FINAL

LEBANON CITY COUNCIL
WORK SESSION MINUTES
Tuesday, November 4, 2025, 5:30PM
Council Chambers
Remote Via Microsoft Teams: LebanonNH.gov/Live

MEMBERS PRESENT:	Mayor Douglas Whittlesey, Assistant Mayor Devin Wilkie, Nicole Ford Burley, Erling Heistad (arrived 5:50PM), Timothy McNamara, Christian Simon, Laurel Stavis, George Sykes
MEMBERS ABSENT:	Karen Zook
STAFF PRESENT:	City Manager Andrew Hosmer, Deputy City Manager David Brooks, Finance Director Alesia Williams, Technical Advisor Paula Maville, City Clerk/Tax Collector Jaseya Ewing, Director of Public Engagement and Communications Beth Beraldi, Director of Public Works Jay Cairelli, Deputy Director of Planning and Development Tim Corwin, Administrative Services Manager Kelly Crate, Cyber Services Director Perry Eaton, Library Director Sean Fleming, Airport Director Carl Gross, Chief Building Official and Health Officer Leigh Hays, Assistant Director of Public Works Chris Kilmer, Deputy Police Chief Alan Lowe, Chief Innovation and AI Officer Melanie McDonough, Police Chief Phil Roberts, Administrative Assistant Crystal Taplin, Fire Chief Jim Wheatley, Human Services Director Lynne Goodwin, Arts, Parks and Recreation Director Paul Coats

---

1. **CALL TO ORDER:** Mayor Whittlesey called the meeting to order at 5:30 p.m.
    - **City Manager Hosmer reviewed the meeting criteria for attendees.**

2. PRESENTATION BY CITY MANAGER AND FINANCE DIRECTOR

- **Overview of Proposed 2026 Annual Budget:** (includes City Manager & City Council Operations; Legal; and Advance Transit)

Included in Agenda Packet*:* All supportive documents and financial information, including line-item breakdowns, can be found on Pages 2-7, Council Agenda packet

City Manager Hosmer and Deputy City Manager David Brooks, and Finance Director Alesia Williams were present to answer questions from the Council.

Mayor Whittlesey began by saying that tonight they would be getting an overview of the proposed 2026 annual budget as well as doing their review of the City Manager's budget (both included in the Agenda Packet).

He added that they would have public comment during two different sessions in December.

City Manager Hosmer thanked all department heads and their staff that contributed to the work on the budget, with special thanks to Beth Beraldi, Melanie McDonough, Alesia Williams and Victoria Paquin in assisting with this work and ensuring it was completed in a timely manner.

The purpose of this meeting tonight is to present a balanced, service- focused budget for 2026, to explain the impacts on tax rate and taxes at every opportunity, and to convey that they are stewards of these public funds and therefore should be conservative while making wise investments so that they serve future generations.

Some key highlights of his presentation were:

- Budget Objectives - Taxpayer Impact
  Fulfill public expectations
  Sustainability
  Responsibly Manage
  Financial Strategy (strengthen stability and predictability)

- Budget Overview - Comparison of 2025 to 2026 Budget (as proposed)
  Total 2025 Budget $93,905,895
  Total Proposed 2026 Budget $78,080,370

- Debt Load - $8M of debt will be dropping off in 2026
  Many capital improvements are being postponed
  No new bonded debt in 2026
  New fire truck will be delivered in 2026

- Expense Summary by Fund -

  2025 compared to 2026 Proposed Budget
  2026 Percent Change -16.85%
  Enterprise funds are independent and self-sustaining/
  they do not rely on General Funds

- General Fund Expenses by Department -

  These will be discussed at a future meeting
  2026 Proposed Budget +3.93%

- Factors Driving Costs Increases (obligations)-

  Wages (contractual obligations)
  Health & Dental Insurance premiums
  Retirement/Workers Compensation/FICA/Medicare
  Debt Service $715,920

- City Revenue Impacts Vary by Source -

  Property Tax (largest source of City revenue)
  Motor Vehicle Registration Fees
  Rooms & Meals Tax Distribution

Development Fees (e.g. building permits)
Utility Users Tax/Franchise Payments
Recreation & Fee Programs

- Unassigned Fund Balance (UFB) -

  Maintain range of 15% - 19% of current general fund
  Important cash reserve for cash flow needs and emergencies
  Allows for cash flow between tax billings
  Not legally restricted or earmarked
  Evidence based
  Aligns with the standard developed by Government Accounting Standards Board

- Budgeting Challenges - Government Shutdown & Legislative Changes
  Revaluation of Properties in 2025
  Pavement Management Program
  Pending litigation
  Inflation
  City-wide staffing
  Solid waste – Landfill
  Water -Distribution & Treatment System

Out of every $1, the tax rate breakdown of where the money goes is: City -36 cents, County - 5 cents, Local education - 53 cents, and State education - 6 cents.

While the 2026 Proposed Total City Manager's budget is 16.85% lower than the 2025 Budget, it is due to a smaller Capital Improvement Project (CIP) expenditure and this will need to be addressed in an upcoming budget, in order for Lebanon roads to be properly maintained.

Deputy City Manager Brooks explained that the City Manager works directly for the City Council whereas all City employees work for the City Manager. The City Manager prepares and submits the annual budget and throughout the year, keeps the Council updated and informed of the condition and needs of the City. The City Manager's Office also oversees the strategic planning and operation of the City and coordinates the overall operation with respect to communications and innovations. Additionally, the office also budgets for legal services and Advance Transit.

The City Manager's budget is up about 11% compared to 2025, of which approximately 19% is an increase in wages and benefits (covers the 4 employees in the office), and includes the hiring of City Manager Hosmer.

Most categories in the City Manager's budget are level funded or reduced for 2026. He noted that the Legal Expenses line has increased, to allow for the recent pattern reflecting the need for additional funding. He looked back at the last 10 years, and finally to the last 3 years, using a three-year average and this informed their proposed budget of $375,000 for this category.

He noted two key Department accomplishments including the hiring of City Manager Hosmer, as well as working with the City Council to prepare, plan, and adopt a new three- year strategic plan to guide their operations and decision making for this period.

Under City Manager Hosmer's leadership, it is expected they will further strengthen their communications and engagement and outreach to ensure they are providing timely, accurate, and trustworthy information. They will continue to develop and support the reuse of City owned properties (e.g. Barrows Street, Main Street, Spencer Street, etc.), to expand housing opportunities and to revitalize our downtown neighborhoods.

Lastly, they expect to offer another session of a Citizens Academy, to give Lebanon residents an opportunity to gain a deeper understanding of how the local government operates. In 2026, there will be a specific public safety session over two weeks to include Police and Fire Departments.

Council/Staff Discussions:

He opened the meeting up to questions from the Council. A member thanked Deputy City Manager Brooks for breaking down the Legal Services expenditures and asked about Planning & Zoning and wondered if the City has been able to recoup any expenses for cases settled in the City's favor. Deputy City Manager Brooks said they are in the process of working on two cases where the City prevailed. They are trying to recoup not only the judgment but also the legal expenses on one case. He also answered questions about a line item for Legal Services. This line item has averaged about $50,000 the past 3 years, which is what has been budgeted. Regarding the question of when it becomes cost effective to perhaps hire a City attorney, they will be reviewing this in early 2026 as a policy discussion for the City Council, for the 2027 budget.

Regarding 2025 OPS (Other Purchased Services), Deputy City Manager Brooks said that they purposely did not spend the allocated $55,000 OPS because they knew in February 2025 that City Manager Mulholland was leaving in May, and that they would subsequently overspend for the City Manager's Office, so they delayed the types of short-term studies they would normally engage in which helped offset the overage related to the City Manager role.

Looking ahead, they will be engaging with the Special Needs Support Center to assist the City with compliance efforts around the Americans with Disability Act. They have an outstanding PSA (Professional Services Agreement) for $10,000 to initiate this, and the scope of work includes $25,000 of expenses that could occur in 2026. In the past, they have used these funds for public health needs assessment, a GIS technology audit (extremely useful for a variety of important applications), etc.

He answered a question about the Communications line, which is a cell phone for the manager and himself. The Advertising was used in 2025 for the search for a new City Manager, whereas most years it supplements the advertising line for the City Clerk, used for example, to advertise City Council meetings. Public Communications is for expenses related to the City Innovation Officer.

Regarding Training, Licenses, Dues, the City is a corporate member of the New Hampshire Municipal Association, and that is a majority of this line. For Travel, the City Manager, Deputy City Manager and the Chief Innovation Officer are all members of the ICMA (International City & County Managers' Assn.) as well as this organization in the State of New Hampshire, the Upper Valley Business Alliance. The training includes workshops and seminars that these organizations hold. The travel covers airfare (where appropriate), hotel stays, food, etc. for outside conferences. Mileage is tracked independently (for greenhouse gas emissions purposes) and is used for necessary travel to more local meetings.

He explained that Outside Duplication line item is for CityScapes editions of the Lebanon Times publication that comes out 2 times each year (a four-page spread) and also a 1-page edition in the off season.

In response to a question, only 7-8 of City employees are *not* in collective bargaining units.

Next, Mayor Whittlesey opened questions from the public, pertaining to the City Manager's budget.

Jay Simms, Ward 2, inquired about having the FTE count for 2024, 2025 and the proposed number for 2026 along with the actual amounts spent for 2024 and 2025. He asked what the actual rate increase was for health insurance compared to what was budgeted for a rate increase and would like to see the actual 2024 expenses for this item. The City is awaiting the 2024 actuals for the completed audit, and the Finance Director anticipates having this soon. Mayor Whittlesey redirected the conversation to the General fund since this is the focus for tonight.

Lori Key, Ward 3, asked operational questions about the Communications line and Deputy City Manager Brooks explained that the position was upgraded to Public Engagement & Communications. This role is actively evolving.

She also inquired about the discretionary performance increase. Mayor Whittlesey explained how this part of the budget works and that this is an operational line item and can be discussed at that meeting.

Jennifer Mercer, Ward 3 commented on the Duplication Communication costs.

Wendy Hall, Ward 3, a member of the School Board, inquired about any opportunities to reduce any duplicate positions. She asked if there are new collective bargaining positions and was told there are 3 new units, administrative support staff, deputy directors and department heads. The City is in negotiations with these new teams. All contracts are brought before the City Council. She asked if the City has shopped insurance and it was confirmed that the City did extensive due diligence for this line item. She asked about electric usage, etc. Many of her questions were operational and can be addressed in that meeting.

Samantha Townsend, Ward 2, asked for clarification about some expenses and those were explained to her.

Councilor Simon posed combining employees of the City of Lebanon and the Lebanon School system to see if they could gain economies of scale and therefore save on their health insurance. City Manager Hosmer explained that these conversations have already been initiated and said the two entities are philosophically aligned.

Joan Townsend, Ward 2, asked the City Council to take a look at the proposed discretionary raises for employees.

A Councilor inquired what would happen if contracts under negotiation were to be rejected by the Council. City Manager Hosmer said that while he has not experienced this, he would suspect that they would go back to the bargaining table, and going this route would incur more costs for the City to start all over again. Mayor Whittlesey reminded all that the focus tonight is for the City Manager's budget.

Jennifer Mercer, Ward 3, asked for clarification about the 6% and if these were both in the collective bargaining unit contracts and again this topic will be addressed in a future meeting. Nevertheless, Deputy City Manager Brooks clarified what it is and the logic behind the amounts. Raises are performance based. Mayor Whittlesey added that the Consumer Price Index (CPI) for the Northeast Region was up 3.3 percent year over year (as of August 2025) and has worsened since that time, however it is capped out at 3.0.

NOTE: The City of Lebanon 2026 Proposed Operating Budget is available at: LebanonNH.gov/2026BudgetBook

3. ADJOURNMENT:
The meeting was adjourned at 7:12PM.

Respectfully submitted,
Cinda Mersel
Recording Secretary