 2016.
SEP 2015	The NHDES approved a Wetland Permit for the work to be performed as part of the wetland restoration project.
NOV 2015	The Governor and Council approved the City's request to the NHDES for an extension of the ARM Fund grant completion date from December 31, 2015 to June 30, 2017.

CITY OF KEENE
NEW HAMPSHIRE

DATE: February 5, 2016

TO: Finance, Organization, and Personnel Committee

THROUGH: Med Kopczynski, City Manager

FROM: Donna Hanscom, Assistant Public Works Director

SUBJECT: Use of SRF for the WWTP Dewatering Equipment Replacement Project

Recommendation

The Finance, Organization, and Personnel committee recommends the City Council authorize the City Manager to do all things necessary to apply for, accept, and execute an SRF loan for the WWTP Dewatering Equipment Replacement project.

Background

Funds for the replacement of the Wastewater Treatment Plant's sludge dewatering equipment were included in FY13 (design) and in FY15 (construction) Capital Improvement Budgets and were funded through the Wastewater Treatment Plant Capital Reserve fund. The project was designed by Wright Pierce Engineers and put out to bid in November 2015. Five bids were received, with Penta Corporation submitting the lowest bid.

During the bid award process, the New Hampshire Department of Environmental Services (NHDES) alerted the City that the Town of Swanzey received funding through the NH State Revolving Fund (SRF) for its portion of the project. Because SRF funds carry specific bid requirements, including that the contractor pay Davis Bacon Act wage rates and that some components be made of American steel, accepting Penta's bid as received would exclude Swanzey from using SRF funds for its portion of the project.

The bid specifications did not include SRF requirements because the City was using its Capital Reserve to fund the project. After learning of Swanzey's SRF funding issue, City staff has been working with NHDES and Penta Corporation to create a financial package that would benefit all parties and would allow Swanzey to use SRF funding.

Penta Corporation sent a quote of $84,863 that includes increase labor cost to comply with Davis-Bacon wage act, increased material cost to comply with the American Iron and Steel requirement, and increased administrative cost for the recordkeeping required by the SRF.

To encourage the use of the SRF, DES offered a 5% forgiveness grant on the loan principal, lowered its interest rates, and accepted the Davis-Bacon Act reporting, interviewing, and certification responsibilities. The final package results in a project savings for the City of $43,802 if an SRF loan is used and repaid by May 1, 2017.

The final financial package details are as follows:

Keene's SRF loan for this project – including the SRF costs	$2,721,563
DES offers 5% principal forgiveness	$136,078
Interest accrual as of May 1, 2017	$3,257
Total project cost using SRF funds	$2,588,742
Total project cost without SRF funding	$2,636,700
Project savings using SRF funding	$47,958

To keep the debt level and interest cost low, the City intends that construction costs will be funded using capital reserve funds as planned. The project SRF loan will be drawn down at the conclusion of the project, and repaid immediately using the SRF funds. This strategy minimizes construction period interest costs, preserving the project savings noted in the above chart.

The project has been awarded to Penta Corporation and a change order for the SRF increased cost will be signed at the Pre-Construction kick off meeting.

It is recommended the City Council approve the use of the SRF funding package by authorizing the City Manager to do all things necessary to apply for, accept and execute an SRF loan for the WWTP Dewatering Equipment Replacement project.

CITY OF KEENE
NEW HAMPSHIRE

Date: February 3, 2016

To: Finance Organization & Personnel Committee,

Through: Medard Kopczynski, City Manager

From: Donald R. Lussier, P.E., City Engineer

Subject: Professional Services Agreement for the Runway 14/32 Reconstruction Project

Recommendation:

Move that the Finance, Organization and Personnel Committee recommend the City Council authorize the City Manager to negotiate and do all things necessary to execute a Professional Services Agreement with Ballantine Aviation Consulting Services, PLLC for the Runway 14/32 Reconstruction Project at the Dillant-Hopkins Airport in an amount not to exceed $289,000, with the funding to come from unallocated fund balance.

Background:

In November 2014, the City conducted a "Request for Qualifications" in order to select a consulting firm to design the proposed improvements to Runway 14/32. The City selected Ballantine Aviation Consulting Services, PLLC (BACS) as our preferred consultant.

On December 2, 2015, City staff attended a meeting with representatives of the NHDOT and BACS to discuss the scope of services for this project. BACS is currently preparing a detailed scope of services to be performed under this contract. Once the detailed scope of services is approved by the City and the NHDOT, the consultant will submit a fee proposal. Per FAA requirements, an Independent Fee Estimate will be prepared for us by AECOM, Inc. (under separate agreement). The Consultants fee proposal and the Independent Fee Estimate will be used as the basis for the City Manager to negotiate a final fee for the work.

It should be noted that the first task to be completed by our Consultant is the preparation of grant application materials. Prior to submitting the grant, the City will need to enter into an engineering services contract with BACS. As has been done with past Capital Improvement Projects funded in part through FAA grants, the funding will initially come from the unallocated fund balance. Once the grants are received, the general fund will be reimbursed for this initial outlay, minus the City's 5% share.

CITY OF KEENE
NEW HAMPSHIRE

Date: February 3, 2016

To: Finance Organization & Personnel Committee,

Through: Medard Kopczynski, City Manager

From: Donald R. Lussier, P.E., City Engineer

Subject: Grant Application – Runway 14/32 Reconstruction

Recommendation:

Move that the Finance, Organization and Personnel Committee recommend the City Council authorize the City Manager to do all things necessary to submit a Grant Application to the New Hampshire Department of Transportation, Bureau of Aeronautics for the design phase of the Runway 14/32 Reconstruction Project at the Dillant-Hopkins Airport.

Background:

On December 2, 2015, City staff attended a meeting with representatives of the NHDOT and Ballantine Aviation Consulting Services, PLLC (BACS) to discuss the scope of services for this project. BACS is currently preparing a detailed scope of services to be performed under this contract. Authorization for the City Manager to negotiate and enter into a contract with BACS was requested under a separate memorandum, dated February 3, 2016.

As discussed during the NHDOT's scoping meeting on December 2, the first task to be completed by our Consultant is the preparation of grant application materials. Although the Consultant prepares the grant application, the City is required to sign as the "Applicant".

CITY OF KEENE, NEW HAMPSHIRE
2017-2022 Capital Improvement Program
FOP Review February 11, 2015

DEPARTMENT	PROJECT	PAGE
FACILITIES	Municipal Building Improvements	33
FACILITIES	Library Campus Development	34
CITY CLERK	Mobile Compact Shelving	35
FIRE	Fire & EMS Apparatus Schedules	36
FIRE	Ambulance Replacement Reserve	37
FIRE	Fire Apparatus Replacement Reserve	38
FIRE	Ladder 1 Replacement	39
FIRE	Defibrillator Replacement	40
FIRE	Fire Alarm System Instrastructure	41
FIRE	Mobile Radio Replacement	42
FIRE	Portable Radio Replacement	43
FIRE	West Keene Fire Station Study	44
IT	Network Equipment Replacement	45
IT	Oracle Database Software	47
IT	Server Replacement	48
IT	Storage Area Network	50
PARKS & RECREATION	Carpenter Field	51
PARKS & RECREATION	Cemetery Road Paving	52
PARKS & RECREATION	Robin Hood Splash Pad	53
PARKS & RECREATION	Skate Park	54
PARKS & RECREATION	Wheelock Park Improvements	55
PARKS & RECREATION	Robin Hood Tennis Courts	56
PLANNING	Climate Adaptation Vulnerability	57
PLANNING	Jonathan Daniels Trail Study	58
POLICE	Communications System Replacement	59
POLICE	Portable Radios	60
	PARKING	
PUBLIC WORKS	Capital Reserves - Parking Facility	94
PUBLIC WORKS	Parking Structure Maintenance	95
PUBLIC WORKS	Surface Parking Lot Maintenance	96

CITY OF KEENE

R-2016-03

In the Year of Our Lord Two Thousand and Sixteen

A RESOLUTION Relating to appropriations for airport improvement projects

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

That the sum of two hundred eighty nine thousand dollars ($289,000) is hereby appropriated in the 2015-2016 fiscal year for the purpose of funding a professional services contract for the following project at the Keene Dillant-Hopkins Airport:

1. Runway 14/32 Reconstruction Project, in the amount of $289,000.

Said appropriation to be funded by the General Fund unallocated fund balance. Upon award and acceptance of federal and state grants, this appropriation, less the requisite City grant match, will be returned to the General Fund unappropriated fund balance.

Kendall W. Lane, Mayor

In City Council February 4, 2016.
Referred to the Finance, Organization and Personnel Committee.

City Clerk

PASSED

CITY OF KEENE

R-2016-02

In the Year of Our Lord Two Thousand and ....

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,

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

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:
     - i. Governmental Funds
       - o General Fund – shall be used to account for those governmental activities that are not recorded in one of the other City Funds that have been established under the authority of the City Council
       - o Special Revenue Funds:
         - a. Grants Fund – shall be used for those activities that are funded in part or in whole by contributions from other entities
         - b. Parking Fund – shall be used to account for the operations, maintenance and capital outlay needs of the municipal parking areas
         - c. PC Replacement Fund – shall be used to account for the on-going replacement of PC's and certain peripherals, and desk top software utilized by all City departments

PASSED

d. 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 closed landfill

- Capital Projects Fund – shall be used to account for the capital projects funded by any of the governmental funds

ii. Proprietary Funds

- Enterprise Funds
  a. Sewer Fund – shall be used to account for the operations, maintenance, and capital outlay needs of the sewer collection and treatment systems
  b. Water Fund – shall be used to account for the operations, maintenance, and capital outlay needs of the water treatment and distribution systems
- Internal Service Funds
  a. Equipment Fund – shall be used to account for the operations, maintenance and capital outlay needs of fleet services

II. Budget

a. The City shall adopt appropriated budgets for the following funds
   i. General Fund
   ii. Parking Fund
   iii. PC Replacement Fund
   iv. Solid Waste Fund
   v. Sewer Fund
   vi. Water Fund
   vii. Equipment Fund
b. All appropriated budgets shall be adopted annually.
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 Finance Department computer 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 July 15 of every year.
d. The City Council shall be presented with a budget for each of the funds that have an appropriated budget annually, and each shall be balanced.
e. The budget document shall provide projections of revenues and expenditures/expenses beyond the subject year.
f. Upon completion of any project, any residual funds shall be returned to the fund that provided the original appropriation.
g. Partner City Committee
   i. For the Partner City Committee, general fund appropriations shall be accounted for and expended separately from donations and proceeds from fund raising activities.
   ii. Each year, if the city council approves a general fund appropriation, that amount shall be transferred into a distinct non-lapsing account. The Partner City Committee is authorized to spend this appropriation, as well as the donations and proceeds from fund raising activities, for activities associated with their purpose, as defined in the city code. At year end, the

balance remaining in the non-lapsing account funded by general fund appropriations shall be reviewed by city staff. To the extent that any balance remaining exceeds the total of the two most recent appropriations, the excess shall be returned to the general fund as surplus.

III. Purchasing

a. Environmental Preferred Purchasing. To the greatest extent possible and within budgetary constraints, the City of Keene will consider life-time costs and environmental impacts when purchasing goods and services.
    i. Practices will be developed, implemented and adhered to that will reduce waste by increasing product efficiency and effectiveness.
    ii. Products that minimize environmental impacts, toxins, pollution, and hazards to worker and community safety will be given preference to the greatest extent practicable.
    iii. To the greatest extent possible and within budgetary constraints, the City of Keene will purchase products that:
        - include recycled content,
        - are durable and long-lasting,
        - conserve energy and water,
        - use agricultural fibers and residues,
        - reduce greenhouse gas emissions.
    iv. To the greatest extent possible and within budgetary constraints, the City of Keene will incorporate green building principles and practices into the planning, design, construction, management, renovation, operation, and demolition of all City facilities.

b. Collaboration. The City may seek collaboration with other interested governmental entities or agencies to consolidate when possible and practicable employees, services, and the purchase of materials, supplies, and other consumables, when doing so:
    i. reduces duplication of effort,
    ii. provide for the efficient and effective use of public resources, and
    iii. conforms to budgetary parameters and remain cost competitive.

IV. 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 strive to diversify its revenues in order to maintain needed services during periods of declining economic activity and/or during periods of property tax pressures.

c. Designation of Revenues.
    i. 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, 50% of the amount over $25,000 will be designated for the 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.

ii. Direct reimbursements from other entities shall be used to offset the appropriate City expense.

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

d. Property Taxes.

i. The City shall limit its property tax revenue increases to the Boston CPI, net of expenditures required by law, and debt service payments.

ii. Property Tax Credits and Exemptions. All exemptions and credits will be reviewed with the City Council every three years, unless there are legislative changes that cause a review to occur on a more frequent basis.

e. Non-property tax revenues. The City will maximize the utilization of payments in lieu of taxes and user fees and charges.

V. <u>Fees and Charges</u>

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.

i. In the event that the benefit is community-wide, there will be no user fee or charge assessed.

ii. 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

i. Cost recovery goals should be based on the total cost of delivering the service, including direct costs, departmental administration costs, and organization-wide support costs (e.g. accounting, human resources, data processing, insurance, vehicle maintenance).

ii. Fees and Charges will be set at something less than full cost recovery when:

- A high level of cost recovery will negatively impact the delivery of service to low-income groups.
- Collecting the fees and charges is not cost effective.
- There is no intended relationship between the amount paid and the benefit received (e.g. social service programs).
- There is no intent to limit the use of the service (e.g. access to parks and playgrounds).
- 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.

iii. Fees and Charges will be set at, or above, full cost recovery when:

- The service is also provided, or could be provided, by the private sector.
- The use of the service is discouraged (e.g. fire or police responses to false alarms).

- The service is regulatory in nature and voluntary compliance is not expected (e.g. building permits, plans review, subdivisions).

iv. Ambulance:
- Service fees shall be set at 75% above the Medicare-determined usual and customary charge.
- 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
- There will be no charge for responses determined by the Fire Department to be "public assists."

c. 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.

d. 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.

e. Rate structures should be sensitive to the market price for comparable services in the private sector or other public sector entities.

f. All fees and charges shall be adopted by the City Council either by ordinance, resolution or by action of a council committee.

g. Fees and charges shall be reviewed on an on-going basis, and recommended changes brought forth to the City Council for action, to ensure that they remain appropriate and equitable.

VI. <u>Capital Improvement Program</u>

a. The City of Keene shall prepare a capital improvement program (CIP) with a span of six years.

b. The CIP shall be updated annually.

c. The CIP will include all projects anticipated to be undertaken in the ensuing six-year period that have an estimated cost in excess of $20,000 and an anticipated useful life of at least five years.

d. The CIP shall contain revenue projections and rate impacts that support estimated operating costs as well as the proposed capital program.

e. Each project funding-request shall originate from a city department and shall include the following information:

i. A description of the project.
ii. A cost estimate.
iii. A project time line.
iv. A priority ranking.
v. An estimate of the operating budget impact.
vi. A reference to Community Goals.
vii. A reference to Master Plans.

f. The CIP will be reviewed by the Finance Committee of the City Council and by the Planning Board.

g. The CIP will be the subject of a public hearing before it is adopted.

h. The funding requests in the first year of the adopted CIP will be included in the next annual budget document.

i. Upon project completion, any residual funds shall be returned to the fund that provided the original appropriation, unless otherwise directed by the City Council.

VII. Debt

a. The City of Keene will periodically incur debt to finance capital projects. All issuances of debt are subject to State of NH RSA 34 and 162-K.
b. Debt may be issued to fund those 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 specifically provided by law
d. The City of Keene shall not incur debt that exceeds any limits set by state law.
e. All bonds are authorized by Resolution of the Keene City Council and require a 2/3 vote.
f. The City of Keene may use the services of a financial advisor to assist in preparing for, and executing, any sale of bonds. Said services shall be obtained as the result of a Request for Proposals (RFP) process, which shall be conducted at a minimum of once every five (5) years.
g. The City of Keene shall acquire the required services of bond counsel as the result of a Request for Proposals (RFP) process, which shall be conducted at a minimum of once every five (5) years.
h. Form. The City of Keene has issued three types of bonds:
    i. General Obligation Bonds – repayment is backed by the full taxing power of the City of Keene.
    ii. 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.
    iii. 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.
i. Competitive sale is the preferred method of sale, however negotiated sales may occur for a current or advance refunding, or for other appropriate reasons.
j. Term
    i. Debt will be incurred only for those projects with a useful life of at least five (5) years.
    ii. The term of any debt incurred by the City shall be limited to no greater than the expected useful life of the improvement.
k. The use of short-term financing, lease or lease-purchase agreements shall be kept to a minimum.
l. The City of Keene will contain its General Fund debt service and current revenue capital outlay appropriations, on a five-year average, at or less than 15% of the General Fund operating budget.
m. Other funding sources – to the extent they are available, the City of Keene will actively pursue
    i. Grants that reduce the city's initial investment in project/improvement
    ii. Grants that contribute to the on-going debt service for city project(s)
    iii. Other financing tools such as tax credits that leverage the City's initial investment in a project.

VIII. Capital Assets

a. The City of Keene will develop and maintain a computerized capital asset system and database, including the necessary procedures and policies, to ensure the accurate and timely recording and reporting of additions, modifications, improvements, transfers and disposal of capital assets in accordance with generally accepted accounting principles (GAAP).

b. Capitalization of equipment, buildings, land and improvements other than buildings (if one or more of the following criteria are met):

   i. Cost (if known) or fair market value is greater than or equal to $5,000 and useful life is greater than one year for new or replacement items

   ii. In the case of modifications and upgrades, cost is greater than or equal to $5,000 for equipment, and $10,000 for buildings and other improvements and the changes accomplish one or more of the following:

      - Prolongs the useful life of the asset
      - Adapts the asset to a new or different use
      - Substantially increases the value of the asset
      - Does not substantially replace a current asset

   iii. All land acquisitions will be capitalized at cost (if known) or fair market value

   iv. The total cost of placing an asset into service condition will be capitalized.

c. Capitalization of infrastructure

   i. Cost greater than or equal to $10,000 and useful life greater than five years

   ii. The depreciation approach will be utilized for the reporting of all infrastructure

d. Depreciation: straight-line depreciation will be used to depreciate all depreciable capital assets over the estimated useful life of each asset, as determined by industry standards.

e. Asset Classification: assets will be recorded within broad asset groups (e.g. land, buildings, etc.).

f. Budgeting: the budgeting of capital assets will be in a manner that will facilitate the identification and recording of the asset in accordance with this policy.

IX. 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 carry forwards authorized and 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 or laws or regulations or other governments. All other net assets are reported as unrestricted.

X. Stabilization Funds

a. Unassigned Fund Balance.
   - i. 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.
     - o Unassigned fund balance for the General Fund will be maintained at between seven (7) and ten (10) percent 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.
     - o Fund balances in all other budgeted funds should be maintained at between five (5) and ten (10) percent of the annual operating budget for that fund.

b. Self-funded health insurance.
   - i. 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 months of estimated claim costs.

c. Capital Reserves.
   - i. Capital Reserves, classified as committed funds, are reserves established under State of NH law, 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 RSA 34, relating to Capital Reserve Funds for Cities.
   - ii. The City of Keene has established the following capital reserves:
     1. Fire Equipment Capital Reserve – for the acquisition or significant rehabilitation of fire apparatus
     2. Ambulance Capital Reserve – for the acquisition or significant rehabilitation of ambulances
     3. Intersection Improvements Capital Reserve – for the rehabilitation or reconstruction of existing intersections

4. Hazardous Waste Site Capital Reserve – for the clean-up, mitigation and testing associated with the old City landfill located at 580 Main Street
5. Transfer/Recycling Center Capital Reserve – for the repair and replacement of existing infrastructure, systems and equipment
6. City Hall Parking Deck Capital Reserve – for the repair and replacement of existing infrastructure, systems and equipment
7. Wells Street Parking Facility Capital Reserve – for the repair and replacement of existing infrastructure, systems and equipment
8. Landfill Closure Capital Reserve – for the closure and post-closure costs associated with the City landfill located at Route 12 North.
9. Wastewater Treatment Plant Capital Reserve – for the repair and replacement of major components of plant, including equipment and building
10. Martel Court Pumping Station Capital Reserve – for the repair and replacement of major components of station, including equipment building
11. Sewer Infrastructure Capital Reserve – for the repair and replacement of existing infrastructure, systems and equipment including pump stations and the collection system
12. Water Treatment Facility Capital Reserve – for the repair and replacement of major components of facility including pumps, controls, chemical systems, etc., and building components
13. Water Infrastructure Capital Reserve – for the repair and replacement of major components of existing infrastructure, systems and equipment including wells, lift stations, tanks, etc., and the distribution system
14. Fleet Equipment Capital Reserve – for the replacement of vehicles and equipment under the control of Fleet Services
15. Bridge Capital Reserve – for the construction, reconstruction and rehabilitation of bridges.
16. Downtown Infrastructure and Facility Improvement Capital Reserve – for infrastructure and facility improvements in the downtown.
17. **Transportation Improvements Capital Reserve - to fund, wholly or in part, improvements in the transportation system including roads, bridges, bicycle and pedestrian facilities, and intermodal facilities, except for parking.**

XI. Deposits of Excess Funds
   a. Objectives (in priority order):
      i. Safety – the safety of principal is the foremost objective
      ii. Liquidity – investments shall remain sufficiently liquid to meet the operational cash needs of the City of Keene
      iii. Yield – taking in to account the priority objectives of safety of principal and liquidity, a market rate of return
   b. Authorized Investments:
      i. US Treasury obligations
      ii. US government agency and instrumentality obligations
      iii. Repurchase agreements with NH Banks acting as principal or agent, collateralized by US Treasury/Agency obligations
      iv. Certificates of Deposits in NH Banks (collateralized)
      v. NH Public Deposit Investment Pool

Kendall W. Lane, Mayor

In City Council January 21, 2016.
Referred to Finance, Organization
and Personnel Committee.

City Clerk