

FINAL

**LEBANON CITY COUNCIL
BUDGET WORK SESSION
MINUTES**

Thursday, November 2, 2022, 5:30 PM

Council Chambers or

Remote Via Microsoft Teams: [LebanonNH.gov/Live](https://lebanonnh.gov/live)

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

MEMBERS ABSENT: None

STAFF PRESENT: City Manager Shaun Mulholland, Deputy City Manager Paula Maville, Executive Assistant Beth Beraldi, City Clerk Kristin Kenniston, Finance Director Vicki Lee, Library Director Sean Fleming, Outreach and Programming Librarian Celeste Pfeiffer, Director of Planning and Development David Brooks, Human Resources Director Gloria Leskiewicz, Human Services Director Lynne Goodwin, Advance Transit Executive Director Van Chesnut, Cyber Services Director Perry Eaton

Mayor McNamara called the meeting to order at 5:32 PM.

**1. Presentation by City Manager and Finance Director
A. Overview of the Proposed 2022 Annual Budget**

City Manager Shaun Mulholland began this session with a PowerPoint Presentation that covered the following topics:

- Public Policy and Resource Allocation (the master plan, sustainability principles, business plans, performance measurement, analysis and evaluation)
- Budget Objectives: Ensure the municipal tax rate for 2022 increases no more than 2.5%; meet the city's guiding principles and sustainability objectives; fund critical Capital Improvement Projects; maintain quality service levels to meet the public's expectations.
- Recap of the 2021 City Initiatives: Transparency initiative, energy efficiency/greenhouse gas reduction strategies, study new water source/sewer system infiltration reduction program, debt stabilization plan, finance software replacement program/related software transition.
- Review of the 2022 City Initiatives: Continue paperless and transparency initiatives, electronic payment process for landfill; continue developments of the various West Lebanon improvement projects/plans; create wastewater capital needs assessment similar to the water assessment plan; continue implementation of the Fixed Asset Management System; enhance energy efficiency and reduce energy usage: streetlight project, solar projects, LFGTE Project, building upgrades, etc.; enhance emergency management capability and response; review options for public safety software (to be a 2023 purchase).
- Opportunities: Federal funding for infrastructure projects and other initiatives; CSO-EPA Administrative Order accomplished; city economy is strong: top micropolitan area in the country out of 551 and in the top 10 places people are moving to in the country.
- Threats: Rapidly rising salary rates-highest in the state; interest rate increase = direct impact on interest rates for new debt incurred; shortage of workers and products (supply chain); rapidly rising consumer costs-fuel, electricity, food, and most other items; lack of childcare-capacity and

cost; housing costs continue to rise, limited inventory; climate change-public safety and infrastructure.

- Tax Rate Factors: Expenditures; revenues (other than property taxes); fund balance used to reduce tax rate; assessed valuation; overlay (offsets tax abatements); war service tax credits.
- How Resident Tax Dollars are Spent: School/state: (7%); municipal (37%); county (7%); school local (49%).
- Consumer Price Index & Tax Rate Change and Change in Municipal Rate charts on slides 11 & 12.
- Unassigned Fund Balance Policy: Maintain a range between 19% to 24% of current general fund expenditure budget; standard developed by the governmental account standards board (GASB); allow for adequate cash flow between tax billings; serves as a cash reserve for emergencies.
- Unassigned Fund Balance: Slides 14 & 15.
- Budget Overview Comparison for 2021 and 2022: To summarize: the proposed **total request for 2022 is \$68,022,600 (an increase of 9.1% from 2021)**. The 2022 operating budget without Capital Improvements increased by 2.27%; the 2022 General Fund Budget increased by 2.7%; the tax rate is projected to increase by 2.5%; 8% increase in water rates; 7.2% increase in sewer rates.
- Cost Drivers: Debt service increase of \$151,680; general wage increase of 3% (CPI was 4.6%. Social Security projected to be 5.9%); health insurance cost increase 5.6%; retirement rate increases 6.35%-25.87%; increase in overlay \$300,000.
- General Fund Budget Impacts: Wage increases \$1,094,400; retirement increase \$466,150; health insurance \$200,360; total \$1,760,910. The 2022 general fund budget represents an increase in spending of 2.7% equal to \$974,570. See slides 23-27 for related charts.

2. Review of 2022 City Budget:

A. City Manager (includes City Manager, City Council Operations, Legal, and Advance Transit).

- **City Manager: Requesting \$1,284,480 (an increase of 3.5% from the 2021 budget).**
- **City Council Operations:** Represents a 100% reduction in spending.
- **Legal:** No change from the 2021 budget.
- **Advance Transit:** No change from the 2021 budget.

B. Finance Department

- **Requesting \$5,391,890 (a decrease of \$276,240 or 4.9%)**

Ms. Vicki Lee introduced her department and staff. Sub-departments within the finance department include assessing, payroll, accounts payable, and utility billing.

C. Human Resources

- **Requesting \$350,060 (an increase of \$87,790 or 33.5%)**

City Manager, Mr. Shaun Mulholland, presented the creation of a full-time position to run background checks. Ms. Gloria Leskiewicz, HR Director, introduced her staff and reviewed the HR Budget to Council.

D. City Clerk

- **Anticipated Revenues: \$2,789,100 (an increase of \$86,220 or 3.2%)**
- **Requesting \$721,630 (an increase of \$79,120 or 12.3%)**

Ms. Kristin Kenniston, City Clerk, introduced herself and reiterated that the clerk's office has taken on the role of tax collecting and has added another position for that. For that reason, and 2022 having three elections, the wages are a bit higher than in past years.

E. Library

- **Requesting \$1,383,440 (an increase of \$123,480 or 9.8%)**

Library Director, Mr. Sean Fleming, reviewed the Lebanon Libraries proposed 2022 budget to the Council. There will be a reopening celebration in the spring. Mr. Fleming noted the libraries met and exceeded their \$300,000 fundraising goal.

Mr. Fleming introduced Celeste Pfeiffer who spoke about new outreach efforts and her position in outreach and programming. Ms. Pfeiffer listed new partnerships that allow connections with the community.

F. Cyber Services

Mr. Eaton introduced himself and staff and noted an increase in cyber-attacks, predominately phishing. He recognized his staff for being diligent in catching and preventing those attacks. The budget includes continued security enhancements, continued staff training, policy creation, system testing, installation of Wi-Fi and Cisco WebEx, upgrades to Microsoft Office, movement of documents to OneDrive and SharePoint. Overall increase is 20.9% mostly due to salary increases, network equipment such as PCs, Firewalls, etc. There has also been an installation of fiber connections to assist in the movements to the Cloud. Mr. Eaton further explained the usage of high funds because of expensive equipment.

ADJOURNMENT:

There was no motion, the meeting was adjourned at 6:54 pm.

Respectfully submitted,
Megan Mraz
Recording Secretary