FINAL

LEBANON CITY COUNCIL
WORK SESSION MINUTES
Wednesday, May 14, 2025, 5:30PM
Council Chambers
Remote Via Microsoft Teams: LebanonNH.gov/Live

MEMBERS PRESENT: Mayor Douglas Whittlesey, Nicole Ford Burley, Timothy McNamara, Laurel Stavis, Christian Simon, George Sykes, and Karen Zook

MEMBERS ABSENT: Assistant Mayor Devin Wilkie & Erling Heistad

STAFF PRESENT: City Manager Shaun Mulholland, Interim City Manager Jack Wozmak, Deputy City Manager David Brooks, City Clerk Jaseya Ewing, DPW Administrative Services Manager Kelly Crate, Cyber Services Director Perry Eaton, Libraries Director Sean Fleming, Human Services Director Lynne Goodwin, Airport Director Carl Gross, Finance Director Vicki Lee, Deputy Finance Director Alesia Williams, Fire Chief/Emergency Management Director Jim Wheatley

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1. **CALL TO ORDER:** Mayor Whittlesey called the meeting to order at 5:30 p.m.
   - City Manager Mulholland reviewed the meeting criteria for attendees.
   - Councilor N. Ford Burley led the Council in the Pledge.

2. **SPECIAL MEETING**

Mayor Whittlesey noted this is really the kick-off of the budget season, which is why we have the budget guidance to City Administration on the agenda. Tonight, we are really looking for input on the Strategic Plan.

   a. **Receive Public Input and Vote to Approve the Strategic Plan**

Included in Agenda Packet*:* **(All supportive detailed documents and financial information can be found on Pages 2-97, Council agenda packet)**

1. DRAFT 2026-2029 Strategic Plan (PDF)
2. Link to the 2026-2029 Strategic Plan (Replit)

BACKGROUND:
The City of Lebanon has been actively developing and refining its Strategic Plan to guide municipal operations and address key community issues. This plan complements the City's Master Plan, which focuses on land use, by concentrating on operational aspects of city governance and other matters beyond the Master Plan's scope.

Strategic Plan Development Timeline

Each year, the City of Lebanon engages in a formal review of the Strategic Plan. The annual calendar of events typically unfolds as follows:

- **January** - City departments work with applicable City Boards/Committees/Commissions to update strategic objectives, task items, current state, and outcomes.

- **March** - City departments finalize the Strategic Plan updates.
- **April** - Strategic Plan Presentations at City Council Work Sessions.
- **May** - Final review and approval by the City Council.

Key Aspects of the Strategic Plan:

- **Annual Development**: City staff, with input from community partners, boards, committees, and the public, develop the Strategic Plan each year. This collaborative approach ensures the plan reflects the community's needs and aspirations.
- **Three-Year Outlook**: The plan provides a forward-looking perspective, outlining objectives and initiatives for the upcoming three years. This timeframe allows for both immediate action and long-term planning.
- **Integration with Budgeting**: The Strategic Plan informs the city's budgeting process, ensuring that financial resources are allocated in alignment with strategic objectives. For instance, the 2025 Proposed City Budget was developed in concert with the Master Plan and the annual Strategic Plan.
- **Monitoring and Accountability**: To track progress and maintain accountability, the city as an interactive Strategic Plan Dashboard. This tool allows residents to monitor the implementation of strategic objectives in real-time.

Mayor Whittlesey opened up discussion to the public and the following came forth to give their testimony:

Ms. Lori Key (Ward-3): She spoke about her reasons why she felt the Strategic Plan (SP) should be modified as follows: The SP was unclear about what direction the City should go; A lot of content had already been completed; Under the Financial Stability & Ability Efficiency section managing to meet some financial stability goals that would translate into affordable property taxes; needs to have a revenue strategy; needs clarity in what the strategy is for the City using the SP in 2025 to inform the 2026 budget; There are too many acronyms; In the CPI through 2030-what is the strategy to reduce tax increases that more reflect the CPI; Something has to happen with spending vs. revenue; Store owners should manage retail crime (i.e., shoplifting) and retail security on their own without the City paying for police foot patrols: She did not see the strategy or necessity of the Cyber Crime Unit and AI (Artificial Intelligence); Questioned whether a Tree Warden was needed.

Mr. Michael Long (Ward-2): He spoke about the following document he submitted to the Council.

Testimony on City of Lebanon Strategic Plan

General Comment: Should the Strategic Plan have a component that addresses the needs of the individual taxpayers in Lebanon N.H.? There is no narrative in the strategic plan that identifies individual residents and property owners as a constituent and "customer". How will the strategic plan impact individual residents and property owners? Are residential property owners expected to absorb the l0% plus property tax rate increases projected in the next 4-5 years? Will there be a financial feasibility study completed to assess viability?

Strategic Objective 3.1 Maintain the City's Debt Management Plan

- ✓ Key performance Indicators ensure the City's debt load stays within the policy established by the City Council for the General, Solid Waste, Water and Sewer Funds

Rationale for limiting projects to debt limit:

a. A city's fiscal sustainability is determined by its ability to provide essential services - such as roads. water and public safety - without needing to continuously raise taxes or take on more debt.
b. Purpose of the Debt Limit: To prevent the City from incurring debt beyond an amount that would put the City at risk of default on existing debt or prevent debt financing needed for future essential projects. Exceeding debt capacity sends a signal that overall financial viability for the city could be at risk,
c. If the debt limit policy says the debt limit is the amount by which you should not incur any more debt, why should there be any exclusions? Does this language render the debt limit meaningless?
d. Under the debt management language. a project with minor grant funding could be approved even if the project results in exceeding the policy debt limit.
e. What about the cumulative effect of several projects all exceeding the debt limit but exempted due to some grant funding?

I was pleased to see a discussion of challenges and opportunities related to financing included in pages 102 through 110. This section of the strategic plan calls for an implementation plan to be developed to address the challenges. The plan states that the city will need to use fund balances and tax rate increases to offset debt service. ln 2025, a $l million draw down of fund balance will be used to help meet the increased debt service and stabilize the tax rate. Near term projects must be evaluated for their impact on the overall Lebanon financial position.

He also spoke about his reasons why he felt the City should do a financial feasibility study that shows the impact on the tax rate and the debt limit.

Mr. Fran Casale (Ward-2): He spoke about how the City is trying to fit a 13 year-old Master Plan into the SP; How the City is trying to accommodate the housing crisis in Lebanon and in the region by themselves, noting the City is under no obligation to do this; before we enter into another section of Lebanon (Lebanon North) for more development, they should consider more focus on a West Lebanon Strategic Plan; How the City needs to have a careful analysis done on what the financial ramifications are for the City before taking on projects.

He heard from the outgoing City Manager that what is put in the Strategic Plan is there to happen. We (the City) have to be flexible in a plan to accommodate the current environment, which has changed dramatically in the past 13 years.

Ms. Jennifer Mercer (Ward-3): She noted the SP was hard to evaluate without understanding how it would impact the City's budget without listing the City's priorities and how much items will cost. She suggested taking the annual plan (aka the SP) and prioritizing it into the categories of Life/Safety, the City's needs (i.e., roads, etc.) nice to have and include budgetary estimates. The SP had too many acronyms that were not explained in the SP. She felt that the box stores should be taking care of their own security rather than having the City pay for police patrols. She also spoke about her reasons why she felt DPW should do all the grounds maintenance and the Storrs Hill funding from the Byrne Foundation, which she thought was used to make skiing free to everyone, including out-of-towners and out-of-staters. Fees and costs should be higher for non-residents and the City should make sure other towns are paying their fair share for some things (i.e., the homeless shelter).

Ms. Mary Davis (Ward-2): She echoed what Ms. Mercer said and suggested the Council not vote on this tonight but go back and redo it where there are numbers and priorities in the SP that the public can see. She expressed her concerns about the Emergency Shelter (i.e., loitering/shoplifting/drug overdoses/fights, etc.)

Ms. Joan Townsend (Ward-2): She spoke about her concerns about West Lebanon and felt it should have a better Downtown area; how DHMC (Dartmouth Hitchcock Medical Center) should fix their own housing issues; her suggestions for the homeless shelter; questioned why the City has two (2) libraries; questioned why the City has two (2) Deputy City Managers who could have helped out with procuring a new City Manager rather than hiring this out (to a third party); how housekeeping needs to be done with the City's payroll (i.e., pay grades); and, charging more taxes for people who do not live in Lebanon.

Ms. Sarah Riley (Ward-2): She spoke about her concerns regarding a second water source for the City and its cost effect on the residents (i.e., water/sewer costs and ecological/recreational costs), noting this second water source) was not documented in the Strategic Plan. There should be more attention paid to this project and hoped the Council would also speak up for Lebanon's unhoused and the City's responsibility to care for the unhoused.

Hearing no further testimony from the public, the discussions were closed.

Council Discussions:
Mayor Whittlesey noted the City would work on the acronyms in the Strategic Plan. The City has been in the process of migrating information from the Miro Board to Replit software. He noted City Staff have tried to incorporate fees very broadly because there are other fee reviews that need to be done. A full comprehensive review of fees will be discussed in more depth in September 2025 and will be part of the annual process to adjust fees as needed moving forward.

Councilor McNamara questioned if it was possible to enunciate the 10-12 things (separate from the Replit) that have changed significantly from the last Strategic Plan and thought a simple summary that folks could read would be helpful. Mayor Whittlesey noted this is something the City can improve on starting in 2026 in terms of communications and how this can be communicated to the public.

Councilor Stavis questioned if there was a spreadsheet on contemplated projects and what the anticipated return on those project investments might be. Mayor Whittlesey noted that the funding amounts listed in the CIP are the best estimates because the CIP sometimes goes out six (6) years. While we do have a list of projects, there are projects that are ready to go if grant funding is made available to pay for them. However, if some projects are not ready to go, the City will not receive the grants.

Councilor Stavis stated that what she was hearing from the public was their concerns about housing projects or other kinds of developments that are being proposed to the City by developers that will cost the City money for infrastructure, funding for city staff support, and their unknowingness' about what the cost benefit ratio to those projects might be.

Mayor Whittlesey spoke about the complicated process that projects need to go through with the Planning Board and Zoning Board and the waivers/variances on projects that can/cannot be done, noting these are not in the purview/control of the City Council.

Councilor Stavis questioned if a cost/benefit analysis could be developed for projects so that members of the public can see whether or not the project will create revenue that will alleviate some of the costs (of a project) for taxpayers. This is a communications issue. In short, is there something that can be developed that will make things clearer to the public.

Mayor Whittlesey felt it was important for the City to be clear on what the City Council can and cannot do and further explained his reasoning.

Councilor Ford Burley noted this comes down to a property owner rights issue in a lot of cases. To Councilor Stavis' point, this is a communication issue and suggested creating a City Webpage talking about what is happening in Lebanon and felt Section 1.6 in the SP might be helpful and appropriate to add under the Enhancing Community Engagement section.

The Council continued discussions on what should be included on the City's website and in the Strategic Plan within 60-90 days (i.e., costs of staff time/planning time/list of expenses, and how to provide that information to the public through fiscal notes).

City Manager Mulholland noted that the City had layoffs in 2025, and we will see more. This is not the time to be adding taxes. The costs of staff time/planning time/list of expenses, etc. would need to be added in the fiscal notes and further explained why adding fiscal notes would cost the taxpayers more money.

Councilor Stavis said she brought this up, so the public knows just how complex this is across many different levels of the City, so it is difficult to get a handle on the kinds of information that the people are seeking in a way that is succinct and does not cost additional staff time, therefore raising taxes.

Mayor Whittlesey reiterated again that the Council tends to focus on the direct City impacts. The Council does not control what private developers do with their space beyond ensuring that it conforms with Zoning/Planning Ordinances, etc.

In response to Councilor Sykes' question about a Lebanon North development, Councilor McNamara thought this might be the presentation given by Mr. Campion at the Council meeting on May 7, 2025. Councilor Sykes requested to see some fiscal notes in the SP and requested data relative to the numbers of police/fire calls, both to the box stores and the low barrier shelter. City Manager Mulholland noted data is available on specific locations and sectors of the City, etc. and requested that Councilor Sykes send him an email and include the specific data he is looking for.

Mayor Whittlesey noted he views the Strategic Plan as organizational. What we are trying to accomplish this year should be operating within the scope of the SP to develop the budget. He did not feel the City could complete everything in the SP and read what his vision for the SP should be as follows:

> "Recognizing the impact of tax increases on residences the City strives to balance the need for services, infrastructure, and capital against the resulting tax impacts to the City's residence. The City shall, when necessary, prioritize funding for the Strategic Objective to mitigate the impact on the tax rate."

Mayor Whittlesey noted the Council will need to prioritize (the funding for the Strategic Objectives) and what the City can accomplish.

City Manager Mulholland noted that the purpose of the Strategic Plan is to provide guidance to the City. We know these things have a cost and if we realistically know things are not going to be done, and if the Council) does not intend to fund things they should not be included in the Strategic Plan. The Council should prioritize the things they are actually going to do in the next year.

Councilor Ford Burley noted there are a lot of things in the (SP) that are dependent upon (future) funding and felt these should not be removed, even if the funding does not materialize. She spoke about the items she felt should be removed: Much of Section 1.7 regarding AI Technology such as Action Item 1.7.1; Action Item 1.7.2; Action Item 1.7.3; Action Item 1.7.4; Action Item 1.7.5; Action Item 1.7.6 and Action Item 1.7.7. These are things that cost staff time and felt AI is very problematic, it is not very efficient or correct (85% of the time). If we are removing things that we do not necessarily need to do, this is one of them.

Mayor Whittlesey noted he added Action 1.7.7 and explained his reason. He felt this represented a language model that would better capture the City's minutes and would reduce the amount of time necessary to produce minutes as a cost savings measure. He was opposed to removing some of AI (artificial intelligence) pieces, noting that AI is here to stay and the City should leverage its capabilities. City Manager Mulholland also spoke about how the use of AI is already being used in the City to save time and costs.

In response to Councilor Ford Burley's comments about how (in Action Item 1.7.7) AI will know what the key takeaways are in a meeting because it is largely relying on large language learning, Mayor Whittlesey explained how this would be done. His thought process was that this would reduce the burden on recording secretaries and staff time, especially given the number of Boards and Committees in the City.

Councilor McNamara spoke about the seasonal homeless shelter (Action 2.2.3: Partner with community providers to provide low-barrier shelter options), noting the goal is reducing the unsheltered population. He suggested this data be amplified because while it may be a small increase in the unique individuals, he guessed the actual number of beds occupied on any given night was much greater this winter than last winter. He felt the text below should be updated to include the following:

- **Updates**: The Lebanon Emergency Winter Shelter served 53 unique individuals during the winter of 2023-2024. The Lebanon Emergency Winter Shelter served more than 70 unique individuals during the winter of 2024-2025

Ms. Lynne Goodwin, Human Services Director, came forth to address Councilor McNamara's comment, noting that a number of individuals alone does not speak to the full picture. They are now in the process of finalizing data from this past winter season and hope to have this information by the end of next week. That data will include not only the actual number of unique individuals, but the percentage of occupancy +/-99.5% occupancy throughout the season); the number of different towns where folks came from; and, based on that data the strategy to contact some of those municipalities and ask them if they can contribute to the cost of operating the shelter for some of their residents. We also have scoured a lot of the EMS call data, and will be happy to give a report on that because there is a lot of misinformation in the community about the number of EMS calls and what those were for. There were NO drug overdoses all winter long at 160 Mechanic Street. There were a lot of EMS health-related calls. She emphasized the need for the seasonal shelter for 1 more winter because the Haven's new shelter will not be completed until the spring of 2026. If Lebanon does not operate their winter shelter next winter there will be no place for anybody in the Upper Valley to go to. Lebanon has a statutory obligation to take care of their residents, so we would have to go back to a motel model in order to keep Lebanon's residents from being unsheltered during the upcoming winter. This shelter has also provided shelter to many more than just Lebanon residents, as evidenced by the State of Vermont kicking in over $60K this past winter for shelter operations. There is a real need that Lebanon prioritizing funding/support for the shelter for one more season until we have something else take its place.

Councilor McNamara requested that when the data comes in, the Council should roll it into the Strategic Plan.

Director Goodwin noted the Haven picked up the expenses of Vermonters and the they received $10K from Dartmouth Health to help cover New Hampshire people, the bulk of which were Lebanon residents.

Councilor McNamara would like to put into the record that:

1) This is a three season shelter that goes from 2024, 2025 to 2026 and then closes when the Haven opens their new facility in White River unction, VT.
2) Lebanon's shelter is a temporary shelter, and it will cease operations once the Haven Shelter opens.
3) For the upcoming winter (2026), finding a way to invoice towns for sheltering their residents.

The Council continued their discussions regarding the language that should be included for the above seasonal shelter.

Director Goodwin noted that Action Item 2.2.4 (a) has been completed and should be closed out.

The Council and City Manager Mulholland discussed what would happen to the budget process if a vote on the Strategic Plan were delayed for some period of time. City Manager Mulholland explained the budget process to the Council and impact it would have if the vote were delayed.

Councilor Simon echoed what some members of the public mentioned (i.e., attaching fiscal numbers to some of the items in the Strategic Plan) and further explained his reasoning. He also requested that it would be helpful to redline/highlight anything that has been completed or mostly completed.

ACTION:
Councilor Sykes MOVED, that the Lebanon City Council hereby adopts the 2026-2029 Strategic Plan and directs the City Manager to take the necessary steps to implement the plan.
Seconded by Councilor N. Ford Burley.

Deputy City Manager Brooks ran through the notes he had taken for the Strategic Plan:

- Spell out acronyms
- Increasing community communication about active development projects. (Will not be included in the Strategic Plan this year.)
- Removing the AI: (Will not be included in the Strategic Plan this year.)
- Definitive statement that the temporary shelter will close on April 26, 2026 subject to the completion of the Haven project – New KPI under Action Item 2.2.3
- Statement about seeking reimbursement from surrounding towns when we shelter their residents in accordance with New Hampshire Law (New KPI under Action Item 2.2.3

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

b. Presentation of 2026 Financial Outlook

Included in Agenda Packet***: (All supportive detailed documents and financial information, including the presentation from City Manager Mulholland, can be found on Pages 98- 132, Council agenda packet)***
1. 2026 Financial Outlook PowerPoint presentation

City Manager Mulholland reviewed the 2026 Financial Outlook for the City of Lebanon, NH. The below is based on projection that we have today and noted here is a lot of uncertainty (in the financial outlook) in today's society, the economy; at the federal/State/local levels, more so now than in the past several years.

BACKGROUND:
The City's budget process begins with the development of the Strategic Plan which begins in January of each year and is approved in May. The City Manager working with city staff develops financial projections for the next budget year and is looking into the next several years beyond that. The projections are based on the information that is available at the time the document is published. There are multiple variables that can, and frequently do, impact actual rates, expenditures, and revenues. The Financial Outlook is a document that aids staff and the City Council in planning for the next year's budget and what the future may look like.

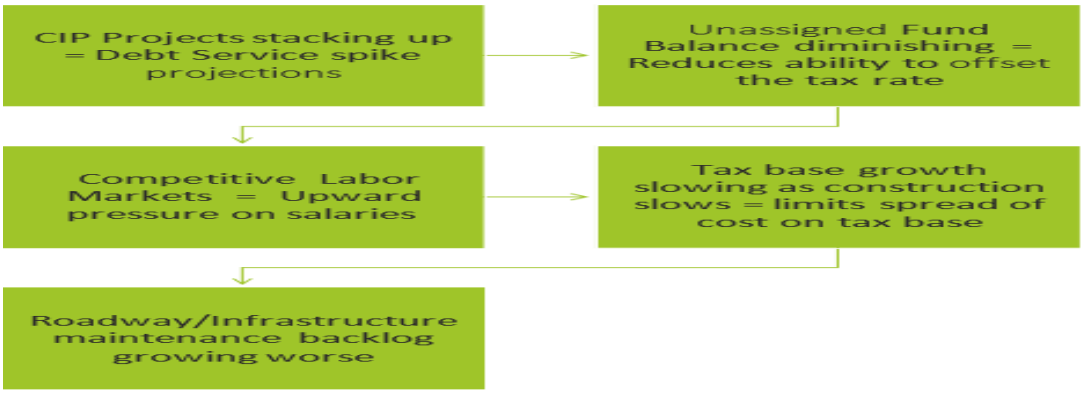
Below are highlights of the presentation. (Please note that graphs were not included in these minutes but are available in the Council agenda packet.)

City Revenue Impacts Vary by Source

STATE REVENUE IMPACTS

For grant relative to housing – Looks like there will be no more grants for this moving forward in the near future.

CHALLENGES



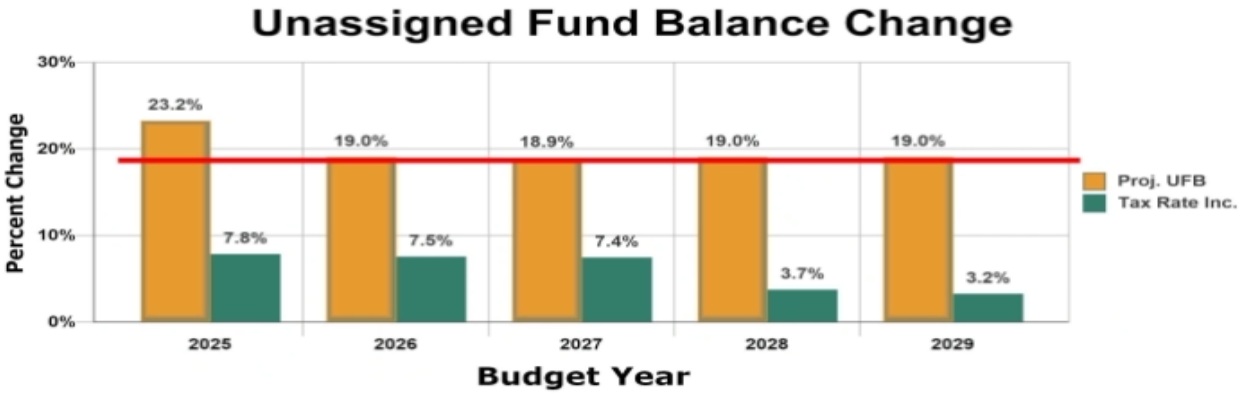
Unassigned Fund Balance Ratios

POLICY REQUIRES FUND BALANCE TO BE BETWEEN 15% AND 19% OF REVENUES OR EXPENDITURES FOR ANY BUDGET YEAR.

PRESENT FUND BALANCE IS 27.8% (2024 UNAUDITED)

USE FUND BALANCE AT $1 MILLION FOR 2025 TAX RATE STABILIZATION (PROJECTED)

UTILIZE EXCESS FUND BALANCE AFTER DEBT SMOOTHING TO FUND CAPITAL RESERVE FUNDS



NOTE: Assumes 3-4% increase in expenditures year over year and a $50,000 increase in revenues other than property taxes Other caveats such as Overlay projections which change at different rates and new property tax inventory growth estimated .25% year over year. This assumes no unassigned fund balance will be used to offset taxes starting in 2027.

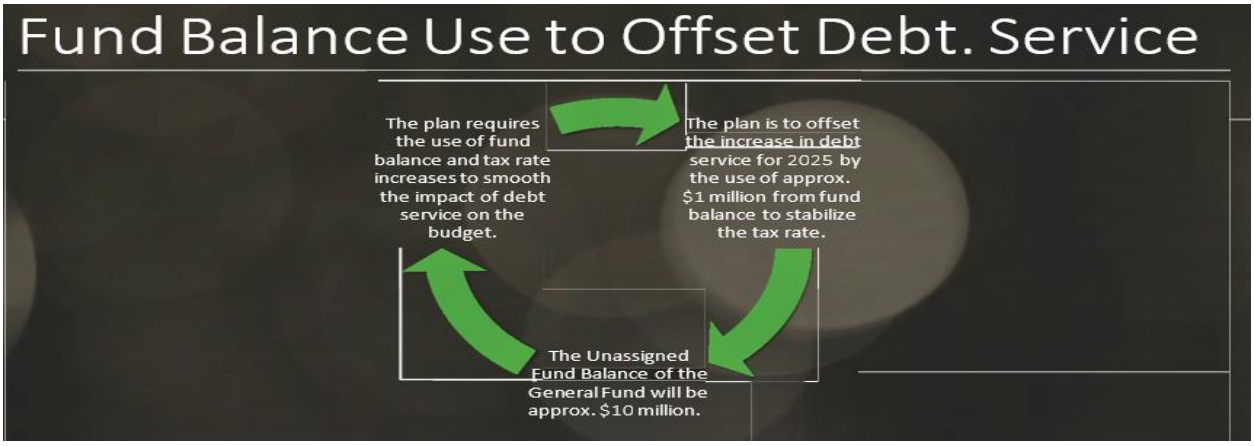
Use of Unassigned Fund Balance Assumptions

The projections assume operating expenditures increase at a rate of 3-4% per year. This will likely require budget reductions including potential layoffs and service reductions.

The debt service projections are based on projected future rates, the actual interest rates on new debt will be determined at the time of bond sale.

The projections assume projects will be completed on the projected schedule and when we actually sell the bonds. This timeline shifts when projects are delayed which can create spikes and troughs in debt service payments.

The projections assume the planned transition to Pay-As-You Go strategy continues by funding Capital Reserve Funds with UFB for vehicles and equipment which removes those expenditures from the general fund operating budget.



TAX RATE INCREASES - CAUSATION

DEBT SERVICE INCREASES

OPERATING INCREASED EXPENSES

SHRINKING UNASSIGNED FUND BALANCE AVAILABLE TO OFFSET TAXES

TAX BASE GROWTH SLOWING (NEW STRUCTURES OUTSIDE OF TIF DISTRICTS)

STRATEGIES FOR TAX RATE IMPACTS

STRATEGIES	POTENTIAL IMPACTS
▶ Maintain debt ceiling policy	❖ Adds to CIP list & fails to address issues
▶ Reduce operational spending	❖ Reductions in service delivery
▶ Limit tax credits & exemptions	❖ Short term impact vs. long term benefit
▶ Limit growth of TIF Districts	❖ Short term impact vs. long term benefit
▶ Utilize PAYGO & Capital Reserve Funds	❖ Negatively impacts UFB & increases budget costs in the short term

LONG TERM FINANCIAL PLAN

Reduce or eliminate

Reduce or eliminate the use of fund balance to offset the tax rate on schedule starting in 2027.

Utilize

Utilize the Unassigned Fund Balance to offset the cost of Capital Projects

- Pay as you go- using cash to pay for projects/equipment
- Capital Reserve Funds

Eliminate

Eliminate the use of the UFB to subsidize the cost of operating expenses

GENERAL FUND

Debt Ceiling Circuit Breaker Provision

- The "Circuit Breaker" provision in the Debt Management Policy took effect in 2025 as we have reached the debt ceiling established in our policy.
- Limits debt spending in the General Fund to the exceptions listed in the policy.
- The City is still below the statutory borrowing limits set by state law.

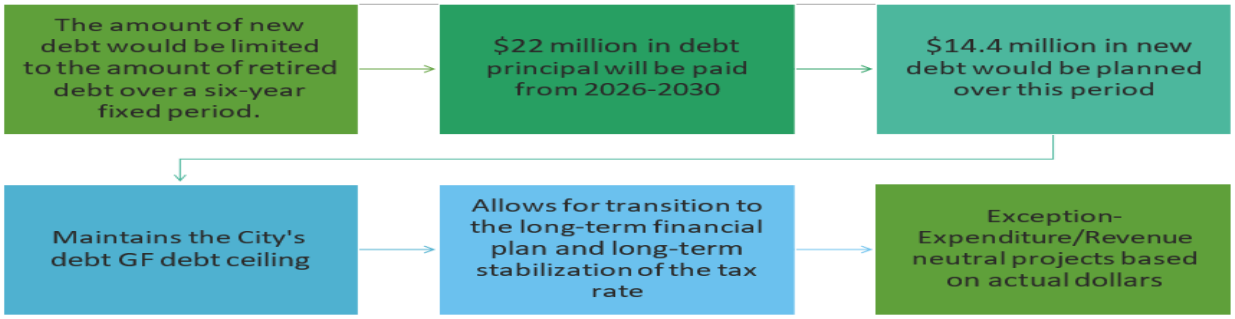
Impacts on CIP

Projects have been backed up due to the impact of the CSO Failure to address known issues may result in cascading impacts

- 0 Facilities
- 0 Transportation Infrastructure 0
- Equipment and Vehicles

Could result in higher long-term costs and negative service delivery impacts

Limitation of Future Capital Projects General Fund



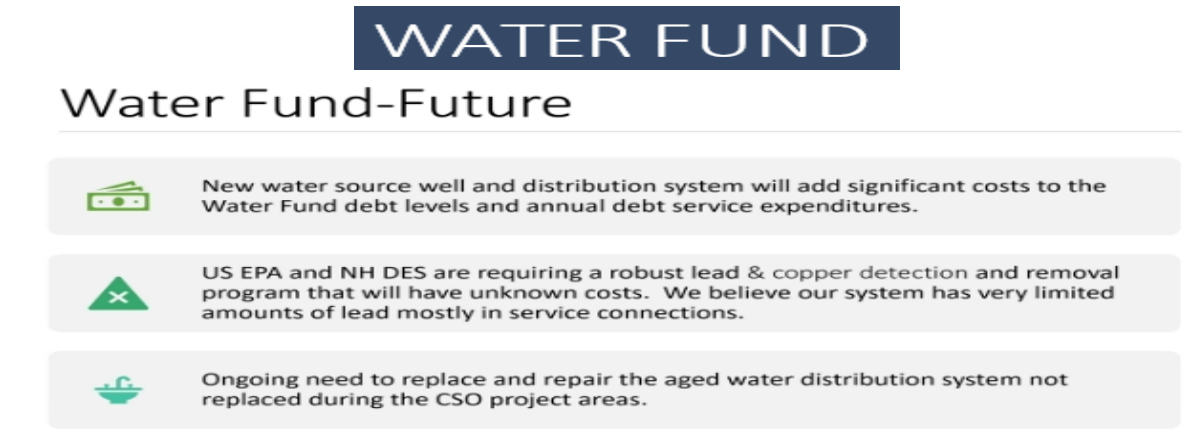
SEWER FUND

Sewer Fund-Future

Replacement/Repairing of the sewer collection system that was not replaced in the areas of the CSO projects.

PFAS mitigation and treatment requirements. Presently US EPA and NH DES have not set regulations for the release of PFAS in treated wastewater or for PFAS in sludge. We are presently releasing PFAS at small levels into the Connecticut River with much larger levels remaining in the sludge.

There are no standards set yet for PFAS.



Councilor McNamara felt it was important to understand that the new water source well is a progressive process which includes: 1) Identify a potential well-site; 2) doing testing on the well; 3) drilling to see what the well can actually produces. No one has said that the City will spend a dollar, at this point, to completely redo the distribution system. This will be a future discussion.

Councilor Sykes felt it was also important for the general public to realize that the City has one (1) water source. It is not a quantity issue as much as it is a quality issue that we have to be very concerned about. There have been increasing numbers of cyanobacteria blooms in Lake Mascoma that has the potential to affect the quality of water that Lebanon is able to get for the city's residents. To not be mindful of that has the potential to be incredibly short sighted. We are trying to see if there are other options available and it is wise to have more than one (1) water source, particularly where one is becoming increasingly compromised. This is an important point to illustrate because we can see there is a pattern of increasing environmental degradation in terms of cyanobacterial blooms. City Manager Mulholland added that another issue is drought, noting the City is very close to running out of water (during droughts).

SOLIDWASTE FUND

AIRPORT

General Fund Subsidy to Airport Fund

- General Fund Subsidy of the Airport Fund ended in 2021. COVID Relief Funds helped to offset airport operating and capital expenses.
- The Lebanon Airport-Tech Park TIF District debt which is charged to the Airport Fund has new development producing increment that was added to the 2024 tax assessment offsetting some of the cost of the debt service.
- Increases in airport revenue have further offset the need to provide subsidy from the General Fund.
- At present projections we do not anticipate General Fund subsidy.

City Manager Mulholland noted there is a threat to air service. The federal administration is talking about eliminating the Covid Relief Funds. This would have a major impact on what is done at the airport.

ACTION: NO ACTION REQUIRED. This item was for the City Council's information.

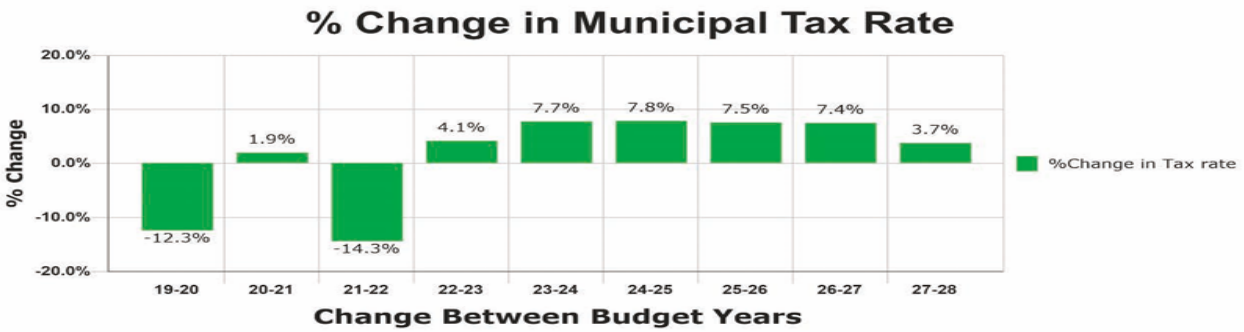
c. Receive Guidance from the City Council regarding the 2026 Budget

Included in Agenda Packet*: (No supportive documents were included in the agenda packet)*

BACKGROUND:
City Charter Article VI, Section 6.05 requires the City Manager to submit a budget proposal to the City Council no later than October 31 each year. The City Council approves a budget for the ensuing year before the last day of December. If the City Council fails to approve a budget by this time the budget submitted by the City Manager becomes the ensuring year's budget.

The City Council may choose to provide guidance to the City Manager related to the budget. Such guidance is discretionary and not binding on the City Manager.

Council Discussions:



NOTE: The 2025-2026 and through 2028 are projections based upon a set of variable assumptions. The reductions between 2019-2020 and 2021-2022 are a result of the revaluation of properties. Without the revaluations the actual percentage of increase would have been approximately 2.5% each year. A revaluation of properties is scheduled for 2025 which will skew the rate.

Mayor Whittlesey noted that, especially for this year, the Council needs to provide clear guidance to the City in terms of how we would like the 2025-2026 budget prepared and what we are targeting. At the

Councils last meeting on May 7, 2025, he proposed the following budget suggestions to look at:

1. High End: Current level of services budget (currently at 7.5%)
2. Middle End: A percentage between the CPI Index and the current level of services.
3. Low End: CPI index

Councilor McNamara felt 3% is necessary, but we will see what the CPI ends up being. His guess is that it will be in the 3% range and felt something in the +3%, 5% to 7.2-7.5% would be reasonable ranges to look at.

Mayor Whittlesey clarified (for simplicity) we would be looking at somewhere between the 5%-5.5% midrange as an option.

Councilor Sykes wanted clarification and requested that these three ranges (3.5%, 5.5% and 7.5%) be prepared to reflect what needs to happen in order to make each of these budget's work (i.e., the impact of cuts in the budget and the impact to the City/taxpayers because of these budgets).

City Manager Mulholland noted that for April it (CPI) was 3.1%. The guidance for Department Heads will be: Do not increase the budget and do not add anything to the level of service budget. For the level of services budget, it does not mean there will not be any layoffs due to cuts. The Department Heads will then work on their departmental budgets. After the CPI numbers are available (middle of July) that information will then be used by the City Manager to see how much more needs to be cut out of the budget he will inform the Department Heads about how much more they need to cut their budgets (i.e., if positions need to be eliminated; if cuts needs to done in the services they provide, etc.). This will be done for all the high, middle and low ranges.

Councilor Sykes spoke about his concerns regarding layoffs and questioned how the City was going to maintain the level of service the City expects if layoffs occurred.

City Manager Mulholland stated that when you have to cut budgets, you have to find out the best way to get things done. That is what we are going to have to do, so that may still result in layoffs of personnel and a shift in priorities.

Mayor Whittlesey stated the Council would like to see what the budget would look like with these budget rates with no increases, no new FTEs (full time employees) but no layoffs.

The Council continued their discussions regarding what a level of services budget would look like; what a level funded budget is; the implications of the motion as written (in agenda packet); keeping a level staffing budget; the impacts to the City if they need to cut positions; and, keeping the expectations City residents demand.

For the record, Councilor Sykes wanted it noted that he had great anxiety about where the City is headed (with layoffs) and the implications of those actions.

Councilor Stavis was also confused with the wording in the motion because options 2 & 3 include the words tax rate impact, but option 1 does not. She thought this was a source of confusion and further explained her reasoning. She felt adding into option 1 after 2025 Budget "and has a tax impact of" would make the whole sequence clearer. City Manager Mulholland explained why this was not possible because this would be a projection which will be changing between now and the next several month due to budget increases that are unknown now (i.e., employee health insurance, the landfill, etc.). He explained that right now, the Council only has a projection of the budget. Councilor Stavis then request (in option 1 after 2025 Budget) if the

language could read: "as determined by future changes on how that might impact the tax rate." She thought having the term "tax rate" in all 3 options makes it clearer, if it cannot be projected. City Manager Mulholland once again explained why this wording was not possible, noting he has to give directions to staff now, so they know what needs to be done on their end for the budget and further explained his reasons.

Further discussions ensued about the wording of the motion.

Councilor Zook asked if, instead of taking this to the departments, to ask them to take a look at whether there are options for them to cut working hours during the week (i.e., landfill on Tuesdays; City programs where attendance is low; etc.). She would like to see week-based data from departments to see if this may be a place where the City can cut some staffing (hours), rather than cutting staff. Mayor Whittelsey also asked if the lives of useful non-capital equipment could be extended from 3 years to 5 years.

Councilor Simon question if it would be easier to say (after the first line in the motion): A 3% or CPI, whichever is lower, a 5% or 7% increase, and further explained his reasons why this would keep things simple. If we have to add to the budget, then we can add.

After more debate from the Council about what the tax rate should be in the motion, the Council took the following Action:

ACTION:
Councilor McNamara MOVED, that the Lebanon City Council issues guidance to the City Manager requesting the following budget alternatives, (1) a level services budget that would provide the same or similar services provided in the 2025 Budget, (2) a budget with a tax rate impact of 3.5%, (3) a budget with a tax rate impact that is approximately midway between alternatives (1) and (2) above.
Seconded by Councilor Stavis.

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

3. ADJOURNMENT
Councilor McNamara MOVED for adjournment.
Seconded by Councilor Sykes.

****The Vote on the Motion was approved (7-0).***

The meeting was adjourned at 8:20 PM

Respectfully submitted,
Dona E. Gibson
Recording Secretary