FINAL

LEBANON CITY COUNCIL
MINUTES, BUDGET REVIEW
Tuesday, November 28, 2022, 5:30 PM
Remote Via Microsoft Teams: LebanonNH.gov/Live

MEMBERS PRESENT: Mayor Tim McNamara, Assistant Mayor Clifton Below, Karen Liot Hill, Christian Simon, George Sykes, Douglas Whittlesey, Devin Wilkie, and Karen Zook

MEMBERS ABSENT: Erling Heistad

STAFF PRESENT: City Manager Shaun Mulholland, Deputy City Manager David Brooks, City Clerk Kristin Kenniston, Director of Planning & Development Nathan Reichert, Senior Planner Tim Corwin, Chief of Police Phillip Roberts, Deputy Chief of Police Matthew Isham, Assistant Director of Public Works Everett Hammond, Assistant Director of Public Works Jay Cairelli, Solid Waste Manager Erica Douglas, Finance Director Vicki Lee, Deputy Finance Director Alesia Williams, Fire Chief/Emergency Management Director Jim Wheatley, Assistant Fire Chief Jeff Libbey, Airport Director Carl Gross, Human Resources Director Gloria Leskiewicz, Human Services Director Lynne Goodwin, Lebanon Libraries Director Sean Fleming, DPW Administrative Services Manager Kelly Crate, Cyber Services Director Perry Eaton

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1. **CALL TO ORDER:** Mayor McNamara called the meeting to order at 5:30 p.m.
   - City Manager Shaun Mulholland announced the meeting criteria for the public, noting this is a workshop to go over the final components for the 2023 budget.

NOTE: The 42 page detailed budget report (with charts) for the City of Lebanon can be found on pages 1-42, City Council agenda packet.

Finance Director Vicki Lee presented and reviewed the highlights for the projected 2023 Lebanon City Budget, which included Debt Service, Transfers, and Revenues.

- **REVENUES** ***(Page 4, City Council agenda packet)***

Estimated Revenues for 2023 are $93,117.790 compared to $66,633,430 for 2022, an increase of $26,484,360. The change from the prior year is primarily attributable to an increase in Capital Improvements Fund revenues.

Revenues by Fund	2021 Budget	2022 Budget	2023 Budget	$ Chg.
General	$32,976,300	$33,312,670	$34,792,240	$1,479,570
Solid Waste Disposal	$4,487,830	$4,127,230	$4,311,230	$184,000
Water Treatment and Distribution	$4,130,550	$4,210,810	$4,436,960	$226,150
Sewage Collection and Disposal	$7,368,570	$7,277,230	$7,862,020	$584,790
Municipal Airport	$1,192,790	$929,040	$1,810,620	$881,580
Emergency Management	$25,000	$25,000	$25,000	$0

Heritage Fund	$400	$400	$400	$0
Capital Improvements	$9,725,141	$16,365,340	$39,255,540	$22,890,200
TIFD's	$428,640	$385,710	$623,780	$238,070
Total	$60,335,221	$66,633,430	$93,117,790	$26,484,360
Applied/(Realized) Fund Balance	$2,015,620	$4,125,520	$4,409,850	$284,330
Total Revenues and Fund Balance	$62,350,841	$70,758,950	$97,527,640	$26,768,690

The General Fund is 37.4% of total revenues, Solid Waste Disposal Fund 4.6%, Water Treatment and Distribution Fund 4.8%, Sewage Collection and Disposal Fund 8.4%, Municipal Airport Fund 1.9%, Emergency Management Fund, Heritage Fund 0%, Capital Improvements Fund 42.2%, and TIF Districts 0.7%

General Fund: Includes motor vehicles, ambulance fees, building permits, property taxes, Pilots and administrative overhead.

Solid Waste: Includes tipping fees, recyclable sales, punch cards. For 2023, there is an increase in tipping fees and recyclable sales, as well as punch cards. ***For the public, revenues for Solid Waste are on page 132, Council agenda packet.***

Water Fund: Includes user fees, water pollution grants, user charges, hydrant revenues, as well as transfers. There is an increase in anticipated revenues from water development fees for 2023, as well as water user charges. ***For the public, these can be found on page 138, Council agenda packet.***

Sewer Fund: Includes sewer application and development fees, water pollution grants, and user charges. There is an increase in anticipated revenues from the sewer development fees for 2023, as well as the sewer user charges. There is also a $70K increase in revenue due to one of the water pollution grants. ***For the public, this can be found on page 144, Council agenda packet.***

Airport Fund: Includes airport fees, as well as the hangar rents. There is an additional $650K in revenue from the ARPA Funds to cover the AIP 69, which is intended to help airports make up the revenue from the shortfall for COVID 19. There is an increase for landing fees and rental cars. ***For the public, information can be found on page 151, Council agenda packet.***

GENERAL FUND REVENUES – Broken down by source. ***(Page 7, Council agenda packet)***

Taxes are 27.8% of total revenues, Licenses and Permits 4.4%, Intergovernmental Revenues 23.4% Charges for Services 19.9%, Other Revenues 7.5%, Interfund Transfers 3.1%, and Bond Proceeds 13,.9%

Source of Revenues	2021 Budget	2022 Budget	2023 Budget	$ Chg.
Taxes	$24,615,100	$24,900,610	$25,885,720	$985,110
Licenses and Permits	$3,143,480	$3,394,370	$4,107,680	$713,310
Intergovernmental	$3,372,940	$6,749,930	$21,762,840	$15,012,910
Charges for Services	$17,867,670	$17,554,610	$18,537,860	$983,250
Miscellaneous Sources	$1,253,110	$2,203,960	$6,952,480	$4,748,520
Interfund Transfers	$3,615,780	$2,339,040	$2,881,600	$542,560
Bond Proceeds	$6,467,141	$9,490,910	$12,989,610	$3,498,700
Total	$60,335,221	$66,633,430	$93,117,790	$26,484,360

Applied/(Realized) Fund Balance	$2,015,620	$4,125,520	$4,409,850	$284,330
Total Revenues and Fund Balance	$62,350,841	$70,758,950	$97,527,640	$26,768,690

Taxes: Include fees collected for the City Clerk's Office

Licenses and permits: Includes motor vehicles, dog licenses, boat registrations, landfill permit fees, alarm fees, building permit fees.

Inter-governments: Includes other government fees such as the Drug Enforcement Officer, revenues received from the State toward Capital Projects, charges for services (i.e., planning fees, recreation fees, ambulance, cemetery).

Miscellaneous: This includes administrative overhead, the Downtown revenue to offset the Debt payment, cable franchise fees, and some rents.

Interfund Transfers: Includes the landfill host community fees, enterprise transfers (transfer from one fund to another). ***These funds are listed on pages 20-33, Council agenda packet.***

DEBT Service: ***(Pages 35-42, Council agenda packet)***

Depending on the nature of capital assets acquired or constructed (whether for general improvements, solid waste disposal, water treatment and distribution, sewage collection and disposal or airport infrastructure), and how those assets are to be paid for (through property taxation or user fees), debt service responsibility is assigned to an appropriate City operating fund where those costs are budgeted. This is internal to the City as all debt issued by the City is "general obligation debt," which means the "full faith and credit" of the City is pledged to repayment.

The City has a Debt Management Policy and also does its financing through the NH Municipal Bond Bank, as well as the State Revolving Fund.

The 2023 Debt Service Budget is $9,944,900, an increase of $68,050 from 2022. ***(Page 38, Council agenda packet).*** **The change from the prior year is due to attributable ongoing debt retirements and new general obligation debt. The Debt Service Budget is 10.2% of the 2023 City Budget.**

The Debt Service Budget for the City is increased 17.5% or $1.74 million to $11.684 million from 2023 to 2025: 63.1% or $1,098,530 of the increase will be supported by the General Fund (primarily property taxes); the Solid Waste Disposal Fund (landfill fees) is projected to decrease by 2.7% or ($46,900), the Water Treatment and Distribution Fund (water service fees) is projected to increase by 23.2% or $403,750, the Sewage Collection and Disposal Fund (sewer service fees) is projected to increase by 17.4% or $303,620 and a decrease of 1.1% or ($18,970) by the Municipal Airport Fund (airport service fees) over the period.

Mayor McNamara referred to the Taxes (listed on page 3, Council agenda packet) noting he was interested in finding out what how much of the $985K was coming from increases in property taxes vs. a simple increase in the amount due to new construction (2022). Ms. Lee stated the $985K did not include all taxes. You have your Pilot in there too, which are increases that will be done each year.

City Manager Mulholland noted there was a 1.75% increase in the taxable value of the City. This is due to new structures being built and adding to the tax base of the City.

In response to Mayor McNamara's question regarding Intergovernmental Transfers and Trues Brook, Deputy City Manager Brooks noted that nearly $8M is for the Lebanon Airport Capital Projects, $7.5M for the South Main St. Dry Bridge, $2.3M for West Lebanon Main Street, and $441K for Sewer Projects. Roughly over $19M in Interfund Transfers.

Mayor McNamara noted it was important for the public to see that when revenues shoot up by $27M/year this tends to be for CIPs (Capital Improvement Projects) and will not be a yearly increase.

- **GENERAL Q & A FROM ALL PREVIOUS BUDGET WORK SESSIONS**

Councilor Liot Hill:

1. She spoke about West Lebanon noting that in the past, there has been a sense of disparity between City resources being allocated towards West Lebanon vs. Lebanon and wanted to hear about how West Lebanon fairs in the proposed budget for the City.

City Manager Mulholland stated West Lebanon has more parks; a considerable amount of paving has been done in West Lebanon; a number of Capital Projects have been, and continue to be done (i.e., resurfacing roads and doing roadway preservation); and improvements made at the School(s). He also spoke about the Fire Station.

2. Do you think the budget advances the objectives and next steps that the West Lebanon Revitalization Committee put forth in their presentation to Council earlier this year?

Deputy City Manager Brooks felt it does. Among the top priorities were the Main Street Project, which is in the Capital Budget for this year. They are also continuing to work on the Westboro property, which is in process and moving forward. We have designs moving forward for the multi-use path; we have the Dry Bridge, and have reformed the West Lebanon Revitalization Committee (membership is pending). There is a Civic Action group in West Lebanon who continues to work on the Bridge Street Park with the Recreation Department and other volunteers.

City Manager Mulholland noted the Dry Bridge will be the most expensive project, costing more than $14M by the time it is done. They have taken steps to expand the Mascoma Greenway. He also spoke about the bridge across from the Ford Dealership, and its improvements (sidewalks, etc. along the Miracle Mile). The Dry Bridge is scheduled for construction in 2024-2025.

3. Does this budget allow for concrete actions so people can see the City is investing in West Lebanon, noting that on this side of town we have beautiful planters with flowers? While this might be a relatively small thing, it actually had big impact. Will this budget allow for something like this on the West Lebanon side of town next year?

City Manager Mulholland spoke about how the Beautification Project was financed through people donating money and how businesses used their labor force to do this project. If businesses (in West Lebanon) want to participate in something like this, the City will work with them to do this. We should know by the end of next week whether we have the grant funding for the roundabout on Main St. If we do not get the grant, then we have a bigger issue because the cost is almost $2.3M. There are no Capital Projects for next year at this location.

Councilor Liot Hill wanted to make sure we (the City) are showing tangible support for the work people are doing in West Lebanon. Maybe there are some discretionary funds the City Manager can find to do a Beautification Project in West Lebanon.

4. Councilor Liot Hill was really struck by the presentation from Human Services and thinking about the needs City residents and the City are anticipating this coming winter in terms of the increasing costs for housing, housing security, food security and utilities. She felt additional (Human Services) staff support could potentially be helpful. Even if it seems more acute this winter, it seems this is a problem because Lebanon, for better or worse, is the center of a much larger area. People know there are resources here that they need, and was personally glad that when people are in need they have a place to go. This issue is also connected to what the Lebanon Police Chief was seeing throughout the City (i.e., aggressive behavior and increased levels of stress, tension, anxiety and other alarming behavior throughout the City).

Mayor McNamara spoke about the meeting he had with the Mayors and Business of Economic Affairs Commissioner Taylor Caswell last week. What they found out is that under the existing Emergency Rental Assistance Program (ERAP) Program they were housing approximately 700 +/- people State-wide. It was interesting for him to hear that number because he realized, based on the testimony that Lynne Goodwin gave, about 60 of those were Lebanon residents, which is almost 10% of the total number of individuals housed by ERAP. He was encouraged by the additional $20M from the State that will get Lebanon through April/May (2023). He was also encouraged about an additional $13M being considered by the NH Executive Council. The comment he made to Mr. Caswell was that we will not be getting these funds every winter and asked her if there was portion of the roughly $400M from Federal Funds that the State receives that could go toward longer-term solutions. He felt it would be short sighted to not devote a significant portion of these funds looking for permanent solutions. He also reached out to other Mayors to see if we/they can get our staffs together to work on this issue that could then be presented to the State. He noted there is a lot of space between looking for hotel rooms by the night and building multi-million dollar new complexes and felt purchasing existing hotels and converting them into apartment units could be a solution. These are some of the things in the middle that would have a lot of impact for less money down the road rather than spending $289/night for a hotel room. The next thing would be to try and make sure that all communities are treated fairly. We need to find ways that all communities are accountable for their residents.

Councilor Liot Hill noted that if people do not have resources in their communities, at the very least, the communities should be contributing toward the costs of providing services to their residents due to the rising costs of services.

Mayor McNamara also spoke to some of the State representatives noting that it is not just a question of renting somebody a hotel room. If there is not a wraparound service to go along with this, then it is all the more likely that people will not be able to get out of the situation they are in. One of the things we have seen in our current situation is that there were no wraparound services. If you are going to give this ERAP money to various non-profits, do not let them just use it to rent hotel rooms. Let's make this a real program that not only houses people but also attempts to get them into a better situation.

Councilor Sykes spoke about the esoteric part of this issue by stating he would like to believe that budgets, which are a reflection of our priorities, should always be that way. Secondarily to this, we should be thinking about how we are as a society, not how we are managing funds. How our society looks at the least amongst them is the best reflection of what kind of society we have. We should be less concerned about how people got here (Lebanon) and be less concerned about whether they "are our problem." He felt we should be more concerned about looking at long-term solutions. He spoke about his support for additional staffing in the Human Services Department to help coordinate wraparound services as effectively as possible. He also believed that it is, in the long run, short money because if we can help people weather this winter and further help them take care of themselves in the future by providing some stability in their lives, this tends to make societal benefits (i.e., keeping them out of jail, hospital, further addicted, and homeless). In his mind, it is a moral imperative to do something.

Councilor Wilkie echoed his support for this discussion/prioritization, noting each year he has been on the Council there has been some variation of support services that have been a priority among Councilors. Whether or not we can create some calculus to determine where somebody was from, the fact is that somebody who is in Lebanon is residing in Lebanon. He thought this should include people who, if their needs are not being met elsewhere (i.e., hospital access, jobs, need transportation to get to those) it is absolutely integral that we address their needs and the needs of Lebanon's staff. He also pointed out that when we are talking about permanent solutions, low barrier shelters should also be considered in the foreseeable future. We need shelter for the people who are not being sheltered and transitional housing is part of the continuum that should be considered.

At the request of Councilor Liot Hill, Human Services Director Lynne Goodwin stated a quote she made earlier during her Human Services review of their budget: "Housing ends homelessness/Shelters save lives."

City Manager Mulholland noted that in the Pilot Program negotiations with Alice Peck Day Hospital, the City asked for an additional social worker. APD agreed to this, which was then funded by the LISTEN Center. They just extended their program until June 2023. There is a large amount of funds to help deal with the mental issues, etc., but the issue is that APD/West Central Services cannot find qualified workers to hire.

Councilor Simon echoed his support for West Lebanon. He realizes the City has spent a lot of money but anything we can do to help promote West Lebanon, we need to keep going, and urged the Council to continue in that direction. Secondly, he also echoed support for Human Services and was also taken back by the Human Services presentation on their budget and what the City is facing as a community. He personally thanked the Mayor for taking the lead, not only for our community but for a lot of communities across the State and was proud he is his Mayor. He would like to see, whether it is half-time or full-time, assistance for Human Services because their workload is very daunting at the present time. If they are not able to collect the information they need in a timely manner, it makes their job even harder. Lastly, he wanted to also bring up the roads by bringing back the position DPW is requesting and spoke about his reasons why this should be a priority. Everybody uses the roads and funding is needed so DPW can continue to repair/take care of our roads.

City Manager Mulholland explained and gave his reasons why the City would be spending approximately $25K for a right-to-know request from Tri-County CAP. As a consequence of this request, he will need to hire someone to go through every document in the Human Services Department. While Human Services will be getting additional help, it will not be helping anyone at the end of the day. He further explained why he thought the right-to-know request was a waste of taxpayer dollars.

Councilor Sykes noted that we have obligations that we wish other organizations would take care of, and there will be many steps taken on many fronts to try and fix some of these issues. We need to be focused on what this City is doing for the people who need services in this City and fix the other problems as we can.

Councilor Whittlesey spoke about his support to add a full-time position for the Human Services Department, which would help with the very acute, urgent issues they are now facing. We have acute, urgent needs that need to be solved because this issue is not going to go away. He also expressed his support for finding solutions (i.e., through CIPs/Other) to address the long-term systemic issues, noting that when funding runs out, people will be out on the streets in Lebanon, which is what we are trying to address.

Assistant Mayor Below clarified that this additional funding that the Governor and Council recently approved ($20M) was, as he understands, targeted towards just those people who are in the temporary housing ERAP Program, not for the rental assistance that had been part of the larger program. While this provides some relief, what we are expecting is that everyone who is in a hotel rooms by the first of the year will be kicked out. However, these funds will be extended for that group at this point in time. While we are facing a very difficult circumstance, it is not as extreme as it was when we were looking at Ms. Goodwin's presentation. He also spoke about the residents who have lost, or will be losing, their rentals due to properties being purchased by developers/others who are renovating properties in order to get higher rents. This is creating a problem for both tenants and employers.

Councilor Sykes concurred with Assistant Mayor Below and spoke about how this would exacerbate the housing problem by placing more people on the streets that will not be funded by the State. He spoke about the difficulties in not having clear, reasonable data, which we seem to be unable to get. If staffing were available in the Human Services office, we could examine other opportunities on how to achieve the needed data without other agencies.

In response to Councilor Sykes question regarding the Undesignated Fund Balance, City Manager Mulholland noted that in 2022, the City estimated there was +/- $11.8M available but then it draws down to $6,851,395 by 2025. ***(See chart on page 8, Council agenda packet**.)* We are spending the Unassigned Fund Balance faster than anticipated. He has been revisiting these numbers and will have a better chart for the Council to review as we get closer to the Budget Hearing on December 14, 2022.

Councilor Liot Hill thought there was some consensus around targeting additional resources towards Human Services and was interested in hearing about other thoughts from the Council regarding West Lebanon and adding a new position to DPW. She will be looking at the meeting on December 7, 2022, to hear responses from Staff to address some of the issues raised.

City Manager Mulholland noted the most immediate need is not necessarily more staff in the Human Services office, it is dealing with money that is already out there and having it be used appropriately for long-term solutions. He further talked about the State ARPA funds, noting it would be nice to use these funds for longer-term solutions (i.e., building a low barrier shelter and operating funds, using existing structures to build housing, etc.). He also spoke about the debt limitations he is facing with the City's proposed budget for 2023 and moving forward.

Councilor Liot Hill requested the City Manager put together a memo regarding the points he made at this meeting and would welcome his thoughts of what the next steps should be.

City of Lebanon 2023 Operating Budget found at: https://lebanonnh.gov/1655

ADJOURNMENT:
Meeting was Adjourned at 6:41.

Respectfully submitted,
Dona E. Gibson
Recording Secretary