

**City of Keene**  
**New Hampshire**

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

**Thursday, July 26, 2018**

**6:30 PM**

**Council Chambers**

**Members Present:**

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

**Members Not Present**

Mitchell H. Greenwald, Chairman

**Councilors Present**

George Hansel

**Staff Present:**

City Manager, Elizabeth Dragon  
City Attorney, Thomas Mullins  
Public Works Director, Kurt Blomquist  
City Engineer, Don Lussier  
Police Captain, Steve Stewart  
Asst. Public Works Director, Duncan  
Watson  
Library Director, Nancy Vincent  
Community Development Director/Asst.  
City Manager, Rhett Lamb  
Finance Director, Steve Thornton  
HR Director,/Asst. City Manager, Beth  
Fox  
Fire Chief, Mark Howard  
IT Director/Asst. City Manager, Rebecca  
Landry

Vice-Chair Jacobs called the meeting to order at 6:30 PM.

**1) Acceptance of Donation - Fire Department**

Fire Chief Mark Howard addressed the Committee and stated this donation is from Fran S. Szmit with a note that read "heartfelt thanks" for the care provided to her husband on May 30, 2018.

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

On 4-0 vote, the Finance, Organization and Personnel Committee recommend that the City Manager be authorized to do all things necessary to accept a donation of \$200.00.

**2) Acceptance of Donations to Library Renovation Project - Campaign Manager for the Next Chapter**

Judy Putnam Co-Chair of the Library Capital Campaign stated she was before the Committee to request acceptance of \$452,386.28 as listed in the May 12, 2018 – July 18, 2018 Cambridge Trust report. To date \$1,000,099 has come into this account which means they are right on target for pledge receipts. Ms. Putnam noted the construction phase of the project is in full swing.

Councilor Chadbourne stated it is commendable how much has been raised and it is a great testament to this community.

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

On 4-0 vote, the Finance, Organization and Personnel Committee recommend acceptance of donations in the amount of \$452,386.28 as listed in the May 12, 2018 – July 18, 2018 Cambridge Trust report with the donations deposited into the Library Renovation Temporarily Restricted City Trust as part of the Next Chapter Campaign Drive.

**3) Acceptance of the FY2018 Byrne Justice Assistance Grant - Police Department**

Police Captain Steve Stewart addressed the Committee and stated he was before the Committee regarding the Justice Assistance Grant in the amount of \$6,958. This is the second fiscal year the department has received this grant to purchase smart phones for their cruisers.

Councilor Jacobs asked whether the County is eligible for any portion of this money. Captain Stewart stated the amount before the Committee is the city's portion – the actual amount is double this amount.

Councilor Chadbourne made the following motion, which was seconded by Councilor Powers.

On 4-0 vote, the Finance, Organization and Personnel Committee recommend that the City Manager be authorized to do all things necessary to co-apply with Cheshire County, and to accept, the U.S. Department of Justice - Office of Justice Programs FY2018 Edward Byrne JAG grant in the amount allocated to the City of \$6,958.00, and to negotiate and execute a Memorandum of Understanding with Cheshire County for the allocation of the City funds for the purposes stated in the Grant.

**4) Marlboro Street Corridor Improvements - Consultant Selection - Public Works Department**

City Engineer Don Lussier stated this item is regarding a professional services contract for the Marlboro Street corridor project. The total project balance is 2.2 million dollars but it is mostly a utilities project with 1.1 million in water upgrades and \$650,000

of repairs to the sewer system. A request for proposal was sent out and three responses were received, the scores the applicants received from the interview committee were very close. Mr. Lussier noted the selected candidate was a little less expensive than the others which bid on the job and there was also a lot of emphasis placed on community engagement.

Councilor Jacobs asked whether the \$130,800 is included in the figure on the chart. Mr. Lussier agreed this amount is included in the project balance and 2.2 million is the project balance to include all aspects.

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

On 4-0 vote, the Finance, Organization and Personnel Committee recommend that the City Manager be authorized to do all things necessary to negotiate and execute a professional service contract with DuBois & King for engineering and technical services required for the rehabilitation of Marlboro Street and associated utility improvements in an amount not to exceed \$130,800.

**5) Main Street Bridge over Beaver Brook - Increase in Project Budget - Public Works Department**

Mr. Lussier began by saying he is very happy with the way the project is moving along. The project is on schedule and according to reports received things have moved along very well.

The Engineer went on to say the first item is to request an increase to the budget. The appropriation by Council was \$493,189.20. This is the city's share of the 80/20 match with the State. Based on this split, this gives the City the opportunity to match up to 2.65 million. At the present time the City is under that budget, but staff is expecting items to come in which is likely to push the budget over the amount. What staff is asking is for an increase to the total project budget, specifically to appropriate the interest which has accumulated in the bridge capital reserve.

Councilor Powers agreed this project has proceeded well so far.

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

On 4-0 vote, the Finance, Organization and Personnel Committee recommend that the City Council authorize the use of accumulated interest, \$30,865.81 in the Main Street Bridge Capital Reserve (T0617-B) for the Main Street Bridge Replacement Project.

**6) Main Street Bridge over Beaver Brook - Engineering Change Order - Public Works Department**

Mr. Lussier stated this is a change order he alluded to in the previous item for construction services. The original proposal was for about \$980,000. This change order is for \$30,000 which exceeds the City Manager's authority for change order approval. Mr. Lussier stated some of the assumptions made with this project were not correct; one

of those is the concrete pre-caster which fabricates the different components of the bridge. The on-site engineer has been spending a few long days on site. Even though the project has not exceeded the budget yet, it is expected it will be before the end of the project.

Councilor Clark asked whether the City has a contract with the concrete pre-caster. Mr. Lussier stated they did not, but the City's contract is with the construction contractor and the City does not control the schedule. He went on to explain the contractor is required to meet a certain schedule and right now the substantial completion date is September 27.

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

On 4-0 vote, the Finance, Organization and Personnel Committee recommend that the City Manager be authorized to do all things necessary to negotiate and execute a contract change order with Louis Berger Group, Inc. for construction administration services associated with the Main Street / Route 12 Bridge Replacement Project in an amount not to exceed \$38,508.00, subject to New Hampshire Department of Transportation (NHDOT) approval.

**7) Winchester Street Reconstruction Project - Public Works Department**

Mr. Lussier stated the Winchester Street reconstruction project will be starting back up in September. The engineer submitted the engineering study to DOT where it identified a total project cost of about seven million dollar. The construction costs estimated by the City exceeded what DOT had set aside for this project. It has been identified over the course of this project that the Island Bridge work was supposed to have been part of this bridge work and that cost was not carried by DOT. Because of research done by staff, DOT has agreed to put more money into this project. The City is ready to move forward with the two roundabouts and the Island Street bridge work. The motion is to allow the City to award the next phase of the design.

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

On 4-0 vote, 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 McFarland Johnson, Inc. of Binghamton, New York for the Preliminary Engineering and right-of-way phases of the Winchester Street Reconstruction Project (90266), for an amount not to exceed \$663,999.02, subject to New Hampshire Department of Transportation (NHDOT) approval.

**8) Municipal Solar Array- 350-400 Marlboro Street - Public Works Department**

Asst. Public Works Director Duncan Watson began by circulating to the committee the project consultant's recommendation to move forward with a contract with Revision

Energy. With that Mr. Watson introduced Sam LaValley and Elijah Garrison of Revision Energy.

Mr. Garrison felt this project offers a significant opportunity for community engagement and leadership with the environment as the City moves into clean energy.

Mr. LaValley stated Revision Energy is a solar energy installation contractor from Maine and Massachusetts, employing 250+ people. They have installed close to 8,000 solar energy and other renewable energy technology systems. Their mission is to electrify everything and then use solar to make the electrification renewable. Mr. LaValley went over some of their clients to include Dartmouth College, Plymouth State and the Nature Conservancy to name a few. Last week the City of Dover's City Council approved a 900 kilo watt roof mounted solar equipment. The City of Claremont has something similar.

Revision Energy is ranked #1 for solar in New England and #14 in the US.

Mr. LaValley then went over the Power Purchase Agreement (PPA) Financial Overview. Solar energy has become very popular mostly because of a very generous tax credit (30% of project costs) as well as asset depreciation of 100%. With these two combined savings, a for profit entity would qualify for 50% off the cover price of a solar energy project. The challenge for non-profits is that they cannot directly monetize these tax benefits so the PPA is the widely used workaround.

Cities like Keene will essentially lease use of its roof space to a third party to build, own and operate the solar array and sale power to the City for a minimum of six years, which enables the investor to monetize the tax benefit which the City could not. At year seven the City could purchase the solar equipment at a discount. The Agreement is written for 25 years.

Mr. LaValley stated Revision Energy has done about 100 of these PPA's, 60 of them are owned and operated by Revision and the others bring in a third party investors. Councilor Jacobs asked how many have taken the opportunity at year seven to purchase the equipment. Mr. LaValley stated during his first year of projects, eight signed up and seven have purchased while the 8<sup>th</sup> is in the process of transacting.

Councilor Clark asked who the City will contact for maintenance issues. Mr. LaValley stated these investors want to own the asset, but they don't want to maintain it and they will hire Revision to do the work. Councilor Chadbourne asked for the life cycle of this equipment. Mr. LaValley stated they have a warranty of 25 years, at that point there could be a request made to remove the equipment or an extension requested for two, five-year terms or purchase it at salvage value. If the City chooses to buy the equipment (which the City would be able to do after seven years, this would be an annual option. After seven years, the City has two options. The first option is to stay within the remaining agreement and continue to purchase power from a third party. The second option would be to terminate the agreement with the investor and buy the equipment.

Mr. LaValley referred to a few renderings of rooftop equipment. Councilor Powers asked whether the rooftop the City was considering was secure. Mr. LaValley stated they had a structural engineer and a roofing manufacturer check the condition of the roofs being considered and they are very confident of the roofs.

Mr. LaValley then went over the financial overview:

If the city was to purchase the equipment outright, the cost would be 1.2 million, but the City would have zero up front cost as the investor will be paying the 1.2 million dollars. The term of the agreement would be 25 years, the rate would be .092 cents kwh, with a 2% rate escalator starting in year two and a year seven early buyout price of \$896,881.

The year one savings is \$13,500 compared to the current rate of 11.5 cents for supply and transmission. Ten year savings is \$167,000 and the 25 year savings is \$589,000. There is an eight year payback on the buyout investment. The environmental benefit is an annual CO<sub>2</sub> offset of 804,992 pounds which is equal to 77 passenger cars removed from the road or 63,409 gallons of propane not burned or 8,784 coal not burned.

Mr. LaValley referred to a graph energy information administration data – this shows that energy prices are erratic, solar takes out this erratic pricing. With solar there is the possibility of locking in energy price certainty (locked in at a 2% escalator). Current prices rise erratically.

Mr. LaValley went on to say currently the City is importing 700 kw hours energy from the Public Works Police Station site at a price of 11.5 cent per kw hour, which will be a cost of \$90,000 of solar for that building. If solar is installed 760,000 of that 780,000 kw hours will be produced on the City's rooftop. The City will consume 300,000 kw hours behind the meter and export 460,000 kw hours. The utility will credit the city for those 460,000 hours.

As far as the Forward Capacity Market benefit, if the City were to bid the capacity into the market (there is vendor that will do this for the City) the City would save \$4,500 per year in bidding. This will be done as a byproduct of producing enough energy that can be re-sold to the grid operator, which will pay that portfolio of solar projects when electricity is at its highest use.

In closing, Mr. LaValley stated they see this as a very exciting project for the City and a good community engagement process, as well as having the City save significantly on its energy bill.

Councilor Powers stated to Mr. Watson it would be important to make sure this project does not interfere with the radio project the Police Department is going to be undertaking. Mr. Watson stated the Police Department was consulted about their radio project. That project is going to be in location which will not be suitable for solar panels and the solar project would be far enough from what the Police Department is contemplating.

Councilor Powers felt the construction might not interfere but felt the consultant should be consulted about RF interference.

Councilor Clark stated he is excited about this project; not only is the City saving money on energy but is also reducing its carbon footprint.

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

On 4-0 vote, the Finance, Organization and Personnel Committee recommend that the City Manager to do all things necessary to negotiate and execute a contract with ReVision Solar to install and maintain a solar array at 350-400 Marlboro Street to provide renewable energy for City of Keene facilities through a power purchase agreement whereby the City can purchase renewable power at a cost equal to, or below, expected utility prices for electrical services.

**9) Relating to the Appropriation of Funds for the Fire Department  
Resolution R-2018-20**

Chief Howard stated the Fire Department personnel cost centers are projected to exceed the budgeted by \$56,174 for FY17/18 budget. This increase in revenue is from exceeding our projections for revenue in the ambulance revenue account and they would like to carry this forward. There are a number of reasons that lead us to this shortfall, including, but not limited to, medical leave whether work and non-work related, being at full staffing level for a majority of the year, and level funded overtime accounts for various types of earned leave as well as operational call backs.

Councilor Jacobs stated he did not understand the phrase “increased revenue in the ambulance services revenue”. Chief Howard stated the department exceeded the revenue in the ambulance revenue account. He added what the Finance Director is proposing is use this added revenue to offset this shortfall. The City Manager explained there is an appropriation of additional funds and the offset for that is the ambulance increase revenue which the department did not budget for. The Chief stated he is working hard to make sure his budget stays on track. Councilor Powers noted not the entire Fire Department budget is over the budgeted amount. He added this was an extraordinary year for on the job injuries and what workers compensation compensates is shown on the bottom line. The Councilor stated this is not something that happens too often.

Councilor Chadmade the following motion which was seconded by Councilor Powers.

On 4-0 vote, the Finance, Organization and Personnel Committee recommend the adoption of Resolution R-2018-20.

**10. Relating to Fiscal Policies - FY 2018-2019 Resolution R-2018-26**

Finance Director Steve Thornton stated on July 17 there was a fiscal policies workshop to address some minor changes. These changes had to do with terminology and changes to the fees and charges section.

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Councilor Richards noted the City is in an economic boom, but he would not want to see the general fund balance of 8.7 million go down any further. He asked the IT Director whether there is an anticipation of big IT purchases in the forecast because the IT Replacement fund is currently at 150%. Ms. Landry stated the department upgrades Microsoft Office on 300 computers every 5-7 years and during that time a \$100,000 balance needs to be built. She noted this fund will be drastically reduced this year and the balance will be at the realm of the usual fund balance.

Councilor Powers stated he had the same concerns Councilor Richards addressed and felt it was time to have a discussion as to where the City is and where it is headed to and how long are things going to be left to deteriorate etc.

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

On 4-0 vote, the Finance, Organization and Personnel Committee recommend the adoption of Resolution R-2018-26.

The meeting adjourned at 7:40 PM.

Respectfully submitted by,  
Krishni Pahl, Minute Taker