

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

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

**Thursday, April 22, 2021**

**6:30 PM**

**Hybrid Meeting –  
Council Chambers/via Zoom**

**Members Present:**

Thomas F. Powers, Chair  
Stephen L. Hooper, Vice Chair  
Bettina A. Chadbourne  
Michael J. Remy  
Raleigh C. Ormerod

**Staff Present:**

Elizabeth A. Dragon, City Manager  
Thomas P. Mullins, City Attorney  
Kürt Blomquist, Public Works Director  
Mark Howard, Fire Chief  
Marti Fiske, Library Director  
Rhett Lamb, Community Development  
Director  
Mari Brunner, Planner  
Mary Alther, Revenue Collector

**Members Not Present:**

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

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

Fire Chief Mark Howard addressed the committee first regarding a donation of \$250 from Ms. Audrey Hancock for recent ambulance services that were provided. Ms. Hancock has asked the funds specifically be put toward ambulance services.

Councilor Hooper made the following motion, which was seconded by Councilor Remy

On 5-0 roll call vote, the Finance, Organization and Personnel Committee recommend the City Manager do all things necessary to accept a donation of \$250.00.

**2) Acceptance of Donations to Library Renovation Project - Library Director**

Library Director Marti Fiske addressed the committee and stated she has \$9,047.04 in donations from the City of Keene Library Renovation Restricted Trust to be transferred towards payment of the bridge loan the trustees took out. She indicated this is one of the last batch of donations that will be forwarded from individuals. Ms. Fiske indicated this summer the trustees will be able to pay off the interim bridge loan for the renovations and expansion of the library.

Councilor Chadbourne noted this has been a large undertaking and a lot of people in the community were involved and expressed her appreciation. Ms. Fiske recognized Judy Putnam Treasurer of the Trustees who put in a lot of work to make this happen. Ms. Putnam stated over

450 people in Keene pledged more than \$5.1 million and there are outstanding pledges of nearly \$3,000 which means the city has received more than 99.9% of the money pledged.

Councilor Hooper made the following motion, which was seconded by Councilor Ormerod.

On 5-0 roll call vote, the Finance, Organization and Personnel Committee recommend the City Manager to do all things necessary to accept donations of \$9,047.04 as listed in the City of Keene Library Renovation Restricted Trust from January 25, 2020 – March 27, 2021 donor list (see attached report) to be deposited into the Library Renovation Temporarily Restricted City Trust as part of the Next Chapter Campaign Drive.

**3) James Weatherly/Southwest Region Planning Commission - CDBG Grant Amendment - Community Kitchen's Improvements**

James Weatherly of South West Regional Planning Commission was the next speaker. He indicated this is a project that has already been approved by the city. He noted the city was awarded \$500,000 from federal community development block grant funds, which were granted to the Community Kitchen. The aim of the project is to make some vital building improvements to the Kitchen's facility that includes the installation of rooftop solar array, roof improvements to allow for that installation as well as upgrades to the bathroom, upgrades to the office space, and HVAC improvements, which is a major part of the project. In general, the project is aiming to reduce the community kitchen's energy costs to ensure a long term sustainability and cost savings for the organization. Mr. Weatherly stated due to the pandemic, construction costs over the past winter has skyrocketed. In response the state agency who manages these funds, the Community Development Finance Authority has made available \$900,000 statewide and Keene would like to request \$157,500.

The City Manager explained what is happening tonight is obtaining support from this committee for this application and then there will be a request to the council to hold the actual public hearing on May 6 at which meeting rules will be suspended to take a vote on the matter. The Mayor will be requested to set a public hearing at that time.

Councilor Hooper made the following motion, which was seconded by Councilor Ormerod.

On 5-0 roll call vote, the Finance, Organization and Personnel Committee moves to support the application for additional funds for the community kitchen's improvements at their facility at 37 Mechanic Street and request the Mayor set a public hearing for May 6 at 7 pm.

**4) Downtown to Trails Study - Parks, Recreation and Facilities Director**

Parks, Recreation and Facilities Director, Andy Bohannon addressed the committee next regarding a recommendation for the City Manager to sign a Memorandum of Agreement with the UNH Cooperative Extension for a downtown trails study.

Mr. Bohannon stated in 2019, prior to Covid, staff was looking at different examples as to how

our trails were impacting the city. The Cooperative Extension had released a new program after exploring other parts of the country; they looked at different areas to help communities build their rail trails to create a more vibrant scene within the downtown and then making that connection.

In 2018, the Town of Bristol, New Hampshire took the maiden voyage with the Cooperative and had great results. However, due to Covid the program stalled.

The State of New Hampshire, recently has started working with the UNH extension office for their statewide trails program and Keene was one of those sites. Staff reached out to the extension office and everyone is in agreement that Keene is right for this type of study. Keene has a lot infrastructure, a vibrant downtown, a bike pack which people are coming from all over the region to use. Mr. Bohannon stated he learned this week there is a company that uses Keene as a destination for bike tours, where people pay \$2,300 to stay in Keene and ride in the area. Mr. Bohannon stated people are already doing this and Keene needs to capture this market.

The purpose of this training, is to train a select group of individuals, most of whom are already established with the Bicycle Pedestrian Pathways Advisory Committee, there will be a few others from the Pathways for Keene, as well as some downtown business representation to obtain data. This will be a six to eight month process, which will begin in the fall. The training will help the city understand the outdoor recreational opportunities and be able put some focus and look at some branding initiatives. Mr. Bohannon stated there is \$3,000 in their budget to be used for this purpose. The Bicycle Pedestrian Pathways Advisory Committee voted unanimously at their last meeting to support this recommendation.

Councilor Hooper extended his appreciation to Mr. Bohannon for finding creative ways to get support not only the bike trails but also for the parks. He agreed Keene is truly a destination city for bike trails and this will help bring even more interest and revenue to the city. Councilor Chadbourne talked about wanting to travel to Montreal because of their bike trails or to Vancouver to enjoy their gardens. People make such decisions because of what a city has to offer and stated she is excited about this proposal.

Councilor Hooper made the following motion, which was seconded by Councilor Ormerod.

On 5-0 roll call vote, the Finance, Organization and Personnel Committee recommend the City Manager be authorized to do all things necessary to execute a Memorandum of Understanding with the UNH Cooperative Extension for a Downtown to Trails study.

#### **5) Deed Waiver - 2017 Tax Year - Revenue Collector**

Revenue Collector Mary Alther was the next speaker. Ms. Alther stated the city had 15 properties in November for which it granted deed waivers for their 2017 taxes, the extension was granted through February. At this time there are four properties left for which staff is requesting waivers through June 11. These properties have payment plans and should have the 2017 taxes paid by that time.

Councilor Hooper made the following motion, which was seconded by Councilor Ormerod.

On 5-0 roll call vote, the Finance, Organization and Personnel Committee recommend the City Manager be authorized to instruct the Revenue Collector to waive tax deeding of the below listed properties until June 11, 2021.

<b>Owner</b>	<b>Address</b>	<b>Map &amp; Lot</b>	<b>Property Type</b>
Tsohonis Michele Walker Parks	71 Oriole Ave.	219001000069000	Manufactured Housing
Ollikkala Glenda	14 Schult St.	242008000214000	Manufactured Housing
Nuzzo Diane	329 Park Ave.	539087000000000	Single Family
Lortie Leonard M & Lisa A	163 Island St.	592025000000000	Single Family

**6) City of Keene Community Power Plan - ad hoc Community Power Committee**

Planner Mary Brunner addressed the committee and began by introducing Assistant City Manager and Community Development Director, Rhett Lamb, Peter Hansel, Chair of the of the Community Power Committee, as well as representatives from the consultant team, Patrick Roche from Good Energy and Bob Hayden from Standard Power.

Ms. Brunner noted, staff first came before this committee in June 2020 to discuss community power and to request the establishment of a community power committee.

At that time, community power was identified as the top priority strategy to reach the city's transition to 100% renewable energy by 2030, which is part of the Sustainable Energy Resolution which the City Council adopted. In addition, identified it as an opportunity to help residents and businesses save money on their electricity bills.

In September of 2020, staff came before council to get authorization to negotiate and execute a contract for community power services with Standard Power and Good Energy. Since that time, the community power committee, the consultant team and staff have been working on getting input from the public; a draft community power plan has been put together.

Ms. Brunner noted, the city has conducted four different public information sessions via zoom, and launched a community power survey from about 130 residents.

She noted the plan that's before the committee today has gone through several rounds of edits. Ms. Brunner then brought in Patrick Hansel then turned the presentation for his comments.

Mr. Hansel stated the Energy and Climate committee was pretty much focusing on a number of things and one of those has been when do we go forward with a community power plan, for it to be a value to the community both in terms of economic value and environmental value and its impact on the city's goal of 100% renewable energy.

He noted, if the city wasn't providing economic value, it would have hard time convincing residents to join this group. He noted there is an opt-out process for customers.

The committee also recognized that with the economy with the technology in electrical energy changing so rapidly we wanted to have something that was going to be flexible. Mr. Hansel noted when this process started it was with a full understanding that it was a law that was passed in 2019 at the state level, that the Public Utilities Commission (PUC) was going to draft rules that would allow the matter to go forward, but there was a hold up because the PUC had not drafted the rules and in the process some laws were introduced into the legislature that would have made it difficult for the city to move forward.

There are still rules to be made by the PUC and those are not going to be finished before the end of summer. Hence, the city might not be able to go forward with its plan until those rules are in place, but the city is going to be working with them not only through staff and committee members but through the consultants who are working on this item.

Mr. Hansel went on to say, because Keene has been a leader in the past in regard to energy and greenhouse gas emissions goals, starting back 21 years ago when the Cities for Climate Protection Committee was formed. Keene has led the state in what it has done with environmental issues, in particular with energy issues. Keene is farther ahead than any other community in New Hampshire as to being able to start a community power program. Keene is going to lead the way and learn as we do but we want to make sure people can follow us. He indicated they are not leaving out any plan or program they can go forward with. They have already had discussions with communities within the county and have learned from those communities and hence this is much of a collaborative effort. Mr. Hansel then turned the presentation over to Patrick Roche.

Mr. Roche stated this program will have four different options. The idea is to provide a range of options that meet people's needs for using renewable energy and for cost. These products are going to meet the state's minimum renewable portfolio standard or the minimum renewable energy that has to be in every supply.

Mr. Roche with help of a slide presentation explained, the first product on the left is the default product; the one eligible participants would be automatically enrolled in if they do nothing. The other products would be optional ones that you would have to elect to choose; those have to be proactively elected. The goal with the default product is the city would include some extra renewable energy above the state minimums, while also trying to maintain a competitive rate compared to the utility.

The goal is to be cost competitive - for the average person the rate is a little cheaper. Then you get the optional products. The first is the basic which would just meet the state minimum renewable portfolio standard. Then there are two products for those people who want to use a lot of extra renewable energy. The default would have 10% extra renewable energy in that product. Keene's 50% and 100% would be added on top of the renewable portfolio standard of 100% usage of renewable energy matching 100% of your usage or 50% of your usage.

Mr. Roche noted one term that would be seen in the presentation is the term “local”. What does local mean - renewable energy that is either located on our electric grid, or from New England, or can be imported in, which means it would be coming from places like New York or Eastern Canada. Once electricity is generated and it goes on to the grid, all the electrons look the same, whether it came from a fossil fuel or whether it came from a wind farm. To track renewable energy the system that has been developed is that every time some renewable energy is generated those electrons go into the grid and there is a certificate called the renewable energy certificate that is created. This is in contrast to some of the offers you might get in your mail that promises 100% renewable energy cheaper than utility rate. These entities are generally sourcing their renewable energy certificates from places like Texas where it is incredibly cheap. The problem is that this does not support the growth of renewable energy in our region or support jobs in our region and that power cannot get on to our grid.

Program Enrollment - This is an automatic enrollment program. It is open to any electricity customer. Customers who are using Eversource as their supplier today are eligible for automatic enrollment, once the program is rolled out, on the Eversource bill the supplier section will say Keene Community Power.

Ahead of the program launch, once the city has procured electricity supply and have a start date, a comprehensive marketing and education campaign will be put in place and information will be sent to customers by mail with an automatic postage paid envelope for them to return to be able to enroll. Customers will be given 30 days before the program starts.

The city will participate in a press releases and will work with local media to get the word out. The program will also have a website and information will also be available on the city website.

Mr. Roche stressed customers can always opt out without any penalty.

Organizational Structure - The Council will oversee the plan and any amendments that need to be made to the plan would need to be approved by the council and would also need to be approved by the PUC. The city manager will oversee the day to day execution of the plan with her staff and they will be giving direction to the consultants. Consultants will cover costs for things like education and outreach so there is no direct cost to the city for this. Consultant services are recouped within the cost and the electricity supply.

Procurement – The consultants will work with the Manager to bid for power supply and to negotiate the contract. The consultant will be looking at where the market prices are for renewable energy when they go out to bid to see exactly how much the city can afford. The city is also under no obligation to sign or to pick a product so the consultants will look for advantageous opportunities. If the price is not right they will wait and go back out to bid again until they can find something satisfactory. This concluded Mr. Roche’s presentation.

The City Manager addressed the committee next. Ms. Dragon stated she is very excited about this product there has been a lot of work and a lot of outreach and the plan before the committee tonight provides maximum flexibility to the city. She indicated this is very similar to when the

city goes out to bid for the city's purchase of power – the consultant will go out to bid and the city will examine the price to make sure that it is competitive with the Eversource price and make sure the city is meeting the goals of the plan. She noted unlike how it is when the city goes out to bid for its purchase where there is volatility in the utility market, this plan gives the city maximum ability to be able to take advantage of timing and make sure that the city is getting competitive prices. This plan also allows the city the opportunity to gradually increase the renewable option and move towards the 100% renewable goal for the city.

The Manager explained what the city is doing is bringing together all electric customers in the city, whether commercial or residential and aggregating them into this one power pool and then going out to bid for them. The manager stressed the city is not starting its own power company, nor is it adding another department to the city, the city is simply aggregating power, and the city has hired a consultant to go out and be its broker for that power. For the customer, it's just that change to the supplier on their Eversource bill and the customer always has to option to opt out.

The Manager went on to say, there are a lot of other towns and cities looking at this and Keene will be the first to get a power plan in front of the PUC – there is one other community that is not far behind Keene.

Councilor Hooper asked what the process would be for amending this program. The Manager stated to amend the actual plan, the city would need to come back before the City Council. Staff will evaluate after they go out for first bid to see what the pricing structure looks like in a 24 or 48 month period of time, which will tell them a lot of what the market looks like.

Councilor Ormerod asked why having local support for renewable power is so important. Ms. Dragon stated one of the benefits of supporting local renewable option is to encourage more people to build local renewable facilities within the city and become more reliable on their local renewable energy. By sourcing it locally it will help to spur the market.

Councilor Chadbourne asked if someone opts out whether there is any penalty to join back. The manager stated there is no penalty to opt in or out.

Mr. Bob King of 42 Hurricane Road, President of Ashuelot River Hydro addressed the committee next. He stated one thing that has not been mentioned in this plan is that as funds permit and as the mechanisms permit this will promote energy efficiency which is always the cheapest and easiest form of energy to come up with. Mr. King stated he participated in this process as a citizen and as a potential supplier of energy and thanked all the committee members who worked on it and noted it is an excellent plan.

Mr. King noted within 30 miles of Central Square he has his company which has three hydro plants, which could supply 7% to 8% of the city's total load and another plant built 98 years ago in Marlboro ready to supply Keene if they wish to take advantage of same.

Councilor Ormerod stated he heard mentioned that it will take the PUC some time to make the rules and wasn't sure why it was important for this item to be approve today. Mr. Roche stated they have a very good idea of where the rules are headed as they participated in the stakeholder

process with PUC. He stated to help accelerate the process by having an approved plan to provide to the PUC would be helpful. He noted the Governor really wants to see community power move forward. Having an official city plan ready to go will be helpful. Mr. Bob Hayden stated they wholeheartedly want to push the process along. He noted himself, Mr. Roche and city representatives have played an integral part in the rulemaking process and the work sessions associated with HB 315, and hence have a clear knowledge and expectation of what the rules will look like when the PUC has completed their rule making. Hence, the plan is ready to accommodate what the rules will look like when complete. He stated, he shares the same sentiment as the manager to be the first, to be best, to be greenest and to push the process' timing, as much as possible and asked the committee to vote in favor of this item tonight.

The Manager added, one additional aspect is that at the present time she is not getting the best pricing for the city's municipal energy contract as she is not looking at longer term contracts because she is planning to roll into the community power plan.

Councilor Hooper made the following motion, which was seconded by Councilor Ormerod.

On 5-0 roll call vote, the Finance, Organization and Personnel Committee recommend the adoption of the City of Keene Community Power Plan.

#### **7) Continued Discussion: Water and Sewer Methodology and Rates**

Public Works Director/Emergency Management Director Kurt Blomquist addressed the committee next. Mr. Blomquist stated staff is back before the committee regarding the proposed water and sewer rates. He noted 90% of the city's customers are of residential type. The city has total customers of approximately 6,400 of which 5,800 have 5/8<sup>th</sup> inch meters which are utilized by residential types of activities and primarily single family homes. There are some multi-family home that do utilize the 5/8<sup>th</sup> inch meters, but those are older multi-families, typically larger homes that might have been converted to one or two additional living spaces.

When you start moving up into the one inch meters, those are potentially large commercial activities and those would include larger multi-families for example like Washington Heights.

Even though 98% of accounts are residential, they represent almost 50% of the water consumed. The remainder of the water is consumed by commercial and industrial activities.

Mr. Blomquist noted the current rate structure has been in place since approximately 2006 when the council did a review of the rates. Today the city has fixed charge based on meter size and a volumetric charge for both water and sewer. Starting at 1000 cubic feet, a customer pays the same price for 100 cubic feet. From about the mid 1980s up to 2006, the city had a fixed charge plus 1000 cubic feet. So basically the customer didn't pay anything more for if they use 1000 cubic feet or less - they paid the one fixed charge. Once they went over water the 1000 cubic feet, they began paying the volumetric rate. The quantity of water varied with the size of meter. Prior to 1980, the council had a declining balance system, which meant the rate structure was the more water you use the less you pay per gallon. At that particular time the council goal



was to support and increase industrial types of activities within the city so they provided that incentive to try to get in large water using industries.

The water and sewer rates have not been raised in three years and the council made a decision rightfully to not increase the rates during the pandemic period. However, what has happened is, the city has fallen behind and operating costs have increased and there is increasing needs in the capital program for the waterside but on the sewer side, those needs have leveled off, significant work has been done over the last decade.

At the present time, the city is looking at approximately 20% increase in revenues, to be able to support the current water fund and the needs that have been identified and approximately 6% increase in the overall revenue for sewer.

Mr. Blomquist noted, one of the goals of council is to support infrastructure and the other is to way to try to make those services the city provides affordable. What the city would always like to encourage is water wise use - to make sure people are using water wisely, fixing any leaky faucets etc.

Mr. Blomquist then explained their proposal - the fixed charge is not being changed, the fixed charge will be continued based on meter size. The only real change is within the residential area primarily those 5/8<sup>th</sup> inch and 3/4 inch meters; a lifeline. A lifeline rate is being utilized throughout a number of different industries. The proposal is for 600 cubic feet - about 4,000 gallons be at a slightly lower volumetric rate than people who use above that rate. \$3.38 for the first 600 cubic feet and \$5.07 cents above.

On the wastewater side, there really is no way to control how much wastewater is being discharged. Hence, the proposal is to stay within a single volumetric charge for wastewater for all customers. At the last council meeting, there was approval for industrial pretreatment coordinator rules; the city's industrial customers have some additional surcharges depending on the strength and types of wastewater they discharge. Some of those customer, pay an additional premium on top of their normal volumetric charge because of the type and strength of wastewater they discharge; there are only a very few of those customers.

Mr. Blomquist referred to a chart next:

Low usage residential customer who uses 600 cubic feet or less for about 4,500 gallons, calculation for that customer would be 6 times \$3.38 cents = \$28.68 cents for that quarter, plus the \$7.29 fixed charge and hence the total of water bill for that customer who is using 600 cubic feet would be \$35.97.

For sewer the calculation would be the same; there is the fixed charge plus \$7.19 cents multiplied by 6 = \$31.00 per month, and the quarter would be \$121.29 with an annual bill at \$487.16.

Compared that to the FY22 rate, the customer would pay \$43.30 cents based on the new rates, they would pay \$77.09 for wastewater with the new rates, for total of \$120.39.

If someone stayed at the single volumetric rate, residential customer with the 600 cubic would be \$130.53, \$10 difference in their quarterly bill compared to using the lifeline rate.

The Manager added when we are talking about the difference of \$1.40 that is with the 20% increase in water charges and 6% increase for sewer. These increases are not because of the new rate structure it is because of changes that are happening; the increase in cost is happening because staff is comparing the current bill to next year's bill, based on next year's budget, under the new rate structure. Regardless if someone is a low, medium or high usage customer the lifeline rate is beneficial. The reason the numbers are different is because they're using more water. The Manager stated there was a lot of confusion after the last meeting - the rate structure is charging everyone the same volumetric rate, the lifeline rate is applied to the first 600 cubic feet of water and everything above that is applied at the exact same volumetric rate structure. All residential customers would pay more without the lifeline right. The reason it is being done this way is because 90% of the city's customers are residential and 90% of customers are on either a 5/8 or 3/4 inch meter and using the lifeline rate benefits all those customers.

Mr. Blomquist went on with his presentation – for the medium usage customer, a customer who is using 9,000, gallons or about 1200 cubic feet in a quarter at the current rates, the customer's bill would be \$180.33 per quarter for both water and sewer. If the proposed rate structure is applied to this same customer, the new fixed rate at \$23.02, this customer is also getting the lifeline rate for up to 600 cubic feet (\$20.38) but because they're using another 600 gallons above it, they are now going to get that additional charge of the \$5.38 to the remaining 600 cubic feet for the quarter under the current rate it will be \$180.33. With the revised rate the cost would be \$193.71 an increase of about \$14 for the quarter. If the lifeline rate is used, it would be \$204 per quarter or it would be a \$10 increase on top of the using lifeline rate or a \$24 per quarter increase between their current.

For the high usage residential customer, with the current rate they would be around 242, with the proposed rates, if the lifeline rate is used they would be a 267 for a difference of 24. He stressed the lifeline rate benefits all residential customers.

Mr. Blomquist then referred to commercial customer - larger meters (two inch meters) who uses about 20,000 gallons per quarter would be paying about \$889 per quarter. Under the new structure, their bill would go down. So they're actually going to be paying less between water and sewer.

Medium users - 75,000 gallons (10,000 cubic feet) under the current structure is about 1,636 and per quarter, and under the new rate structure will be paying about 1,681 which is about a \$50 increase per quarter or \$10 per month. Very large meters (there are not too many of those) 4-inch meters will see about \$1,500 dollars from the current rate structure. This concluded Mr. Blomquist's presentation.

Councilor Powers clarified the lifeline rate applies to all consumption, because the consultant had stated it will only be for 5/8<sup>th</sup> and 3/4 inch meters. Mr. Blomquist agreed it is only for residential. All residential customers for their 600 cubic feet will get the lifeline rate. If a residential customer goes above the 600, then the higher rate does apply.

Chair Powers noted it is really based upon consumption - if you don't use a lot of water, your rates are going to be consistent.

Councilor Remy felt the lifeline rate is cost efficient for smaller users but doesn't help for example a two unit or three unit older homes which still have 5/8<sup>th</sup> inch meters. Mr. Blomquist agreed some of these older multi-family homes only have one meter that goes into the property. He added even if the city was to credit that property owner in some manner, the city has no control over how that property would be providing that credit to their tenants. He noted the increase for these medium users is not going to be that high, it will be about \$40 per quarter. He talked about his experience living in an apartment complex next to a family of four where his usage was much lower but the higher cost was perhaps triggered by the larger family living in the same complex.

Councilor Remy asked whether there was a way to figure out how many units are in a certain building to figure out how many examples there are for the scenario Mr. Blomquist provided above. Mr. Blomquist the issue is the single meter for a 134 unit complex, and such a complex is likely to use 600 cubic feet on the first day. He stated the city has about 140 properties that have three or more units and indicated the system is not designed to provide the 600 cubic feet discount.

Mr. Blomquist referred to a customer data slide – when you refer to the larger units, you are talking about one inch and above, these can be a combination of restaurants, hotels etc. He noted for example Central Housing Terrace uses a three-inch meter, Century Apartments, use a two inch meter, Cleveland Place uses a two inch meter, Washington Street Apartments is a three inch meter.

Councilor Ormerod stated he would like to see actual user data; renters versus residential homes. He also asked how many 600 cubic per quarter customers the city currently has. Mr. Blomquist stated those are numbers he could obtain for the councilor.

The Manager reiterated, everyone gets a reduced rate for the first 600 cubic feet (residential). The question is whether this works in terms of affordability, if that doesn't work, the easiest way to adjust this is a straight volumetric rate, without the lifeline and the rate will drop from approximately \$ 5.07 to \$4.70 and apply it across the board. She noted this is something that could be figured into the system but was concerned about trying to get into any sort of complicated program which would have staff having to enter numbers manually.

The Manager stated staff doesn't have a preference one way or another, staff is trying to be creative in terms of giving council an option for affordability for residential units. However, if the council feels the straight volumetric rate at a slightly lesser rate is the way to do that, staff can move forward with that option.

Councilor Ormerod stated he is not sure how many people the lifeline rate is actually going to help, he felt perhaps the lifeline rate could be raised and amount recalculated – to help those people who need it most.

Councilor Chadbourne stated she agrees with Councilor Ormerod, the committee does not have enough information to go with one option or the other.

Councilor Remy stated he would like to know how many residential properties 5/8<sup>th</sup> and 3/4<sup>th</sup> inch meters use over 3,200 cubic feet because that seems to be the number where the two plans meet to go with a flat rate.

Councilor Ormerod further stated the report also recommends going with monthly billing which will give high volume users immediate feedback and then take steps to correct it. Whereas if it is quarterly billing it is hard to be conservative. He felt there are many things that we can do to make it more affordable and raise the visibility of water usage in our community.

Mr. Blomquist stated as a department they have talked about doing monthly billings for many years. One of the challenges is that staff reads about 2000 meters a month which task is assigned to two and a half people. Some do estimates for two months and then they read the third and adjust the amount, which doesn't meet the goal of telling somebody if they have a leaky pipe. He indicated if this is something council is interested, staff can come back through the budget process for a separate discussion. Much of this will have to do with staff time - reading 6000 accounts on a monthly basis.

Councilor Ormerod made a motion to explore raising the lifeline volume from 600 cubic feet to 1,800 cubic feet.

Councilor Remy clarified up to 1,800 cubic feet the rate will be \$3.38 after that it will move to the higher rate

Attorney Mullins clarified what is being referred to is usage as the rate structure has not been determined yet.

The Manager asked this item be put on more time so that a breakeven number could be arrived at and to determine when it would be beneficial to have a volumetric rate versus a lifeline rate.

Councilor Ormerod withdrew his motion in favor of what the Manager stated.

Councilor Chadbourne stated she is confused about that 90% figure for residential customers, then it talks about the non-residential which is small including multifamily. She stated for her the 90% residential would include the multifamily but when you look at pie chart, it had non-residential multifamily for one inch plus meters.

Councilor Hooper made the following motion, which was seconded by Councilor Ormerod.

On 5-0 roll call vote, the Finance, Organization and Personnel Committee recommends placing this item on more time.

**8) Relating to Northern Border Regional Commission  
Grant Programs Resolution R-2021-23**

Mr. Blomquist stated this item is for the Council to pass a Resolution to authorize the city manager to apply for, sign and execute grants from the Northern Border Regional Commission. The Northern Border and Regional Commission is a federal state organization that provides funding for economic and infrastructure projects for economically distressed counties in Maine, New York, Vermont and New Hampshire.

Two years ago Cheshire County was added to the list of counties that met the criteria. This grant program can provide up to 75% grants, for eligible projects. Projects can range from transportation, public infrastructure, water, sewer, broadband, telecommunication, projects for workforce development, basic healthcare, and resource conservation. This will give the manager authority to respond on a short deadline.

The Manager noted she already applies for grants but there are some grants that require legislative approval, which is the council. What is being requested is authority to apply for the grants, staff stills need to come back to the council to accept the grant. This is just authority to be able to get in the grant timelines quickly and react quickly and apply for any funds that become available.

Councilor Hooper made the following motion, which was seconded by Councilor Ormerod.

On 5-0 roll call vote, the Finance, Organization and Personnel Committee recommend the adoption of Resolution R-2021-23, Relating to Northern Border Regional Commission Grant Programs.

#### **9) General Overview of Proposed Operating Budget - City Manager**

City Manager referred to a grant submitted to Annie Kuster's Office for \$681,000 towards the Cheshire Rail Trail is to try to accomplish a portion of the Heritage Trail project in CIP and the other was for George Street bridge for \$626,000, both if awarded would require a match. Several projects were submitted but they took the ones that would be most competitive.

With respect to the budget, on May 6 all budget books will be sent to Council and there are several meetings scheduled for month of May before the FOP Committee. June 3 is the regular council meeting which is scheduled for our budget hearing, June 17 is the actual vote on the budget, and then July 1 starts the new budget year.

The Manager stated she used a flat valuation number. She noted there are not enough in terms of new permits that would give her any sort of security the overall assessment would increase.

Per the Council's fiscal policy guidelines, staff used the CPI and calculated the three year average for November 2018 November 2019 and 2020 that provided a 1.9% calculation. Per fiscal policy, staff was allowed to increase the amount of taxes to be raised by 1.97 of the \$26 million number which provides \$520,000. The Manager noted she did not use this because there was already increases in the New Hampshire retirement and the debt numbers that were driving up the tax rate which was not going to be acceptable to the council or to the community.

Staff made a lot of adjustments both for the revenue and budget, as well as the revenue and expenses, until staff got the percent increase in the overall municipal portion of the tax rate to a 1.69% increase.

The fire department overtime lines have not been changed since fiscal 2016, the reason for that is there have been open positions for a number of years. However, they have been full staff for a while which has created overages and adjustment have been made. The Manager explained she has looked at the five year average for fire department overtime which requires a \$205,000 adjustment, which was too much to do in one year, so that has been split over two years with a \$100,000 adjustment, with a plan to look at it again next year and see if we can tweaked for fiscal year 2023.

The Manager stated the city is fortunate this year for Covid funding that has covered some of the FY 21 costs for PPE expenses, building modifications, upgrade of equipment and reimburse overtime lines for fire and police.

The Manager noted the State of New Hampshire retirement system rates were excruciating this year and were difficult to roll into the budget; it was about a \$700,000 increase. The city's health insurance started with a 6.2% guaranteed maximum increase but fortunately that number dropped to 2.5%.

Airport has also have been accepting Covid funds which was used for wages and also helped offset the fiscal 22 budget.

Personnel changes in the Managers budget proposal - Assistant City Attorney position returning to the budget. The person would be located at the police department and assume a big portion of the right to know processing responsibilities. There is also an additional maintenance position (request was for two). This has to do with the city's fields and cemeteries, this has been a request for many years.

There are reductions in other departments - reduction in the Community Development Department – there was a retirement and that position is not being filled.

In the Assessing Department there was also a retirement and that position is also not being filled. This helped offset some of the increase for the new positions.

The city is in the second year of the CIP process. There are some slight adjustments. The biggest changes is the addition of \$400,000 for the Pat Russell Park, this is an appropriation because the city is anticipating the Land Water Conservation Fund grant for that amount.

There is also the Taxi Way A reconstruction project, funded at 100%.

Changes in water sewer to allow the sledge drier feasibility study to move forward and take advantage of the opportunities provided by the solar project. The Manager noted this makes financial sense. If the city is going to build a solar project and the cost of disposal of sledge is

increasing moving up the sledge dryer which is an electric sledge dryer makes a lot of sense.

Hence, the feasibility study has been moved up a year.

There were several revenue shortfalls that had to be offset - there's a general fund revenue shortfall of 350,000. There were some temporary state municipal aid that was coming to towns and cities for fiscal 2020 and 2021 for approximately \$380,000 over those two years and only for those two years. The parking fund saw a deficit of 108,000, which was expected and was able to offset in its fund balance. Even though the city was getting the gopher money from the state, the city was not allowed to offset any lost revenue due to covid. However, the American Rescue Plan does specifically say it can be used to offset lost revenue due to covid. The manager stated she has put in the budget on offsetting those two revenue accounts for the upcoming year. If that was not done it would have been an additional 19 cents on the tax rate.

On May 12 there will be a Sidewalk Asset Management Plan coming up for conversation, it is a start of a conversation.

Staff is going after federal funding when it becomes available and meet with the federal delegation monthly to take advantage of any money that becomes available.

When the budget review begins, staff should have the Treasury Guidance in regards to the \$2 million dollars coming to the city, portion of these funds have been considered for the FY22 budget but more discussion is up coming.

The consensus of the Committee was to accept the general overview of the proposed Operating Budget provided by the City Manager as informational.

There being no further business, Chair Powers adjourned the meeting at 8:45 PM.

Respectfully submitted by,  
Krishni Pahl, Minute Taker

Additional Edits by,  
Terri M. Hood, Assistant City Clerk