

**City of Keene
New Hampshire**

**FINANCE, ORGANIZATION AND PERSONNEL COMMITTEE
MEETING MINUTES**

Thursday, March 22, 2018

6:30 PM

Council Chambers

Members Present:

Mitchell H. Greenwald, Chair
Carl B. Jacobs, Vice-Chair
Thomas F. Powers
Terry M. Clark
Bettina A. Chadbourne

Members Not Present

Councilors Present

Mayor Kendall Lane

Staff Present:

City Manager, Elizabeth Dragon
City Attorney, Thomas Mullins
Public Works Director, Kurt Blomquist
Nancy Vincent, Library Director
Steve Thornton, Finance Director
Mark Howard, Keene Fire Chief
Tara Kessler, Planner
Eric Swope, Industrial Pretreatment
Coordinator

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

1. Request for Approval to Solicit Donations to be Used as Prizes for City of Keene Fourth Grade Water Science Fairs - Public Works Department

Eric Swope, Industrial Pretreatment Coordinator, addressed the Committee noting we are in year 22 of the Keene Water Science Fairs. He said this event is loved by teachers and students, and it is well supported by the community. Since the starting in 1997 we have had approximately 1,800 students participate. Mr. Swope spoke to the students back in February and the students are very excited. There will be a fair in each of the elementary schools and the top few then moves on to the City Fair to be held on the first Saturday in May 2018. The top few from the City Fair will move on to the State Fair on Wednesday, May 9, 2018, in Plymouth.

Mr. Swope continued as part of an overall reduction in spending, in recent year's staff has requested approval from the City Council to solicit donations for prizes from local and regional businesses and organizations. Last year fifteen businesses and organizations donated prizes including gift certificates, pool passes, museum passes, a Silver Eagle coin, Colonial Theater event passes, MoCo Arts and New Hampshire Dance Institute show passes, and the Keene Swamp Bats provided passes for the families of all participants, plus offered the winner of the City Fair the chance to throw out the first pitch at "Science Fair Night at the Swamp Bats".

Chair Greenwald commented on the intensity of what the students put out noting this is a great opportunity.

Councilor Powers asked if any of the winners, over the past 20 years, have gone on to a career in waste water. Mr. Swope replied he does know of a couple who have gone into the environmental field.

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

On 5-0 vote, the Finance, Organization and Personnel Committee recommends that the City Manager be authorized to do all things necessary to solicit and accept donations to be used as prizes for the Fourth Grade Water Science Fairs from local and regional businesses.

2. Acceptance of Donations to Library Renovation Project - Campaign Managers for the Next Chapter

Judith Putnam, of 168 Court Street reported the money from pledges is coming as planned and the building is going up as planned. Ms. Putnam said she is here to ask the Committee to accept funds donated to the campaign from January 1- March 13, 2018 in the amount of \$218,670.48.

Chair Greenwald commented on a fantastic job and noted the variety of donations continues to range between \$25.00 and \$170,000. Ms. Putnam commented they will all be put to good use.

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

On 5-0 vote, the Finance, Organization and Personnel Committee recommends to the City Council the acceptance of \$218,670.48 as listed in the Cambridge Trust January 1- March 13, 2018 Donor list to be deposited into the Library Renovation Temporarily Restricted City Trust as part of the Next Chapter Campaign Drive.

3. Land Use Code Update Planning Consultant Selection - Planning Department

Tara Kessler, Planner addressed the Committee stating she is here tonight to seek the Committee's recommendation to allow the City Manager do all things necessary to negotiate and enter into a professional services contract for the Land Use Code Update for an amount not to exceed \$134,000. She explained staff is doing much of the heavy lifting for this project and we are seeking the services of a planning consultant to help with the tasks of reorganizing and streamlining our regulations, in addition to modernizing our downtown zoning. Ms. Kessler outlined the RFQ process employed in the selection of a consultant noting there were eight submissions from firms across the country. She noted Camiros, Limited as the consultant they would like to start negotiations with. Ms. Kessler said the packet contains the list of firms that submitted to the RFQ.

Councilor Jacobs referred to the \$134,000 figure and inquired if we can still negotiate for a lower number. Ms. Kessler replied in the affirmative noting funding for other services will be needed

for this project.

Councilor Clark asked about the duration of the services. Ms. Kessler explained they can start as soon as April and end by the time of adoption in June/July 2019.

Councilor Jacobs made the following motion which was seconded by Councilor Chadbourne.

On 5-0 vote, the Finance, Organization and Personnel Committee recommends that the City Manager be authorized do all things necessary to negotiate and enter into a professional services contract with Camiros, Ltd. for planning services for the second phase of the Land Use Code Update project for an amount not to exceed \$134,000. In the event that a satisfactory contract and fee cannot be agreed upon, the City Manager is authorized to negotiate with the next highest ranked firms in turn.

4. Ambulance Billing Contract - Finance Director and Fire Chief

Steve Thornton, Finance Director reported the City issued an RFP in August, 2017 to solicit proposals for ambulance billing services. Six bids were received. A review team of six City staff was assembled to review the proposals. We interviewed three of the respondents who also answered a set of follow-up questions after the interviews. Mr. Thornton said the ratings are depicted in the Memo. The incumbent firm, Comstar, scored highest in the rating process after both the RFP review, and interview as best able to provide ambulance billing services to the City. One of the six member team chose Ambulance Medical Billing over Comstar. References were requested from each bidder that demonstrated a collection percentage of between 85% and 95% for insured patients had been achieved for client communities. Comstar submitted references for five New England communities with collections rates in excess of 90%. The City's experience over the last three years for insured patients has been in the 92% to 94% range. The demonstrated Comstar collection rate is equivalent or slightly higher than the other bidders who provided this information. Comstar has instituted a deductible claims management process which holds bills for high deductible insurance plans until the patient has reached the deductible amount of their insurance coverage. In other words, rather than billing the patient (who is essentially uninsured until the deductible is met) the new process allows the billing company to wait and bill the insurance company. Payment is more likely to be made by an insurance company than by an individual. Mr. Thornton said through this process we are hoping to see our percentages collected improve and we are excited about this. Pricing proposals were submitted as a percentage of collections, and ranged from 3.75% of collections to 6.5% of collections. Comstar proposed a 5% fee for collection services. The recommendation by the review committee reflects the consideration that the slightly higher fee will be offset by improved collections as well as other nonmonetary benefits and efficiencies.

Chair Greenwald inquired if Comstar deals with the uninsured; Mr. Thornton replied in the affirmative. Continuing Chair Greenwald asked for the collection percentage. Mr. Thornton explained the two categories of self-insured (self-pay with high deductible and 100% self-pay not insured). He provided the figures billed for FY17 and the amount collected which totaled approximately 15.5%. Mr. Thornton reiterated the hopes of that number increasing with Comstar's innovation. Chair Greenwald then asked if they work with payment plans. Mr. Thornton reviewed the process- Comstar sends three invoices over a period of time, hardships can be applied for, and they do offer payment plans.

Councilor Chadbourne queried if funds were available for indigent persons or those on Medicaid perhaps through Human Services. Mr. Thornton replied there are no direct funds for that purpose. The cost is shared with the contracted communities.

Councilor Jacobs clarified the City has been doing business with Comstar for about 15 years. He asked for an explanation of nonmonetary benefits and efficiencies. Mr. Thornton said this refers to the different databases they subscribe to and searches to identify insurances and methods of payment. Comstar, unlike the other applicants, is from Massachusetts which will provide an opportunity for us to work closer with them.

Mark Howard, Fire Chief corrected Mr. Thornton's memo noting this process started almost two years ago. Chief Howard wanted to ensure that both his and Mr. Thornton's staff are thanked for their work and efforts over the last two years putting this together. Chief Howard and Mr. Thornton identified a couple of key things during this process 1) we are being served by a good company that was above average in the collection rates, and 2) we learned there are areas on both our sides that we can improve. Chief Howard said there will be quarterly meetings with Comstar to discuss trends seen on both sides to improve and maximize our collections.

Councilor Powers inquired at what point you stop billing and write-off the balance. Mr. Thornton reiterated they generally send three invoices. Mr. Thornton continued after about 10 months we get a write-off report. We have found a lot of the write-offs are people we have no Social Security number for (no further collection efforts). There is another group we send to a credit agency (not a collection agency) so the debt is reflected on the individual's credit report.

Councilor Jacobs referred to discussions regarding our ambulances going to other towns and the collection of fees. He asked how that fits into this picture. Chief Howard explained there are two parts to that. One, if we are going to a contracted town (we have five) and there is a shortfall at the end of the year they will pay their share. Keene pays 80 % and the other five towns pay 20%; this is based on population. Two, is the bigger regional issue. If we go to Swanzey (not a contracted town) for example and the patient pays or does not pay there is no impact to the town of Swanzey. There is no further collection from the City of Keene at the end of the year with our shortfall; this is part of the bigger discussion that has been taking place.

Councilor Chadbourne made the following motion which was seconded by Councilor Jacobs.

On 5-0 vote, the Finance, Organization and Personnel Committee recommends the City Manager be authorized to do all things necessary to negotiate and execute an ambulance billing contract with Comstar Ambulance Billing Service to provide ambulance billing services for five years, with a two year extension at the City's sole option at a fixed rate of 5% of collections.

5. FY17 Audit Presentation – Melanson Heath

Steve Thornton, Finance Director apologized for the lateness of the report and provided an explanation. Continuing Mr. Thornton said we are required to have an audit every year because of our City Codes and because we accept \$500,000 a year in federal funds which is a single audit. We do periodically issue an RFP and get proposals. Melanson Heath has been our auditor since 2009; prior to that Vachon Clukay & Company were our auditors. These are the only two responsible bidders we get in this part of the state. The audit went very well and we received an

unqualified opinion. There were no findings under the single audit. Each year they supply a management letter after looking at our internal controls and accounting system and this year we had no recommendations on our management letter. Mr. Thornton noted the three findings from last year's management letter. He commented we have finished off what was asked of us in the 2016 audit.

Councilor Powers asked what our costs are for this and how long is the contract? Mr. Thornton replied the contract covers FY16 through FY20. Our cost this year is \$36,000. Costs range from \$35,500 in FY16 to \$37,500 in FY20 and there is a two year extension at the City's option. Continuing Councilor Powers referred to the management letter, dated 2017, and the list of companies mentioned there. Mr. Thornton explained this is part of the boilerplate language. Councilor Powers then stated his concern that the auditor did not seem to be engaged- he seemed like he just wanted to get out of here. Mr. Thornton explained something was wrong with a family member of our principal auditor, and his partner offered to come in; it was an awkward series of events. Mr. Thornton suggested Finance should have offered this for more time.

Mayor Lane stated last year's budget proposed a \$200,000 reduction in the amount of unappropriated surplus and when the audit came out it actually showed a one million dollar increase in the unassigned surplus transactions. Mayor Lane asked Mr. Thornton to reconcile this. Mr. Thornton said every year we budget Use of Surplus in our General Fund and some of our other funds. This is a common practice in governmental budgeting that is understood by the auditors and rating agencies. There is also an understanding you will make up some, if not all, of that Use of Surplus needed to balance your budget. The reason for this is budgets are never 100% expended and revenues are budgeted conservatively. Referring to Page 35, City of Keene General Fund, in the audit report Mr. Thornton said the General Fund they present in the Financial Statement is not the General Fund we account for in the budget. The reason for this is rules for preparation of Financial Statements are put together by the Governmental Accounting Standings Board and one of their big clients are the rating agencies, lenders, and bond companies. They are very much interested in a community's ability to repay any borrowed funds. So what they do in a Financial Statement is combine our Governmental Capital Reserve Funds, our actual General Fund, and they roll-in money we have set aside for retirement payouts. So it is not quite apples to apples. Mr. Thornton reviewed Page 35 in-depth to support his explanation noting last year we had a very good year, our Net Income on revenues of \$37,490,000 was \$895,000; the best we have done since 2007. Typically our Net Income is \$300,000 to \$400,000 on over \$30,000,000 of revenue. Mr. Thornton concluded his reconciliation with the review of Page 35.

Councilor Clark commented he is glad we have maintained our AA rating.

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

On 5-0 vote, the Finance, Organization and Personnel Committee recommend accepting the presentation as informational.

6. Approving an Application for CDBG Funds - MEDC/603 OPTX Resolution R-2018-07

Chair Greenwald noted his awareness this item has to be heard at City Council. The City Manager said the goal for tonight is to hear about the application, answer questions any questions you may have, and ultimately ask this Committee to accept as informational so it will move forward to Council

for the public hearing process which is in two weeks (April 5th).

Rebeckah Bullock, Community Development Specialist, for SWRPC advised the Committee she provides CDBG grant administration services for the City of Keene. Ms. Bullock commented CDBG funds are awarded on a competitive basis in New Hampshire. She noted what the funds may be used for. Ms. Bullock continued the proposed application for up to \$200,000 in CDBG funds would be sub-granted from the City of Keene to MEDC who would then loan the funds to 603 OPTX for costs related to business startup, including but not limited to equipment, working capital, and any other soft or business related costs at a building located at 80 Krif Road. Ms. Bullock continued right now we are focusing on equipment purchases. The business plans to create 10 new jobs, seven of which will be filled from people of low to moderate income households. The total project budget is estimated at around \$800,000.

Jack Dugan, of MEDC introduced Stephen Polczwartek of 603 OPTX. Mr. Dugan explained they will be applying for the CDBG funds up to \$200,000. After we take out administrative expenses and soft costs we will probably net \$170,000 to \$180,000, and we will make that loan to the 603 OPTX. We will make up the difference from our own revolving loan fund. The reason the budget went down from \$900,000 to \$800,000 is the owners of 603OPTX have already purchased the condo unit on Krif Road. Mr. Dugan verified they are a start-up with Mr. Polczwartek and his partner having over 50 years combined experience in precision optics manufacturing.

Mr. Polczwartek stated they would be a precision optical manufacturing firm with a focus on prototype or fast turn orders to supply different markets throughout the country. Mr. Polczwartek also noted the industry seems to be booming with a lot of demand for the product.

Mr. Dugan clarified which building on Krif Road for Chair Greenwald. Mr. Polczwartek also verified this business is new to Keene; he is a Swanzey resident. Mr. Polczwartek affirmed for Councilor Jacobs he anticipates creating 10 new jobs. Chair Greenwald welcomed Mr. Polczwartek to Keene on behalf of the Economic Development Committee.

Tom Mullins, City Attorney referred to the prepared motion to approve. He reiterated the public hearing would not be held until April 5, 2018. The intent was to call it onto the table at Council after the public hearing for a motion to approve the resolution. Attorney Mullins indicated it would be inappropriate to make a motion on approval before the public hearing.

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

On 5-0 vote, the Finance, Organization and Personnel Committee recommend accepting the presentation as informational.

The meeting adjourned at 7:27 PM.

Respectfully submitted by,
Mary Lou Sheats-Hall, Minute Taker
March 23, 2018