

FINAL

**LEBANON CITY COUNCIL
REGULAR SESSION MINUTES
Wednesday, September 4, 2024 7:00 p.m.
Council Chambers**

Remote Via Microsoft Teams: LebanonNH.gov/Live

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

MEMBERS ABSENT: George Sykes

STAFF PRESENT: City Manager Shaun Mulholland, Deputy City Manager David Brooks, GIS Coordinator Mark Goodwin, Finance Director Vicki Lee, Deputy Finance Director Alesia Williams, Shadowing Recording Secretary Kristan Patenaude

1. **CALL TO ORDER:** Mayor McNamara called the meeting to order at 7:00 p.m.
2. **PLEDGE OF ALLEGIANCE:** Councilor Simon led the Council in the Pledge.
 - City Manager Shaun Mulholland announced the meeting criteria for the public.
 - Councilor Liot Hill was attending remotely because she was traveling back from a meeting in Concord, NH
3. **PUBLIC FORUM:** Mayor McNamara made the Public Forum announcement.
4. **OPEN TO PUBLIC:** No one came forth.
5. **RECOGNITIONS:** NONE
6. **ACCEPTANCE OF MINUTES:** August 21, 2024 (Regular Meeting)
Councilor Heistad MOVED to approve the August 21, 2024 minutes as written and presented in the September 4, 2024 City Council agenda packet.
Seconded by Councilor Wilkie.

Roll Call Vote:

Assistant Mayor Below, and Councilors Heistad, Simon, Wilkie, Zook and Mayor McNamara all voting Yea.

None voted Nay.

Absent from vote: Councilor Sykes and Councilor Liot Hill were not present at the time this vote was taken.

Abstained from vote: Councilor Whittlesey abstained because he was not present on August 21, 2024.

**The Vote on the Motion was approved (6-0-1).*

7. APPOINTMENTS:

- Lebanon Housing Authority, James Moretti (Reappointment Regular Member)

Councilor Simon MOVED to NOMINATE James Moretti for Reappointment as a Regular Member of the Lebanon Housing Authority for a five-year term. Term: 9/24-9/29

Roll Call Vote:

Assistant Mayor Below, and Councilors Heistad, Simon, Whittlesey, Wilkie, Zook and Mayor McNamara all voting Yea.

None voted Nay.

Absent from vote: Councilor Sykes and Councilor Liot Hill were not present at the time this vote was taken.

****The Vote on the NOMINATION was approved by members present (7-0).***

Councilor Liot Hill arrived remotely by phone at approximately 7:05 PM

- Lebanon Housing Task Force, David Duncan (Business Representative)

Councilor Simon MOVED to NOMINATE David Duncan as a Business Representative to the Lebanon Housing Task Force. Term: 9/24-7/1/26

Roll Call Vote:

Assistant Mayor Below, and Councilors Heistad, Liot Hill, Simon, Whittlesey, Wilkie, Zook and Mayor McNamara all voting Yea.

None voted Nay.

Absent from vote: Councilor Sykes

****The Vote on the NOMINATION was approved by members present (8-0)***

8. PUBLIC HEARING ITEMS: NONE

9. OLD BUSINESS: NONE

10. NEW BUSINESS:

- A. Release of Collected Public School Impact Fees (2nd Quarter 2024)**

Included in the agenda packet: ***(All supportive documents and information can be found on pages 24-29, Council agenda packet)***

1. Impact Fee Report as of 06/30/2024
2. November 22, 2021, Memorandum of Understanding between the City of Lebanon and the Lebanon School District, SAU#88

City Manager Mulholland reviewed the background and current information regarding the Release of Collected Public School Impact Fees (2nd Quarter 2024)

BACKGROUND

A Memorandum of Understanding (MOU) was developed in 2010 between the City and the School District for the quarterly transfer of collected Public School Impact Fees to the Lebanon School District for application toward the payment of debt on the (then) new middle school.

On October 12, 2021, the Planning Board authorized a broader use of Public School Impact Fees to include construction, renovation, improvement, or expansion of K-12 school buildings and related building systems, equipment, and furnishings. A revised MOU was developed and signed on November 22, 2021.

To date \$853,788.99 has been disbursed to the Lebanon School District.

7/17/2013	\$83,690.78	11/6/2013	\$14,651.99	5/21/2014	\$19,407.00
8/6/2014	\$2,122.75	2/18/2015	\$723.00	5/20/2015	\$2,819.00
7/15/2015	\$1,627.50	11/4/2015	\$936.00	3/2/2016	\$3,156.00
5/18/2016	\$864.00	5/17/2017	\$5,230.00	12/6/2017	\$6,140.75
2/7/2018	\$41,262.70	9/5/2018	\$12,564.45	2/6/2019	\$1,833.10
8/7/2019	\$8,822.20	4/15/2020	\$40,432.02	7/15/2020	\$123,709.65
12/2/2020	\$57,567.42	1/21/2021	\$102,409.40	8/4/2021	\$12,695.86
1/19/2022	\$9,035.45	4/20/2022	\$3,216.15	10/19/2022	\$261,738.35
2/1/2023	\$2,185.00	4/19/2023	\$3,824.44	9/6/2023	\$3,142.57
11/15/2023	\$9,740.60	2/27/2024	\$6,341.26	5/15/2024	\$11,899.60

This request was for the City Council to authorize the disbursement of \$140,359.34 in collected Public School Impact Fees (through 06/30/2024) to the Lebanon School District.

ACTION:

Councilor Whittlesey MOVED, that in accordance with Section 213.10 (Administration of Impact Fees) of the Lebanon Zoning Ordinance, and the November 22, 2021 Memorandum of Understanding between the City of Lebanon and the Lebanon School District, SAU 88, the City Council hereby authorizes the disbursement of \$140,359.34 in collected Public School Impact Fees to the Lebanon School District to be applied toward the construction, renovation, improvement or expansion of K-12 school buildings and related building systems, equipment, and furnishings.

Seconded by Councilor Wilkie.

Roll Call Vote:

Assistant Mayor Below, and Councilors Heistad, Liot Hill, Simon, Whittlesey, Wilkie, Zook and Mayor McNamara all voting Yea.

None voted Nay.

Absent from vote: Councilor Sykes

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

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

Included in the agenda packet: ***(All supportive documents and information can be found on pages 30-40, Council agenda packet)***

1. August 26, 2024 Memo from Vicki Lee, Finance Director, re: Review and Adoption of the 2024 Cash Management and Investment Policy
2. City Council Policy CC-100, Cash Management and Investment Policy

City Manager Mulholland reviewed the background and explained the purpose behind the re-adoption of City Council Policy CC-100, Cash Management & Investment.

BACKGROUND

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. Finance Director Vicki Lee is charged with oversight of the City's cash management system.

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 Private Wealth
- 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 at least annually review and adopt an investment policy. The Council last reviewed and re-adopted the Cash Management and Investment Policy September 6, 2023. No changes are proposed to the Policy.

Council Comments: NONE

ACTION:

Councilor Wilkie MOVED, that the Lebanon City Council adopts City Council Policy CC-100, Cash Management and Investment, as presented in the September 4, 2024, City Council Agenda packet, to be effective upon passage.

Seconded by Councilor Whittlesey.

Roll Call Vote:

Assistant Mayor Below, and Councilors Heistad, Liot Hill, Simon, , Whittlesey, Wilkie, Zook and Mayor McNamara all voting Yea.

None voted Nay.

Absent from vote: Councilor Sykes

****The Vote on the Motion was approved by members present (8-0).***

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

Included in the agenda packet: ***(All supportive documents and information can be found on pages 41-46, Council agenda packet)***

1. City Council Policy #CC-101.1, Fund Balance Policy

City Manager Mulholland reviewed the background and purpose behind the annual review of City Council Policy CC-101, Fund Balance use

BACKGROUND

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.

During the combined sewer separation (CSO) program, the City intentionally maintained a higher fund balance range of 19% to 24% to help fund the program and smooth the tax rate in those years where debt service spikes occurred. The CSO separation program was completed in 2021. On December 13, 2023, the City Council voted to amend the Fund Balance Policy (which was also renumbered to CC-101.1) to establish a fund balance range of 15% to 19%. The lower fund balance range was recommended by the City Manager as a revision to the policy that is projected to meet the emergency needs and cash flow needs of the City. 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 normally 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, July 15, 2020, August 4, 2021, August 3, 2022, and September 6, 2023. As noted, the Fund Balance Policy was amended on December 13, 2023.

Council Comments:

In response to Councilor Liot Hill's question regarding whether or not the Finance Director or City Manager Mulholland had any concerns over the Fund Balance Policy, City Manager Mulholland noted he did his full review in May, noting we need to be careful not to get below the 15%. We are also taking steps to avert going below 15% within the next four years. Every year, he uses a strict amount of funds to offset the tax rate, which he takes from the Unassigned Fund Balance. The City still has a lot of Capital Projects and it is important that we have a healthy Fund Balance to deal with emergencies and stabilize the tax rate. It is also appropriate to stay within this range (10%-19%).

ACTION: No action was required at this time, as this was an annual review of the Fund Balance Policy, which was adopted on June 20, 2018, and amended on December 13, 2023.

Councilor Sykes arrived at the meeting at approximately 7:11 PM.

D. LEAC - Lebanon Energy Savings Project Presentation

Included in the agenda packet: ***(All supportive documents and presentation information can be found on pages 47-57, Council agenda packet)***

1. August 23, 2024 memorandum from Planning Staff/LEAC re: 2024 Residential Greenhouse Gas Assessment
2. Greenhouse Gas Inventory, Baseline Residential Footprint for the City of Lebanon, New Hampshire

LEAC Members Mr. Jonathan Chaffee (Ward-1) and Mr. Woody Roth (Ward-3) reviewed the background and gave a few contextual remarks before Mr. Jason Staples gave his presentation, noting this project is a significant step in climate actions and spoke about all of the City of Lebanon's actions

that have taken place to date. LEAC's focus has now shifted to the community at large, and we are beginning to answer the mandate in the Energy Chapter of the Master Plan that says: The City and LEAC will provide resources to engage citizens in saving energy." This is called the Lebanon Energy Savings Project. **(Please refer to the memo to the City Council dated August 23, 2024 from the Planning Staff/LEAC regarding the 2024 Residential Greenhouse Gas Assessment as listed on pages 48-49, Council agenda packet.)**

Mr. Chaffee noted the two major sectors of emissions in the City at large are transportation and space heating. LEAC is looking for sources from State/Federal Funds to offer additional financial subsidies to lower and moderate income households who cannot afford to utilize the existing subsidies.

BACKGROUND

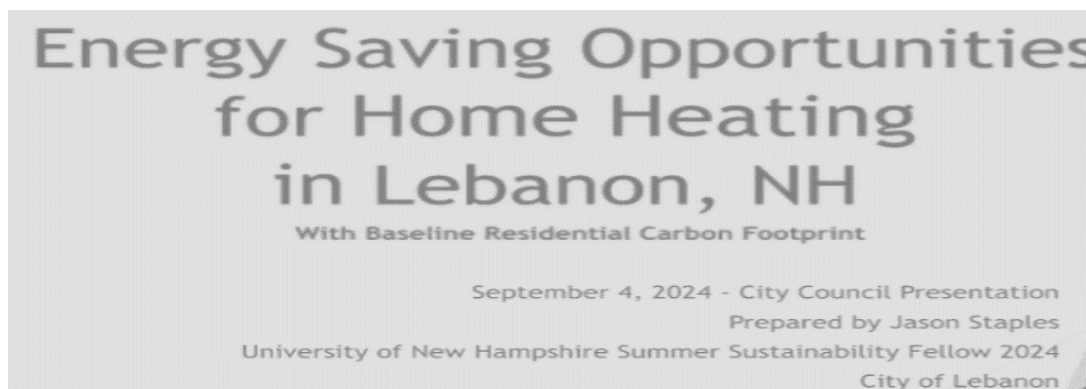
The Lebanon Energy Advisory Committee (LEAC) partnered with Planning & Development Department staff over the summer months of 2024 to assess the City's residential sector's greenhouse gas (GHG) emissions footprint. A student "fellow" from the UNH Sustainability Institute (UNHSI) was brought on board to assist with data collection and analysis. In 2019, Lebanon also benefitted from the UNH program to update our local government operations GHG baseline inventory and identify possible mitigation opportunities. The 2024 project expands on Lebanon's understanding of community GHG contributions that impact climate change to continue addressing the City's sustainability commitments.

A key energy-saving and GHG-lowering opportunity identified by LEAC for the residential sector is heat pump technology, which electrifies home heating with emissions-free ground or air source energy. A major task for this past summer was to collect home electricity and heating source type and usage data, as well as a sense of household income from Lebanon's residents, via survey and landlord outreach. The purpose of the data was to complete the residential GHG inventory, and also to identify:

- a) how much of an opportunity exists in Lebanon for heat pumps (i.e., whether most residents still use GHG-intensive and expensive oil and gas), and
- b) who could benefit the most from potential federal rebates and similar technical and financial assistance.

By undertaking projects like this effort and following a cyclical approach to measuring greenhouse gas emissions, as well as by tracking the potential and actual positive impacts of home weatherization and heating system replacements and similar GHG mitigation projects, Lebanon reinforces its leadership in local sustainability. In turn, that makes the community not only cleaner, but more affordable and livable.

Mr. Jason Staples, a fellow from the UNH Sustainability Institute (UNHSI) gave a presentation and explained the results of the team's data collection efforts and his analysis of the LEAC/Lebanon Energy Savings Project as provided below:



Goals

- ▶ Implement Lebanon's Master Plan for a stable and sustainable energy economy
- ▶ The 2018 Sustainability Fellowship analyzed **municipal** ("local government operations") energy usage and greenhouse gas (GHG) emissions
- ▶ This 2024 project with LEAC aims to begin the process of tracking and reducing the energy usage of the **residential** sector with related objectives:
 - ▶ Identify low-income and disadvantaged households to benefit from heating system upgrades
- ▶ Big picture long-term objectives:
 - ▶ Activate conversions with incentives (e.g., federal rebates, tax credits, energy coaching)
 - ▶ Improve Lebanon's affordability through reduced home heating and cooling costs
 - ▶ Seek a long-term GHG modeling and tracking system to sustain tracking, baseline, and mitigation efforts (e.g., NREL SEED software)
 - ▶ Reduce Lebanon's community-scale GHG footprint

Residential Sector Heating Types

- ▶ The City of Lebanon contained 6,099 housing units in 2020
 - ▶ An additional 633 multifamily units added by 2024.
- ▶ Rental units make up majority of the housing stock = significant opportunity but also challenge because decisions and benefits fall to landlords
- ▶ Many buildings are old and rely on antiquated oil heating systems
 - ▶ 55% of homeowners, 24% of renters
 - ▶ Propane heating is used in another 25% of both totals
- ▶ Many residents would like to update or replace their heating systems, but are presently unable/not planning to do so (2024 LEAC survey)

Residential Outreach

Primary sources of data used for the model:

- Developed and distributed a **survey** about utility usage to residents (N = approx. 70)
 - Current heat/electricity usage
 - State of home weatherization
 - Interest in heat pumps and/or weatherization
- **Direct outreach** with landlords and building owners to collect utility information
- Shared information with local interest groups to foster **community partner** participation
 - Community Power, LEAC, City Council

Creating a Baseline Footprint

Secondary sources of data used for the model:

- ▶ Combined utilities per month in Grafton county: \$359
- ▶ Average electricity usage per month: \$154
- ▶ Utilities minus electricity: \$204
- ▶ This cost is used to estimate the amount of fuel needed for each heating system
- ▶ Fuel type and amount gives the average emissions per household using that fuel
- ▶ Number of households gives the assumed average emissions for each heating method

Household Fuel Use - Average Results

Household fuel usage:	# of Households	2023 average price in NH	Est. Heating cost	Amount of fuel (units)	Conversion Base	Conversion Output	MTCDE:	Total per Fuel Type
Utility Gas (natural gas)*	602	20.51\$ per 1000 sq. feet (2022)	\$204.56	9.97 (1000's of sq feet)	9970 sq feet Nat. Gas.	10328920 (BTU)	0.55	331.1
Bottled Gas (propane)	1333	\$4.29 Per Gallon	\$204.56	47.68 (gallons)	N/A	N/A	0.24	319.92
Electric	1072	\$0.258 per kW/h	\$204.56	792.87 (kW/h)	N/A	N/A	0.29	310.88
Fuel Oil (oil)	2571	4.13 per gallon	\$204.56	49.53 (gallons)	N/A	N/A	0.51	1311.21

Citywide Residential MTCDE		
	Per month	Per year
Heating:	2,273.11	27,277.32
Electricity:	1,500	17,600

on Staples

Interim Results

- ▶ Baseline average results: 27,277 MTCDE/year (heating) + 17,600 MTCDE/year (Electricity)
- ▶ Continue gathering data to evaluate the true emission amount
 - ▶ Every piece of utility data gathered brings us closer to the true value
- ▶ Converting 10% of the baseline from fossil fuel heating to heat pumps would reduce yearly emissions to 25,295 MTCDE/year (7.3% reduction)
- ▶ These factors will change over time, requiring regular updates to the protocol

Results and Next Steps

- ▶ Baseline average results: 27,277 MTCDE/year (heating) + 17,600 MTCDE/year (Electricity)
- ▶ Converting 10% of the baseline from fossil fuel heating to heat pumps would reduce yearly residential emissions to 25,295 MTCDE/year (7.3% reduction)
- ▶ These factors will change over time, requiring regular updates to the protocol
- ▶ Continue gathering utility data to evaluate the “true emission value”--every piece counts
- ▶ NREL SEED software should still be explored but for time being, hand-tailored spreadsheet with custom emission factors can be used for future updates.
- ▶ Dynamic, ongoing process: requires regular staff/LEAC support and funding to be effective.
- ▶ [Lebanon Energy Savings Project | Lebanon, NH \(lebanonnh.gov\)](http://LebanonNH.gov)

Mr. Mark Goodwin, GIS Coordinator, came forth and spoke about his reasons why he supported this project.

Council Comments:

Mayor McNamara questioned what the balance was between the installation of heat pumps in inefficient housing vs. weatherization and whether those two processes could go together or whether it is a financial or environmental benefit to choose one over the other. Mr. Chaffee spoke about why weatherization was necessary for the heat pumps to be efficient, noting weatherization alone can save 25% - 30% in heating costs and weatherization combined with heat pumps are more efficient and can save 65%-70%.

Mr. Roth advised starting with an energy audit first to figure out what is going on with the building and then having a cost analysis done to determine the next steps. He also spoke about how the New Hampshire Saves Program has the potential for creating a City/Residential building database and create incentives for landlords to increase the value of their property and do the right thing for their tenants. Since so much of Lebanon’s housing is landlord-owned multi-family housing, working with landlords is a very important part of their project.

ACTION: *This presentation was for informational purposes only; no action was required at this time.*

11. CITY MANAGER REPORT:

City Manager Mulholland and staff updated the Council on the following:

- City Manager Mulholland sent out a Floor Policy position in response to what the town of Waterville Valley is proposing to the New Hampshire Municipal Association (NHMA) Policy Conference on September 27, 2024. This proposal would eliminate out-of-state garbage coming into landfills in New Hampshire. This is a policy proposal that would have a direct impact on the City of Lebanon, so he wanted to bring this up to see if the Council wanted to take any direct action on this, or try to amend it, noting Lebanon has agreements with 12 Vermont communities allowing them to bring trash into the City’s landfill.

Mayor McNamara understood the reasons behind this policy proposal regarding why New Hampshire is becoming the center for trash coming in from Massachusetts and other more urban areas. This proposal lumps the City of Lebanon in with the States commercial landfills and

Lebanon is one of the few municipal landfills left in the State. At this point in time, the City needs those out-of-state communities to help us get to the financial place where we need to be. If we were to lose that waste, in order to maintain our current and future obligations, we would need to think about how to get (those lost funds) from other towns in New Hampshire and that would put us in competition with other commercial state landfills. His initial thought was to ask for an amendment (to the Town of Waterville Valley proposal) that would exempt municipal landfills and then the City could (independently) decide whether or not to take trash from Vermont towns.

City Manager Mulholland noted he would reach out to Waterville Valley to ask them if they would be willing to support an amendment exempting municipal landfills in their proposal to NHMA.

Assistant Mayor Below also noted these (12) towns had signed agreements with us a long time ago and it was not a State agreement. In theory, there is a landfill in Hartford, VT that could be used as an option when our landfill becomes full.

At the end of discussions, Mayor McNamara said he and City Manager Mulholland's intent is to talk to Waterville Valley in the near future to see if they would provide an exemption to municipalities.

- Main Street Properties: Deputy City Manager Brooks noted he received two (2 out of 4) positive responses from developers who are particularly interested in workforce housing projects. No proposals have been received yet.
- Westboro Yard Update
- Miracle Mile Paving: Has been done, even though the signs remain. Pending date on striping.

12. COUNCIL REPRESENTATIVES TO OTHER BODIES: NONE

13. FUTURE AGENDA ITEMS: NONE

14. NON-PUBLIC SESSION: NONE

15. ADJOURNMENT:

Councilor Whittlesey MOVED for adjournment.

Seconded by Councilor Wilkie.

**The Vote on the MOTION was unanimously approved (9-0)*

The meeting was adjourned at 8:00 PM.

Respectfully submitted,
Dona E. Gibson
Recording Secretary