FINAL

LEBANON CITY COUNCIL
MINUTES
QUARTERLY BOARD/COMMISSION/COMMITTEE REPORTS &
REGULAR SESSION
Monday, August 4, 2021 6:00 p.m.
Remote Via Microsoft Teams: LebanonNH.gov/Live

MEMBERS PRESENT: Assistant Mayor Clifton Below, Erling Heistad, Karen Liot Hill, George Sykes, Douglas Whittlesey, Devin Wilkie, Jim Winny and Karen Zook

MEMBERS ABSENT: Mayor Tim McNamara

STAFF PRESENT: City Manager Shaun Mulholland, City Clerk Kristin Kenniston, Director of Planning & Development David Brooks, Finance Director Vicki Lee, Airport Director Carl Gross, Melanie McDonough (IT)

6:00 PM: QUARTERLY BOARD/COMMITTEE REPORTS (2ND QUARTER 2021)

Conservation Commission: Councilor Heistad

- The Commission has been working on amphibian crossings; pulling garlic mustard, which was a collaborative effort with the Recreation Department and the DPW; and mowing at Baker's Crossing and Two Rivers. Mowing is an issue for these two areas because they are too large to be mowed by battery powered weedwhackers. A better mowing system needs to be developed.

Arts & Culture Commission: Councilor Zook

- The two Arts & Culture proposals for the tunnel will be installed during the month of October.
- There are secret messages visible in certain areas of the city when it rains.
- Reminder about the Nexus Music Festival on August 13-15, 2021.

Class VI Roads: Councilor Heistad

- They have been working on a Class V road that is being proposed to become a Class A Trail and the Kings Highway as it connects to Poverty Lane.

LEAC: Assistant Mayor Below

- On August 18, 2021, starting at 6 PM, there will be a joint meeting between LEAC and the City Council. A presentation will be given on LEAC's Electric Aggregation Plan for Lebanon Community Power.
- Working with the City to update their billing codes. The new codes tend to be more energy efficient and will add new flexibility for builders in terms of new techniques they can use..
- Working on a City Climate Action Plan.

Written reports were sent to the Council for the Downtown TIF Advisory Board and the Cemetery Board of Trustees. The Council received these reports prior to this meeting and City Manager Shaun Mulholland read the reports for those who may be listening.

Economic Development Committee: Shaun Mulholland

- In January 2022 they would like to have a joint meeting with the Downtown TIF Advisory Committee to collaborate on Lebanon's Downtown redevelopment plan.

- Working on their CIP plans.

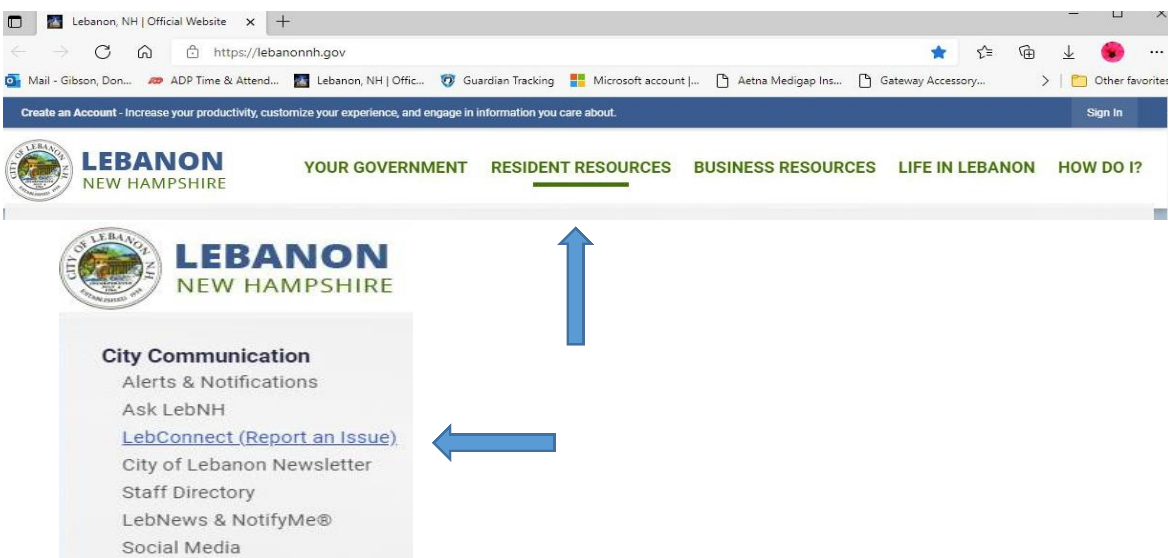
Heritage Commission: No report.

Ped/Bike: Assistant Mayor Below
- Working on planned improvements for the DHMC Special Assessment District for the interchange of Lahaye Drive and Mount Support Road.
- Working with the State to solicit feedback on the Rte. 120/Exit 18 intersection. This is a difficult project because there is really no good solution from a bicyclist's point of view in terms of the cross traffic. They suggested a traffic light might be the solution.
- E-bike Living Program.
- The Bike Rodeo did not do well this year. The proposed plan is to move it back to May or June.

Airport TIF District: Shaun Mulholland
- Working on recommendations for the 2022 budget and the status of the 1B project. It is expected the road will be completed this fall.

Planning Board: No formal report.
- City Manager Shaun Mulholland reported they had their first CIP meeting on August 3, 2021 and were reviewing potential zoning changes.

For reference, residents and others can report an issue (i.e., road work, etc.) by going to the lebanonnh.gov website's main page. Click <u>Resident Resources</u> (at the top of page). On the left hand side of page, under City Communication, click on LebConnect (to report and issue). See below.



The Council recessed this portion of the meeting at **6:35 PM.**

7:00 PM: REGULAR SESSION

1. **CALL TO ORDER:** Assistant Mayor Below called the Regular Session meeting to order at 7:00 p.m.

2. PLEDGE OF ALLEGIANCE: Councilor Whittlesey led the Council in the Pledge.

3. PUBLIC FORUM: Assistant Mayor Below made the Public Forum announcement.

4. OPEN TO PUBLIC: No one from the public came forth.

5. RECOGNITIONS: NONE

6. ACCEPTANCE OF MINUTES:

1. July 19, 2021 (Special Meeting)

***Councilor Liot Hill MOVED* to approve the July 19, 2021 (Special Meeting) Minutes as written and presented in the August 4, 2021 City Council agenda packet.**
Seconded by Councilor Heistad.
****The Vote on the Motion was approved (8-0).***

2. July 21, 2021 (Regular Meeting)
3. July 21, 2021 (Non-public Session, RSA 91-A:3,II(d)
4. July 21, 2021 (Non-public Session, RSA 91-A:3,II(a)

***Councilor Whittlesey MOVED* to approve the July 21, 2021 (Regular Meeting); the July 21, 2021 (Non-public Session, RSA 91-A:3,II(d); and, the July 21, 2021 (Non-public Session, RSA 91-A:3,II(a) Minutes as written and presented in the August 4, 2021 City Council agenda packet.**
Seconded by Councilor Wilkie.
****The Vote on the Motion was approved (8-0).***

7. APPOINTMENTS:

A. Lebanon Energy Advisory Committee, Jonathan Chaffee (Reappointment Regular Member)

***Councilor Wilkie MOVED* to NOMINATE Jonathan Chaffee for Reappointment as a regular member of the Lebanon Energy Advisory Committee. Two-Year Term (8/21-8/23).**
****The Vote on the NOMINATION was approved (8-0).***

B. Conservation Commission, Megan Smith (Alternate Member)

***Councilor Zook MOVED* to NOMINATE Megan Smith as an Alternate Member of the Conservation Commission. Three-Year Term (8/21-8/24).**
****The Vote on the NOMINATION was approved (8-0).***

8. PUBLIC HEARING ITEMS: NONE

9. OLD BUSINESS: NONE

10. NEW BUSINESS

A. Annual review and re-adoption of City Council Policy CC-100, Cash Management & Investment

Included in the agenda packet:

1. August 4, 2021 Memo from Vicki Lee, Finance Director, re: Review and Adoption of the 2021 Cash Management and Investment Policy ***(Pages 46-47)***
2. City Council Policy CC-100: Cash Management and Investment Policy ***(Pages 48-55)***.

Ms. Vicki Lee, Finance Director, came before the Council to review the re-adoption of City Council Policy CC-100, Cash Management & Investment.

The purpose of the City's Cash Management and Investment Policy is to ensure that the administration of the City's cash management system is handled at its highest public trust.

The Policy applies to all cash, cash equivalents (assets that are readily convertible into cash), and investments in the custody of the City Treasurer in accordance with State law. This Policy does not apply to cash, cash equivalents, and investments in the custody of the Trustees of Trust Funds and the Board of Trustees of the Library who must formally adopt their own Investment Policies that are reviewed and confirmed at least annually for all investments made by them (or by their agents) for trust funds in their custody (NH RSA 31:25 and 202-A:23).

The custody and investment of City funds are to be made in a manner that provides maximum security of principal invested, meets the cash flow needs of the City and conforms to applicable State law. Funds in the custody of the Trustees of the Trust Funds are with Citizens Bank; City funds in the custody of the City Treasurer are with Mascoma Bank.

New Hampshire RSA 47:6 requires the City Council to review and adopt an investment policy at least annually. The Council last reviewed and re-adopted the Cash Management and Investment Policy July 15, 2020. Changes are proposed to the Policy which include:

- Section 2.0: Scope 3) add Tax Increment Fund District, add Cemetery Maintenance Fund, and remove passenger facility charges.

ACTION:
***Councilor Sykes MOVED*, that the Lebanon City Council adopts City Council Policy CC-100: Cash Management and Investment, as presented in the August 4, 2021, City Council Agenda packet, to be effective upon passage.**
Seconded by Councilor Liot Hill.
****The Vote on the MOTION was approved (8-0).***

B. Annual review of City Council Policy CC-101, Fund Balance

Included in the agenda packet: City Council Policy #CC-101, Fund Balance Policy ***(Pages 57-60)***

Ms. Vicki Lee, Finance Director, came before the Council to review City Council Policy CC-101: Fund Balance Policy.

A fund segregates resources (revenues) and requirements (expenditures) that are legally restricted to specific uses. Budgets are adopted by the City Council on a fund basis. Funds other than the General Fund exist primarily to ensure and demonstrate compliance with limitations on the use of existing resources or as enterprises. The General Fund, as the chief operating fund of the City, has a broader mandate, which may include accumulating sufficient financial resources for contingencies. Accordingly, the Fund Balance Policy is limited to the General Fund.

The purpose of the Policy is to provide adequate financial resources to ensure the continued orderly operation of government and the provision of services to residents and the continued stability of the tax or rate structure that can be threatened by uncertainty emanating from a number of areas including economic uncertainty, unanticipated changes in federal and state policies, imposition of federal and state mandates, unanticipated expenditures resulting from natural disasters or other unforeseen circumstances, errors in estimating expenditures and revenues, potential drain on resources from funds facing financial difficulties, and disparities in timing between revenue collections and expenditures.

The current Fund Balance Policy suggests a range of 19.0% to 24.0% of gross current General Fund budgeted expenditures. The result is consistent with how the New Hampshire Department of Revenue Administration (DRA) calculates its fund balance retention guidelines (middle ranges) minus the uncertainty of factoring in Net Required County, Local Education and State Education Tax Efforts which are not known until the annual tax rate setting process in October.

The Fund Balance Policy is reviewed annually by the City Council, but unlike the Cash Management and Investment Policy it is not required to be readopted. The current Fund Balance Policy was adopted by the City Council June 20, 2018 and reviewed on June 19, 2019 and July 15, 2020.

ACTION:
***No action is required at this time.* This is an annual review of the Fund Balance Policy which has not been amended since changes were last incorporated and adopted on June 20, 2018.**

C. Annual review of City Council Policy CC-106, Capital Reserve Fund

Included in the agenda packet:
1. August 4, 2021 Memo from Finance Director Vicki Lee, re: Review of the Capital Reserve Fund Policy ***(Pages 64-65)***.
2. City Council Policy #CC-106, Capital Reserve Fund Policy ***(Pages 66-70).***

Ms. Vicki Lee, Finance Director, came before the Council to review City Council Policy #CC-106, Capital Reserve Fund.

To ensure a strong foundation for the financing and completion of capital projects, long-term financial planning (saving-up), where "pay-go" financing is to be used, is crucial. Pay-go financing is a method of using current revenues to pay for future capital projects in place of, or in addition to, traditional debt financing. Capital Reserve Funds, which are in the custody of the Trustees of the Trust Funds, are a statutory means to set aside resources to finance the cost of future capital improvements. Annual contributions into capital reserve funds, are an example of how the City saves for projects identified and planned in connection with the annually adopted six-year Capital Improvement Program.

Pay-use financing, inflated by interest expense, affects rates (tax or service rates) over an extended period in debt service payments; pay-go has an immediate rate impact. The policy choice between the two alternatives requires an analysis of the relevant benefits and costs associated with each.

The following table summarizes the City's Capital Reserve Funds.

Capital Reserve Fund	Contributing Fund	Market Value June 30, 2021
Fire Department Equipment/Vehicles	General	$ 335,120.62
DPW Equipment/Vehicles	General	$ 57,449.56
Recreation & Parks Improvements/Equipment	General	$ 104,060.09
Parking Facilities Repairs/Maintenance	General	$ 29,207.80
Police Equipment, Vehicles and Improvements	General	$ 95,027.99
Library Facilities	General	$ 52,663.92
Accrued Benefits Liability	General	$ 299,933.84
Dana House Restoration/Maintenance	General	$ 25,952.41
Self-Insurance Trust	General	$ 10,410.96
Landfill Extended Long-Term Monitoring & Maintenance Entire Facility	Solid Waste Disposal	$ 767,739.94
Landfill Closeout/Long-Term Monitoring & Maintenance Secured (Lined) Facility	Solid Waste Disposal	$ 8,681,910.69
Landfill Equipment	Solid Waste Disposal	$ 333,437.10
Landfill Improvements	Solid Waste Disposal	$ 331,290.09
Landfill Accrued Benefits Liability	Solid Waste Disposal	$ 49,669.09
Water Treatment/Distribution Improvements & Equipment	Water Treatment/Distribution	$ 896,917.63
Water Accrued Benefits Liability	Water Treatment/Distribution	$ 38,883.08
Sewage Collection & Disposal Improvements & Equipment	Sewage Collection/Disposal	$ 775,845.54
Sewage Accrued Benefits Liability	Sewage Collection/Disposal	$ 56,857.12
Airport Accrued Benefits Liability	Airport	$ 21,323.15

ACTION:
***Councilor Winny MOVED,* that the Lebanon City Council adopts City Council Policy CC-106, Capital Reserve Fund Policy, as presented in the August 4, 2021, City Council Agenda packet, to be effective upon passage.**
Seconded by Councilor Wilkie.
****The Vote on the MOTION was approved (8-0).***

D. Review and Discussion of 2021 2nd Quarter Budget Reports and Release of Public Schools Impact Fees

Included in the agenda packet: ***(Pages 73-83)***

1. August 4, 2021 Memo from Vicki Lee, Finance Director, re: 2nd Quarter Financial Report (June 30, 2021)
2. Exhibit A – 2nd Quarter Budget Report – Expenditure Report General Fund
3. Exhibit B – 2nd Quarter Budget Report - Revenue Report General Fund
4. Exhibit C – 2nd Quarter Budget Report – Other Funds
5. Impact Fee Report as of June 22, 2021

Ms. Vicki Lee, Finance Director, came before the Council to review the 2nd Quarter Budget Reports and Release of Public Schools Impact Fees. These two items were taken out of the order and are listed in the order in which they were presented.

RELEASE OF COLLECTED PUBLIC SCHOOL IMPACT FEES

A Memorandum of Understanding (MOU) between the City and Lebanon School District (September 30, 2010) provided the City would transfer once each quarter of the calendar yearall collected Public Schools Impact Fees to the Lebanon School District for application toward the payment of debt on the new middle school.

To date $529,969.71 has been disbursed to the Lebanon School District.

7/17/2013	$83,690.78	7/15/2015	$1,627.50	2/7/2018	$41,262.70
11/6/2013	$14,651.99	11/4/2015	$936.00	9/5/2018	$12,564.45
5/21/2014	$19,407.00	3/2/2016	$3,156.00	2/6/2019	$1,833.10
8/6/2014	$2,122.75	5/18/2016	$864.00	8/7/2019	$8,822.20
2/18/2015	$723.00	5/17/2017	$5,230.00	4/15/2020	$40,432.02
5/20/2015	$2,819.00	12/6/2017	$6,140.75	7/15/2020	$123,709.65
12/2/2020	$57,567.42	1/21/2021	$102,409.40		

This request is for the City Council to authorize disbursement of $12,695.86 in collected Public School Impact Fees (through 6/22/2021) to the Lebanon School District.

ACTION:
***Councilor Wilkie MOVED*, that in accordance with Section 213.10 (Administration of Impact Fees) of the Lebanon Zoning Ordinance, the City Council authorizes disbursing the sum of $12,695.86 in collected Public Schools Impact Fees to the Lebanon School District to be applied toward the payment of debt on the new middle school located at the intersection of Moulton Avenue and Route 4 consistent with the September 2010 Memorandum of Understanding Between the City of Lebanon and the Lebanon School District, SAU 88.**
Seconded by Councilor Heistad..
****The Vote on the MOTION was approved (8-0).***

2nd QUARTER 2021 BUDGET REPORT *(Pages 73-83, agenda packet)*

The 2nd quarter budget report represents, in summary form, the year-to-date expenditures and revenues activity through June 30, 2021. Ms. Lee reviewed and answered from the Council on the following:

1. Exhibit A – 2nd Quarter Budget Report – Expenditure Report General Fund
2. Exhibit B – 2nd Quarter Budget Report - Revenue Report General Fund
3. Exhibit C – 2nd Quarter Budget Report – Other Funds

Mr. Carl Gross, Airport Director, reviewed the Airport's Accrued Benefits Liability Expendable Trust Fund. He noted the Airport has another grant currently being drawing down on, the Care Grant was closed out earlier this year, and currently they are drawing down on a grant that is part of the Corona Virus Relief and Response Act, which is just a little over $1M. This will be drawn down this year and part of 2022. We are just getting into the drawdown of the 2nd grant, which was approved by the FAA in May 2021.

In response to Councilor Liot Hill's question regarding what these funds were being allowed to be used for, Mr. Gross stated they can be used for any operating expenses or debt service. We have to provide a spread sheet detailing the vendor, the invoice number, the amount, and the date of the invoice when we apply for the FAA reimbursement. The grants are audited under the Single Audit Act, that the City undergoes each year. City Manager Mulholland noted that in 2022 & 2023, the City's taxpayers will most likely be relieved from subsidizing the Airport.

Mr. Gross also informed the Council the Airport just received the July numbers for enplanements, noting we are only 74 enplanements away from our total number last year and are running slightly higher than the national average right now, which is around 80%. For landings, we are a little behind the 2019 numbers; considerably higher than the 2020 numbers from the Air Traffic Controller Port; and, according to Granite Air's activity statement, they had a better month in July than they have seen in 20 years. For hangar rentals, the Airport's T-hangars are full and there is a waiting list for empty T-hangars.

ACTION:
The agenda item is for information purposes only. No action is required by the Council.

E. Review and re-adoption of City Council Policy CC-108, Ethics and Conflict-of-Interest for Elected and Appointed City Officials

Included in the agenda packet: City Council Policy CC-108, Ethics and Conflict-of-Interest for Elected and Appointed City Officials ***(Pages 85-90)***

Ms. Vicki Lee, Finance Director, came before the Council to review the re-adoption of City Council Policy CC-108, Ethics and Conflict-of-Interest for Elected and Appointed City Officials

The purpose of the City's Ethics and Conflict-of-Interest for Elected and Appointed City Officials is to set forth standards of ethical conduct to assist elected and appointed City officials when they are in the performance of their duties, so as to maintain and enhance a tradition of responsible and effective public service.

This policy does not have to be readopted annually; however, during the City's annual financial audit, it was noted this policy has not been revisited by the Council for a number of years. The policy has been reformatted to current City Policy formats and minor changes were made.

ACTION:
***Councilor Liot Hill MOVED*, that the Lebanon City Council re-adopts City Council Policy CC-108, Ethics and Conflict-of-Interest for Elected and Appointed City Officials, as presented in the August 4, 2021, City Council Agenda packet.**
Seconded by Councilor Winny.
****The Vote on the MOTION was approved (8-0).***

F. Review and readoption of City Council Policy CC-109, Grants Policy

Included in the agenda packet: City Council Policy CC-109, Grants Policy ***(Pages 92-96)***.

Ms. Vicki Lee, Finance Director, came before the Council to review the readoption of City Council Policy CC-109, Grants Policy, noting this policy was only reformatted to bring it up to date for the auditors.

The purpose of the City's Grants Policy is to establish guidelines and conditions to be used in applying for, accepting, and expending unanticipated and anticipated funding from a state, federal or other governmental unit or private grant source which becomes available during the fiscal year.

This policy does not have to be readopted annually; however, during the City's annual financial audit, it was noted that this policy has not been revisited by the Council for a number of years. No changes are proposed.

ACTION:
***Councilor Winny MOVED*, that the Lebanon City Council hereby re-adopts City Council Policy *CC-109*, Grants, as presented in the August 4, 2021, City Council Agenda packet.**
Seconded by Councilor Wilkie.
****The Vote on the MOTION was approved (8-0).***

Item 10. H and 10. G were taken out of order and are listed in the order discussed by the Council.

H. Discussion & Set Public Hearing for September 1, 2021: Supplemental Appropriation in the amount of Eight Hundred Thousand Dollars ($800,000) for transfer from Unassigned Fund Balance to the Capital Improvements Fund for the 20 Spencer Street Cleanup Project.

Included in the agenda packet:
1. 07/28/2021 Memorandum from Department of Public Works Director Jim Donison, RE: 20 Spencer Street – Site Cleanup ***(Pages 104-105)***
2. Excavation area diagram with estimated soil excavation volume dated 07/19/2021 ***(Page 106)***

20 Spencer Street is the former Department of Public Works facilities site which the City is in the process of redeveloping for housing. The City is working on selling the property to developer Ken Braverman, who plans to develop a 94-unit apartment building at a cost of $1.5 million. A percentage of these units will be leased at workforce housing rates.

Testing of the soils on the site indicate varied levels of PCBs at different depths in the soil in one area. This material will need to be removed and trucked to a location in Michigan for disposal. The area will also have to be backfilled. This work needs to be completed as soon as possible to allow for the housing to be developed, which will require a supplemental appropriation. The funding will be coming from the City's Unassigned Fund Balance. No additional tax dollars will need to be raised for this cleanup.

Failure to clean up the site will prohibit the housing development and the City would still be required by the US EPA to either clean up the site or cap it and permanently monitor the site with test wells.

Councilor Liot Hill noted the proposed Motion in the agenda packet does not reflect the intent to reimburse the Unassigned Fund Balance for these funds after the purchase is executed and questioned if the Motion should reflect this.

City Manager Mulholland advised the Council not to do this because it is unanticipated revenue and the $1.5M will automatically go into the Unassigned Fund Balance unless the Council chooses to take some other action.

Councilor Liot Hill felt it was important to clarify what the legislative intent is with this Special Appropriation, given the Council's past policy of not making Special Appropriations. This appropriation is appropriate, especially because we are essentially prefunding this work with what is going to be future sale proceeds. It is important for voters/taxpayers to understand this is a special kind of special appropriation.

Assistant Mayor Below also noted this is a special appropriation because it is a problem (PCB cleanup) that was not known at budget time and needs to be address in order to achieve the $1.5 million sale price. This (PCB cleanup) has to be done in any case and noted Mr. Ken Braverman anticipates purchasing the property once it is cleaned up.

Mr. Ken Braverman came forth virtually and concurred with Assistant Mayor Below. Obviously, these challenges were unexpected, and he commended Mr. Mulholland and his team for being patient and persevering so the residential development could take place on this site. If, and when, he is given a clean slate (on 20 Spencer Street), he is anxious to move forward with the planned housing development..

Councilor Whittlesey reiterated the money being spent on this (PCB cleanup) would have to be spent no matter what and is a necessary prerequisite to the sale of this property. The whole point of the Unassigned Fund Balance is to smooth those things out. The money the City gets from the sale will, by natural consequences, either smooth out the potential shortfalls or will go into the Unassigned Fund Balance at the end of the year.

ACTION:
***Councilor Liot Hill MOVED*, that the Lebanon City Council hereby schedules a public hearing for Wednesday, September 1, 2021, beginning at 7:00 pm, for the purpose of receiving public input and taking action on the supplemental appropriation in the amount of seven hundred thousand dollars ($700,000) for transfer from Unassigned Fund Balance to the Capital Improvements Fund for the 20 Spencer Street Cleanup Project.**
Seconded by Councilor Heistad.
****The Vote on the MOTION was approved (8-0).***

Note: The approved amount of $700K recited in the Motion above by Councilor Liot Hill, was different than the $800K listed in the title under item 10. H

G. Review and adoption of City Council Policy CC-105, Community Revitalization Tax Relief Incentive Program Guidelines

Included in the agenda packet: Draft City Council Policy CC-105, Community Revitalization Tax Relief Incentive Program Guidelines ***(Pages 99-102)***

Mr. David Brooks, Planning & Development Director came before the Council to review the proposed Draft City Council Policy CC-105 as listed above.

During a recent meeting at which the City Council was considering a request for property tax relief under the Community Revitalization Tax Relief Incentive (RSA 79-E) Program, the Council requested further guidance relative to the administration of the program.

The RSA 79-E Program was created by the NH Legislature as an incentive program to enhance downtowns and town centers, to encourage the rehabilitation of underutilized structures, and to encourage the rehabilitation of historic structures. The program works by allowing the community to provide a temporary tax relief incentive for property owners who wish to undertake a substantial rehabilitation of a qualifying structure in a way that will generate at least one of the public benefits as defined in the Statute. It is a finite period of tax relief during which time the property tax will not increase as a result of that substantial improvement. Once the period of tax relief lapses, the property will be valued at its market rate. Basically, it allows the property valuation to not increase, which allows the property owner to recoup some of the costs of making those improvements. It also allows other projects that are close to the 79-E requirements to be reviewed on a case-by-case basis. This is one tool the City can use to help make those projects pencil out so they can occur rather than falling by the way-side because they do not quite pan out for the developers.

In February 2016, the City Council adopted the provisions of the Community Revitalization Tax Relief Incentive Program pursuant to NH RSA 79-E to encourage rehabilitation of existing buildings and structures in downtown Lebanon and downtown West Lebanon. Since adopting the program, the Council has reviewed and granted temporary tax relief for four projects: three located in Lebanon and one located in West Lebanon.

Much of the 79-E program is up to the discretion of the City Council and a few guidelines are set forth in the statute. To ensure consistent and fair administration of the program, further guidance was requested for the benefit of the Council itself, as well as for City staff and potential applicants to know in advance what the City expects to merit with the discretionary years of tax relief.

Pursuant to the request, the Planning and Development Department prepared a draft policy (CC 105, pages 99-102 in agenda packet) for consideration by the Council that outlines and clarifies the 79-E program's purpose and statutory requirements and begins to formalize some of the vagueness and ambiguity that is in the Statute. For example, there is no definition for the term "affordable" in the Statute, so Planning Staff is suggesting the Council adopt the definition of "Workforce Housing" as it is provided in RSA 674:58.4, which specifies specific thresholds that are tied to the Grafton County AMI (Area Median Income). With respect to requests involving the creation of new affordable residential units, the Planning Department has proposed a sliding scale based on the targeted level of affordability and the percentage of units in the project that would meet the affordable thresholds. In short, more years of tax relief would be available to projects targeting lower Area Median Income (AMI) thresholds for larger numbers of units. See chart below:

		TARGETED AREA MEDIAN INCOME (AMI)				
		60% or less	60 - 70%	70 - 80%	80 - 90%	90 - 100%
% OF UNITS IN PROJECT	40% or more	4	3	3	2	1
	30-40%	4	3	2	1	1
	20-30%	3*	2	2	1	0
	10-20%	2*	1	1	1	0
	0-10%	1*	1	0	0	0

* Units targeted for 50% or less of AMI qualify for 1 additional year of tax relief

In addition to establishing affordability thresholds, the draft policy also highlights that the Council may grant tax relief for Substantial Rehabilitation projects of historic structures provided the rehabilitation project is conducted in accordance with the U.S. Secretary of Interior's Standards for Rehabilitation. For such historic rehabilitation projects, the Council may request technical assistance and/or an advisory opinion from the NH Division of Historical Resources to ensure that the Standards for Rehabilitation are being complied with and implemented appropriately for purposes of the tax relief incentive program.

Mr. Brooks read through and reviewed proposed policy CC-105 with the Council. He suggested that perhaps the most important discussion point for the Council would be to clarify the number of years they would consider giving projects that involve affordable housing, noting that at the July 19th Council meeting a discussion took place on how to achieve affordability and some of the developers spoke on this issue. Another important thing for the Council to consider is the purpose of 97-E Program, which is to enable and incentivize projects that may not otherwise be financially viable and to retain flexibility in whatever policy ends up being approved.

The Council held discussions regarding the comments made at the July 19, 2021 Council meeting from developers; whether or not case studies could be done to see if the chart will make a meaningful difference in affordable housing and if it would provide the incentive for developers and their investments; using other sources of funding like a tax credit program; how less funding is available in the 70-100% categories; the need for all kinds/types/price ranges of housing; whether or not to potentially give a considerable amount of tax relief for effectively market-rate units or give more flexibility on a case-by-case basis to achieve affordability; the variability in costs for each project; the fluctuation in yearly AMI rates; concerns about how Lebanon's Adjusted Gross Income (AGI) right now is skewed on the high side relative to other parts of NH, which is why the focus should be on workforce affordable housing rather than just affordable housing; market forces that cannot be predicted; the importance for the City to make a policy statement about where the City is moving toward housing costs and then implement a tool, putting it in place, and valuating to see how the tools work; and, how taking an additional possible 4-years (of tax incentives) and turning this into a calculus whereby a developer has to decide whether one extra year of tax abatement is worth reducing 40% of their units rent by 10%.

In response to Councilor Wilkie's question about where the levels provided in the chart came from, Mr. Brooks stated the percentage for the AMI and the number of units is partly related to the Low Income Tax Credit Program, noting that 40% of the units have to be affordable to 60% AMI or less, etc. He wanted to incentivize and give those additional years for greater affordability for a greater number of units.

Assistant Mayor Below wanted to understand the interplay between the AMI (Area Medium Income) and the definition of workforce housing. He questioned if the number of units under each percentage category should be changed.

Mr. Brooks noted this data is published by HUD and through the NH Finance Authority. They have also approved a table that scales up or down based on household size. It might be possible to work those numbers into the workforce housing definition by indicating the base numbers can be scaled up or down based on a household's actual size. The definition the State uses for workforce housing is specifically tied to a 3-person household based on the AMI in the 60-70% range but felt the targeted AMI could be based on any household size (in Lebanon) and explained the application process.

ACTION:
***Councilor Sykes MOVED,* that the Lebanon City Council adopts City Council Policy CC-105, Community Revitalization Tax Relief Incentive Program Guidelines, as presented in the August 4, 2021,City Council Agenda packet, to be effective upon passage.**
Seconded by Councilor Wilkie.

Councilor Sykes spoke to his motion by noting that this policy will make a statement, will create some stability/clarity, and will give the Council some flexibility. He hopes this will provide a positive effect on housing development.

Councilor Heistad spoke about the need for housing in Lebanon but questioned what the net result would be for the City's bottom line. Our responsibility is to the residents of Lebanon. We have businesses that need people and we need places for people to live. At the same time we also have other people in Lebanon who need places to live. This is the challenge. He asked Mr. Brooks to come up with what he sees is the bottom line if another 200 units are built.

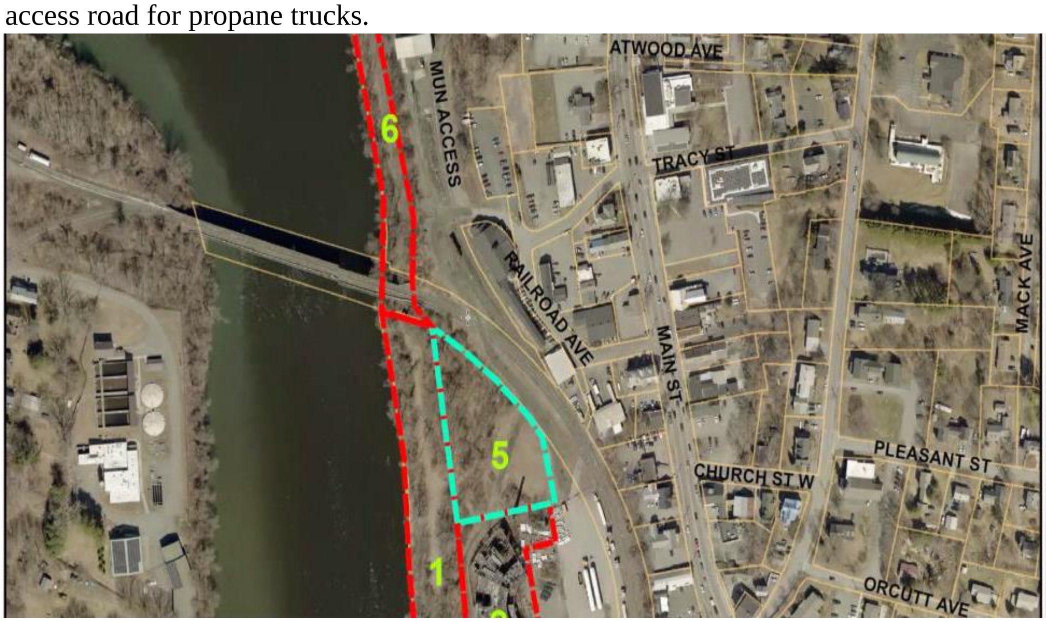
City Manager Shaun Mulholland said people need places to live and how it impacts property taxes, the economy, and the people who live in Lebanon is important. However, it is more than just how much property taxes are brought into the City: it is also the quality of life for people who live here and the ability for businesses to have employees to work in their facilities.

Mr. Brooks explained what the Planning Board does during their review process, and will share some of their Impact Statements on developments to show how the projects and the estimates turned out in real life in terms of values, costs, numbers of school-aged children, etc. Generally, valuations exceeded what was projected in creating more property tax revenue, the number of school-aged children was less than projected, and less costs for the City were generated because the City is not responsible for 100% of development costs.

****The Vote on the MOTION was approved (8-0).***

11. City Manager Report:
City Manager Shaun Mulholland updated the Council on the following:

- The proposed lease agreements for areas 1, 2, 3, 4, 5 & 6 as provided in the maps below. The DOT has approved the lease for area 6; will not consider leasing area 5 for various reasons; and area 4 could potentially be leased for 10-years, which would give the City time to build and access road for propane trucks.



- Councilor Winny spoke about potential projects the West Lebanon Revitalization Advisory Council (WLRAC) are thinking about doing.
- Mascoma Greenway Extension.
- Broadband Update: No update from Comcast yet regarding the 142 homes in Lebanon that have no internet access capabilities.

12. COUNCIL REPRESENTATIVES TO OTHER BODIES: NONE

13. FUTURE AGENDA ITEMS: NONE

14. NON-PUBLIC SESSION: NONE

15. ADJOURNMENT:

Councilor Winny MOVED for adjournment.
Seconded by Councilor Heistad.
****The Vote on the MOTION was unanimously approved (8-0)***

The meeting was adjourned at 8:34 PM.

Respectfully submitted,
Dona E. Gibson, Recording Secretary