

City of Keene
New Hampshire

FINANCE, ORGANIZATION AND PERSONNEL COMMITTEE
MEETING MINUTES

Thursday, September 24, 2015

6:30 PM

Council Chambers

Members Present:

Mitchell Greenwald, Chairman
Terry M. Clark
Thomas Powers
Randy Filiault
Kris E. Roberts

Staff Present:

City Attorney, Thomas Mullins
IMS Director, Rebecca Landry
Finance Director, Steve Thornton
Public Works Director, Kurt Blomquist
Parks, Recreation and Facilities Director,
Andrew Bohannon
Asst. Public Works Director, Donna
Hanscom
Asst. Public Works Director, Duncan
Watson
Human Services Manager, Liz Sayre
Fire Chief, Mark Howard

Chair Greenwald called the meeting to order at 6:30 PM

1. MEMORANDUM: Fire Chief - Acceptance of Donation

Fire Chief Mark Howard stated on September 3, 2015 the Fire Department responded to a call from the Town of Harrisville regarding a horse which was stuck in the mud. The owners had tried to rescue the horse for nearly two hours with no success. Because of the resources the Keene Fire Department has, they were able to rescue the horse in less than an hour.

Chief Howard went on to say the owner Richard Lynch has been involved with horse rescue in the past and he understands the need for specialized equipment and was intrigued at how well the rescue happened and hence has made this donation.

Chair Greenwald asked how personnel were able to rescue the horse. Chief Howard stated they use a specific slide system for this type of rescue.

Councilor Clark made the following motion which was seconded by Councilor Roberts.

On 5-0 vote, the Finance, Organization and Personnel Committee recommend the City manager be authorized to do all things necessary to accept a donation from Richard Lynch in the amount of \$100.00.

2. MEMORANDUM: Recreation Programmer - Acceptance of Donation

Parks, Recreation and Facilities Director Andrew Bohannon explained with the start of the school year there is a dance that is organized at the Recreation Center. This year \$1,513 was raised which will go toward the scholarship fund for the summer program.

Councilor Powers made the following motion which was seconded by Councilor Roberts.

On 5-0 vote, the Finance, Organization and Personnel Committee recommend the City Manager be authorized to do all things necessary to accept a donation of \$1,513.00 and that the money be used for the Recreation Department summer playground scholarship fund.

3. MEMORANDUM: Parks, Recreation and Facilities Director – Acceptance of Donation

Mr. Bohannon addressed the next item as well. He stated Prospect Place conducts a concert each year and is usually held at the Ashuelot River Park. This year they decided to change venues and hold it at the Recreation Center and donated \$25 towards the Recreation Department.

Councilor Clark made the following motion which was seconded by Councilor Roberts.

On 5-0 vote, the Finance, Organization and Personnel Committee recommend the City Manager be authorized to do all things necessary to accept a donation of \$25 and that the money be used for the Recreation Center.

4. MEMORANDUM: Human Services Manager - Acceptance of Donations

Human Services Manager, Elizabeth Sayre stated each year the Human Services Department contacts businesses in the community for the holiday program. The department matches families and older adults who are having a hard time affording their basic needs. As the holidays get closer people try to spend their money on things like gifts rather than on things they need like food, medications etc. The sponsorship program helps these families with the necessary items for the holiday so they can use their resource for their basic living expenses.

Last year the department served 298 individuals, which included 72 families and 30 elderly persons through this program.

Councilor Filiault made the following motion which was seconded by Councilor Roberts.

On 5-0 vote, the Finance, Organization and Personnel Committee recommend the City Manager be authorized to accept donations associated with the City's 2015 Holiday Family Sponsorship Program.

5. COMMUNICATION: Jake Cutone/Odelay - Lease Transfer - 12 Gilbo Avenue

Mr. Ash Sheehan of 12 Gilbo Avenue, Keene stated he and his business partner operate Taco Odelay out of 12 Gilbo Avenue and they are looking to move that operation to another location on Main Street. He indicated they still have four years left on the lease with the City and they are requesting a change in operation to catering and retail which is not what the site is zoned as.

The City Attorney stated when this matter initially came before him it was identified as a request for a sublease. The letter indicates the site is going to be taken over by Tandem Custom Catering which is an entity of Taco Odelay. Attorney Mullins stated the Lease doesn't seem to have a statement of uses and noted he would look over the Lease more closely and add in a statement of uses but he did not feel there was any necessity for a change to the lease because it is the same entity.

Councilor Clark made the following motion which was seconded by Councilor Filiault.

On 5-0 vote, the Finance, Organization and Personnel Committee recommend that the communication regarding the lease for 12 Gilbo Avenue be accepted as informational.

6. COMMUNICATION: Don McCormick/Local Farms Project - Request for Extension - Keene Energy and Agriculture Project - Development Agreement

Mr. Don McCormick of the Local Farms Project was the next speaker who stated the Farms Project is building a facility referred to as the Keene Energy and Agriculture project which is an innovative and sustainable food growing entity at the Keene landfill

site. The site will use unused heat and energy from the landfill to run a year round green house without the need of fossil fuels. A development agreement was entered into with the city in December 2013 to begin construction last spring. Design and permitting work continued, significant funds were invested into the project but it has been realized that in order to break ground and begin construction in the winter months, would incur extra costs. The contractors have advised the applicant as a result to begin construction next spring.

Mr. McCormick stated what they were requesting from the City is to move the construction timeline set for June 2016 to November 2016. Chair Greenwald asked for staff comment on this issue.

Asst. Public Works Director, Duncan Watson stated he has been working closely with this project recognizing the concerns expressed by the applicant. The city does not have any specific concerns about the delay and felt it was a reasonable request.

Chair Greenwald clarified the City has not done the work it was supposed to do with reference to the road and generator. Mr. Duncan agreed this work will be done in conjunction with the construction. The Chair stated he want it to be clear to the public no City funds have been expended yet.

Chair Greenwald asked Mr. McCormick the reason for the delay. Mr. McCormick stated there is a greater cost associated with the site than was expected. There was also the need to bring in additional investment to be used as a buffer which meant the design work was delayed. He went on to say this is also a different kind of construction – a greenhouse has various other requirements and more time involved. The angle of the building needed to be shifted which was also added to the delay. Chair Greenwald clarified the delay was due to design and construction and not financial considerations. Mr. McCormick agreed but added there were additional costs due to some extra site work but their finances are in place.

Councilor Powers asked whether the applicant has a buildings permit. Mr. McCormick stated they don't have a building permit yet but do have a site permit, alteration of terrain permit and stormwater permit.

Councilor Clark noted the building's being erected according to the background notes doesn't happen until September to November and based on this, asked about the timeline for harvest. Mr. McCormick stated the greenhouse goes up rather quickly, the head house where all the processing happens won't happen until the end. The crop will be ready before the head house is constructed.

Councilor Roberts felt the October/November timeframe would give the applicant the opportunity to get into the school system.

Councilor Powers made the following motion which was seconded by Councilor Roberts.

On 5-0 vote, the Finance, Organization and Personnel Committee recommend that the Development Agreement for the Local Farms Project be extended through November 2016.

7. MEMORANDUM: Public Works Director & Assistant Public Works Director/Lab Manager - WWTP Upgrade - Construction Administration and Observation Contract Change Order

Public Works Director & Assistant Public Works Director Kurt Blomquist and Donna Hanscom were the next two speakers. Ms. Hanscom stated the City has been undergoing a 6.5 million upgrade to the wastewater treatment plant project for the last two years. Ms. Hanscom went over the work that has gone into this project: new chemical feed buildings, decentralization of the plant's electrical system, new electric rooms, replacement of the plant's aeration basin blower units, replacement of five sludge pumps, upgrades to the four clarifier scum removal mechanisms, and demolition of the old chlorine contact basin, and replacement of the ultraviolet disinfection system.

Ms. Hanscom stated staff has had good working relationship with the MacMillan Company, which is the contractor and Hoyle Tanner, the engineering contractor. It is being predicted at this time the final construction contract will come in below the bid price. There have been six change orders to date and at this point they are at \$22,000 below contract price. Change order 7 should be another \$6,000 credit.

Mr. Blomquist stated this has been a very well run project and the project is going to be coming in less than the bid price. He explained the city has been using Hoyle Tanner and Associates (HTA) for the last few years and as the project moved into the construction phase HTA was used for construction administration and observation. He explained construction administration consists of attending construction meetings, producing minutes, reviewing submittals, etc.

Mr. Blomquist explained there are two dates attached to construction contracts; substantial completion (item is ready for use) and construction complete. MacMillan submitted a contract timeline, which both HTA and the City recognized as an aggressive schedule. MacMillan had until June 2015 to complete the project and 30-45 days prior to that would be the substantial completion date. MacMillan however, indicated they could complete the work by January 2015, but as the project moved forward and they got closer to that date they started having certain issues and submitted an extension which was a no cost extension. MacMillin requested a second extension through April, and this again was no cost and hence it was granted.

HTA had prepared their contract based on the January completion date. The extension of the contract required more time from HTA. MacMillan was granted 74 extra days. MacMillan to date has met their substantial completion but not the final completion and they have been put on notice. At this time there is approximately \$80,000 of items that need to be completed.

Mr. Blomquist stated the city has had a conversation with the President of MacMillan who has assured the city he would provide the City with a completion date. The City has had to negotiate with HTA to come up with a price for this extra time and have been able to settle on a price of \$155,536 for their level of effort from January through the end of the contract. He indicated there is money in the budget for this work.

Councilor Roberts noted if the City was aware this was an aggressive schedule and HTA was going to be paid based on this schedule and MacMillan was not going to be able to meet this schedule, why was nothing done about it. Mr. Blomquist stated this is something they did discuss and in this case because of how emphatic MacMillan was with their estimate, staff went along with their timeline. Ms. Hanscom added it was not until they got to the end, was it realized things were getting delayed.

Chair Greenwald clarified the 6.8 million project budget included a contingency and the project will be under this project budget by \$30,000. The Chair added the contingency is so that there could be funds to cover things that were not planned for. The Chair asked whether the consultant who designed the project bears any responsibility for the issues that were found. Mr. Blomquist stated you don't "spec" out everything that is found and when the equipment is purchased and installed at times they don't communicate in the manner in which you had planned for. Chair Greenwald stated if staff was installing this he could accept this explanation but when a consultant is hired to do this work with an assurance everything would work. He added he would like the blame to rest on someone other than charging it off to the tax payer.

Ms. Hanscom explained for instance the issue they had with a certain type of paint which was supposed to have worked but started having issues. The paint company did take responsibility for this but it delayed the process. Small things like this are what added to the delay. Mr. Blomquist stated he doesn't usually come before the Council for such things and the reason it took so long to bring this issue forward is because staff was trying to negotiate with HTA to bring the cost down to a reasonable rate. He added however, the overall cost is going to be at least about \$30,000 less than what was budgeted 36 months prior to construction starting. Ms. Hanscom stated another issue they ran into was that items were not constructed properly, such as alarm wires being labeled properly.

Councilor Powers felt \$155,000 is a quite a level of effort from HTA and asked for explanation. Mr. Blomquist stated it is an additional 113 days and \$747,000 was their budget for the entire process which should be about \$900,000 for nearly 700 days (2 years). The Councilor stated if there are issues with this project he rather have HTA figure it out than anyone else because of their expertise with sewer work.

Councilor Clark clarified the cost of the project. Ms. Hanscom stated the Council approved 6.8 for the construction project and 8.3 million was approved for the entire project. The Councilor asked why the Committee has to approve a change order if it is less than what was originally approved for the project. Mr. Blomquist stated the City Manager has authority to sign change orders that are up to 10% of the contract.

Councilor Clark explained he wanted it to be clear that another \$155,000 was not being spent on an already approved 8.3 million dollar project.

Councilor Powers reminded the Committee when this project was first proposed it was a nearly 12 million dollar project and it is now down to 8.3 million dollars. Ms. Hanscom agreed City staff did a lot of work to bring down the cost of this project.

Councilor Roberts made the following motion which was seconded by Councilor Filiault.

On 5-0 vote, the Finance, Organization and Personnel Committee recommend the City Manager be authorized to negotiate and execute a contract change order with Hoyle, Tanner, and Associates for an amount not to exceed \$155,536 on the Wastewater Treatment Plant Upgrade Project.

8. MEMORANDUM: Public Works Director/Emergency Management Director - Grant Acceptance - 2016 Vermont Yankee Grant

Mr. Blomquist stated the City has received a grant from Vermont Yankee because the City is a host community for disaster relief. With the closure of Vermont Yankee those funds are going to be dwindling and the City is fortunate to receive \$44,000 for this fiscal year.

The kind of things the City will be purchasing include radio equipment for the Fire Department, training (\$21,000) for police, fire and public works. It is being predicted the grant will fall to \$2,000 in 2017 and \$1,000 in 2018 and 2018 and that funding will be used for training for emergency management.

Councilor Clark asked with the closure of Vermont Yankee whether the need for training will decrease. Mr. Blomquist answered in the negative and added the City also responds to natural disaster, which has increased in the past few years. He added the City will also be looking for other grants. For instance there is an active shooter training program and City personnel are going to be participating in. He added the City will no longer be a host community but the emergency management training does have to continue. However, this year the training exercise has to be with Vermont Yankee which is applicable to other emergency events.

Councilor Filiault made the following motion which was seconded by Councilor Powers.

On 5-0 vote, the Finance, Organization and Personnel Committee recommend that the City Manager be authorized to do all things necessary to accept and execute Vermont Yankee Grant funding in the amount of \$44,721 from the New Hampshire Homeland Security and Emergency Management Department.

9. RESOLUTION: R-2015-36: Appropriation for the Acquisition of Fleet Equipment

Mr. Duncan Watson stated the department is looking to purchase several pieces of equipment. There are two units which are available to the City for purchase instead of having to lease as was originally planned. He indicated the sum total of everything being proposed for purchase over the five-year period will save the city close to \$11,000. He indicated the department is not adding to the budget, just front loading the purchase. Fleet Services does have the funding to be able to move forward with this purchase.

Councilor Powers clarified the department has been collecting money for the last 20 years. Mr. Watson answered in the affirmative. The Councilor clarified the only action the Committee is taking is to approve moving money from the capital reserve to the budget. Mr. Watson answered in the affirmative.

Councilor Clark made the following motion which was seconded by Councilor Filiault.

On 5-0 vote, the Finance, Organization and Personnel Committee recommends the adoption of Resolution R-2015-36.

10. DISCUSSION: Process for Updating the City Council Budget Policies

Chair Greenwald at the last budget adoption it was agreed that it would be helpful for Council to give staff direction way in advance of the budget creation by individual departments.

Finance Director Steve Thornton joined this conversation. The Chair asked at what point would it be helpful for Council to provide input to the staff. Mr. Thornton stated the departments are working on the CIP right now and beginning in October they would be working with the Finance Department. They will continue this effort through end of October, which has a big impact on the operating budget. Mr. Thornton stated sometime in November is when the majority of the work of the CIP is completed.

Councilor Greenwald wondered whether this would be too late for the CIP process; but the Finance Director suggested departments start working on their CIP in August. Mr. Thornton stated departments start working on their CIP requests in August. The Chair questioned whether the Council should provide their input in July in the CIP and during November on the operating budget. Mr. Thornton replied that this would be right on the heels of the budget adoption if a workshop was held in July.

Councilor Roberts felt the only people who have control over the budget is the Finance Committee and he felt every member of the City Council could have say in the budget process. Councilor Powers stated what is lacking is the timing for staff to get input from the Council. Mr. Thornton stated for this year departments have been asked for two submittals for the CIP; submittals of what was reflected in the last CIP and the second is

if there was more money what other priority projects would the departments like to include. In terms of the operating budget, the staff would look at the fiscal policy guidelines for the base guidance.

Councilor Clark stated that he has thought for a long time that because of the type of government Keene has with a weak mayor system that relies on staff to run the City; most Councilors don't give staff a lot of direction, which is why he suggested a "short-term goals" committee to give staff some direction. That Committee has been meeting and will be providing staff with some direction. If they process could be turned around and maybe after the discussions in June talk about what they are doing this year and here are some ideas to "piggy-back" next year to give staff that guidance.

Councilor Roberts continued that if listening to the public they hear that the #1 priority is to fix the roads then that is the #1 priority that would be given to staff. The City Council hasn't been setting priorities and the City Manager has determine what he believes is the priority for the City and this hasn't always meshed with what the City Council believes.

It was agreed early in November will be a good time for the Council to provide staff with direction on the operating budget and the fiscal policies. Councilor Roberts stated the Council would give the budget guidance to the City Manager during this workshop.

Interim City Manager Med Kopczynski was invited to provide input. Mr. Kopczynski stated a lot of education needs to take place on the science of budgeting. There is a discussion about getting the City Council involved in the budget process and he assumes that the aim is for prioritization purposes. He added he heard a conversation about setting the budget policy which is fiscal which he felt is not the same thing. Mr. Kopczynski felt the workshop will help with setting priorities as well as reviewing the fiscal policies. He noted that staff has already been discussing how to bring forward ideas both on prioritization of projects.

Councilor Powers made the following motion which was seconded by Councilor Filiault.

On 5-0 vote, the Finance, Organization and Personnel Committee recommends the Mayor schedule a City Council workshop on the topic of fiscal policies for the early part of November.

The meeting adjourned at 8 PM.

Respectfully submitted by,
Krishni Pahl, Minute Taker