

# **D-R-A-F-T**

## **DURHAM TOWN COUNCIL MEETING MONDAY, NOVEMBER 8, 2004 DURHAM TOWN HALL – COUNCIL CHAMBERS 7:00 PM**

**MEMBERS PRESENT:** Arthur Grant; Neil Niman; Gerald Needell; Karl Van Asselt; Mark Morong; Peter Smith; John Kraus

**MEMBERS ABSENT:** Chair Malcolm Sandberg; Annmarie Harris

**OTHERS PRESENT:** Todd Selig, Town Administrator; Michael Lynch, Director of Public Works; David Kurz, Police Chief; Paul Beaudoin, Business Manager; interested members of the public

### **I. Call to Order**

Councilor Grant called the meeting to order, and said the Council would begin deliberations on the 2005 Budget and the Capital Improvement Plan (CIP) at this meeting. He explained that he would be serving as Chair for the evening in place of Chair Sandberg, who was at home with laryngitis. He then introduced Town Administrator Selig to speak.

Administrator Selig said the Budget process was an exciting time, and was one of the few opportunities for the Council to say, through the way it allocated dollars, what was important to it as a body.

He said that in reviewing the Budget at the department level, he and Business Manager Paul Beaudoin had spent a great deal of effort making sure that the budget requests made sense, and were reasonable. He said a key goal was to allow the Council to focus on big picture issues, while allowing them to dig deeper if they wanted to.

Administrator Selig outlined the process of developing the Budget and CIP, and described the timeline during which the Council must act. He said that from past practice, holding the public hearing early in the process worked well, and noted that the hearing was scheduled for the following week.

He noted that a copy of the transmittal letter for the Budget was posted on the Town web site, and then read from this transmittal letter. He explained that the effect of the budgetary bubble the Town had been tracking and pushing off through the use of substantial amounts of fund balance was becoming impossible to manage, without a significant increase to the 2005 municipal tax rate, combined with continued prudent use of fund balance.

He noted that growth in the tax base had slowed from its historical 2.5% to approximately 1%, despite efforts to streamline Town operations, and progress in working to improve revenue streams through the adjustment to fee structures, and through negotiations with the University.

His letter explained that the slowdown in growth of single-family homes was positive for the overall tax rate since this kind of growth usually cost the taxpayers more money than it generated. But he also noted that this slowdown constrained the Town's ability to spread out natural growth on the municipal side of the budget over a broader tax base.

Administrator Selig also explained that efforts to enhance economic development were still in beginning stages, while the state tax structure remained the same. He further explained that there was a long list of budgetary requests that were needed in order to maintain current levels of service. He said that compounding this, there were additional funding requests to enhance services already provided, or expand services by expending large sums of money for infrastructure improvements.

Administrator Selig provided highlights of projected increases in spending for 2005.

- **Ongoing operations of Library** - He explained that since there appeared to be support for the new library, it seemed to make sense to fully fund the library the Town presently had, before going to the next step of constructing a new library. He said this would allow the Trustees to focus all of their energies on fundraising for the new facility.
- **New Library proposal** - He explained that this had been moved out to 2006, because more planning was needed for the project. He said it was recognized there was a great deal of public support for the project.
- **Packers Falls Bridge** - He explained that although no funding had been included in the 2005 Budget to support modifications to the Packers Falls Bridge, the Council had the option to transfer some funding in the 2004 Budget for this project.
- **Road Improvements** – He said that an additional \$48,350 was being requested for road improvements, noting that historically \$250,000 was budgeted toward this each year (total request - \$298,350.)
- **Contingency Line** – He said an additional \$10,000 was added to the contingency line, bringing the total appropriation to \$60,000 in 2005. He noted these funds, if not spent by the end of a year, were transferred to land conservation efforts. He said that since the line was created in 2002, all transferred funds had remained unexpended. He also said it was the Town's goal to increase the contingency line to \$100,000 over time in order to provide a meaningful buffer for the Town in the event of unexpected circumstances, and also to support land conservation efforts.
- **Dispatch Center** - He said an additional \$80,000 was added to the Budget to make an investment in transition costs needed to move police, fire and ambulance dispatching from the UNH Dispatch Center to Strafford County Dispatch, by January 1, 2006. He said this was an example of the Town's efforts to find ways to be more effective with existing resources. He said that over time, the cost savings should be about \$200,000 per year, provided the Town could insure that the level of service remained constant.
- **Main Street Improvements** – He said \$80,000 was allocated for moving forward with Main Street improvements from Pettee Brook Lane to the railroad tracks. He noted this was a

shared program with UNH, and said much of the funding for it came from the Federal Government.

- **Fire Cisterns** - He said \$27,350 was allocated for an ongoing program to locate fire cisterns throughout the community where needed.
- **MainStreet Program** - He noted \$7,500 in funding for the Durham MainStreet Program was eliminated, because the program would likely sunset in 2005. He said that in light of this, the Town was channeling \$3,500 in funding to the *Durham: Its Where U Live* program.
- **Wiswall Dam** - He said that \$50,000 was included in the 2005 Budget for engineering costs associated with repairs to the dam. He noted that \$450,000 in additional funding was earmarked for 2006 in order to complete the repairs.
- **Main Street Enhancements** - He said \$50,000 was allocated to continue sidewalk and lighting enhancement, and noted that the next phase would continue up Pettee Brook Lane.
- **Legal Budget** - He said there had been a reduction in \$10,000 in the legal budget, for 2005, due to successful efforts to reduce the amount of litigation the Town was involved in.
- **Social Services** - He said funding for area social services agencies had been sustained.
- **Planning Board** - He noted that an additional \$10,000 had been included in the Planning Board budget for Master Plan and consultation services. He also said \$20,000 was included in the Board's budget to support the continued development and implementation of GIS technology for the Town.
- **Historic District Commission** - He said that \$4,500 had been allocated for the Historic District Commission budget, to support the production of brochures outlining the Historic District, as well as to support the development of an historic site survey.
- **Personnel** - He said no additional personnel were included as part of the proposed budget. He also said funding equating to a 4.2% increase for non-unionized personnel had been included. He noted this was consistent with increases provided to unionized personnel (when steps were taken into account).
- **Fire Prevention Efforts** - He said that \$500 in overtime funding was included for additional fire prevention efforts in the downtown area, and within multi-unit structures on nights and weekends. He noted that over the last 3 years, this line item had been increased in order to provide strategic coverage without the need for additional personnel.
- **Child car safety seat inspection program** – He said this program had been maintained.
- **Building Demolition** - He said \$28,000 had been added to the budget for the demolition of the old public works garage and related poll barns behind the Town Offices. He also said \$52,000 had been included for demolition of the buildings on the Craig Supply brownfields site. He noted that this second amount was intended to entice federal funding to Durham, and would not be expended unless it was part of an overall proposal to clean up and redevelop the site.
- He noted that the 2005 budget did not reflect the impact of the \$2.5 million land protection bond approved by the citizens of Durham in 2003.

Administrator Selig spoke in detail about the present tax burden on the Town. He explained that while the Town portion of the budget increased at a rate of 2.9% in 2004, the local school portion

of the budget, approved in March 2004, representing a much larger percentage of the overall tax pie, increased by 20.6%. He said it could be shortsighted to artificially lower the municipal side of the budget for long periods of time, in order to allow unlimited growth in other aspects of the tax structure. He said this was one of the key reasons he was recommending a budget that would represent a 4.98% increase in the 2005 tax rate.

Administrator Selig next went over the Budget Guidelines that the Town Council had established in June of 2004. He noted that the primary goal of these guidelines was to develop a 2005 Budget that maintained, at a minimum, town services at the same level as provided in 2004. He provided detail on the following:

**Expenditures** - Personnel: - provide cost of living increases, based on consumer price index, step increases as deemed important and funding for labor contracts and agreement; Non-personnel: up to 3% to meet inflation, with the goal of meeting increases through new, non-property tax revenue

**Programs** - new programs and services; elimination, reduction or consolidation of programs and services

#### **CIP**

**New Revenues** -general growth; fees, permits, licenses; Impact Fee ordinance; UNH agreements; Other)

**Unreserved Fund Balance** - Maintain fund balance of approximately \$1,250,000)

**Conservation Bond** - Any service costs associated with a conservation bond shall be in addition to the proposed budget increase.

He discussed highlights of changes from the 2004 amended budget to the 2005 administrator's general fund budget, water fund budget and sewer fund budget. Concerning health insurance, he noted that at present, there was a phasing in of employee contribution toward health insurance costs, so even though the increase of 20% was high, some of that was being absorbed by the gradual taking on of responsibility by the employees, who now were paying a co-pay on their insurance. He noted that the Council had fought hard for this, and it was starting to pay off in this cycle.

He said the proposed Water Fund budget for 2005 reflected a 20.1% increase in user fees over 2004, although noting to the Council that the actual budget was decreasing by 3.4%. He said the reason for this discrepancy was the correction in the amount of water the Town utilized each year. He said the projected use had been lowered, so there was less water use to spread the budget over, and said this meant that all the water users were experiencing an increase in order to accommodate this.

Administrator Selig said the Sewer Fund budget for 2005 showed an increase in sewer rates equivalent to 47.82%, and said this was because the Town had experienced a reduction in the amount of usage, as compared to what had been projected based on historical usage of the system.

He explained that an additional reason for the increase in sewer rates was that the baseline improvements the Town had been making to the wastewater plant were coming on line in terms of paying off the debt schedule for those improvements. He also noted the increase reflected

some audit suggestions that were being put into effect concerning the way the University was being billed for their use of the sewer system.

## **CAPITAL IMPROVEMENTS PROGRAM**

Administrator Selig next gave an overview of the Capital Improvement Plan (CIP).

### **Planning**

He told Councilors he had met with the Planning Board twice about possible future planning related projects, and said the information obtained from these sessions had been factored into the CIP. He said that unfortunately, because of fiscal constraints, the Town couldn't fund all the planning related projects that were desired.

Administrator Selig provided details on funding included in the CIP for the following planning projects:

- Main Street Rehabilitation
- Wagon Hill parking
- Beech Hill Road infrastructure improvements
- NW SE Transportation Linkage

He noted that both the Planning Board and the Economic Development Committee had recommended funding of infrastructure improvements in the Beech Hill area for 2005. He said funding for this had been included in the CIP for 2006 to show this was something the Town was considering, so if a company expressed interest in locating in this area, it would see this. He said that based on his discussion with George Ball, he would not recommend expending any funds for this project until the Town had a contract locked in with a particular company.

Concerning the NW SE Transportation linkage issue, he noted that the Planning Board felt strongly about moving forward with this project. But he said grant funding had not yet been secured for this, so the project had been moved off to 2006.

### **Library**

He said the \$75,000 needed in 2005 for designing the new Library would be obtained entirely from funds the Library Trustees already had on hand, and said that the construction of the library, included in the CIP for 2006, would require bonding.

### **Conservation Commission**

He explained that the \$100,000 appropriated for land purchase under the Conservation Commission in the CIP was placed there simply to insure the Town could act quickly to purchase land if necessary.

### **Recreation**

Administrator Selig said that nothing for recreation had been put in the CIP for 2005, but said funding was put in for 2006-2008, for planning purposes. He said the Town would be looking at land out by Woodridge fields owned by the University for possible development as athletic fields, based on a recommendation by Councilor Niman. He noted that more recently, the

Council took up the issue of an easement for an athletic field on the Allen property, and said this was an example of providing recreational space for the community at minimal taxpayer expense.

### **Police Department**

Administrator Selig provided details on funding placed in the CIP to replace 2 cruisers, and concerning dispatch center transition costs.

### **Fire Dept**

He spoke about funding placed in the CIP Cistern program for 2005-2006, noting this was a quality program for residences in Durham located at a distance from the Fire Department. He also noted proposed funding in 2005 for upgrades to the fire station, including central air conditioning. He said it was likely that the Town would be able to extend its lease for the Fire Station by an additional 10 years, but said the conditions at the building were not the best, at present. He explained that this project had been pushed out for the last few years because continued occupancy of the Fire Department building had not been certain.

Administrator Selig noted that the cost of replacing the Fire Station was put in the CIP for 2012, and the cost of a new fire engine was put in for 2013.

### **Public Works**

He provided details on funding provided in the CIP on an annual basis for Road Resurfacing. He also spoke about funding included in 2005 for GIS mapping related to meeting Stormwater II requirements. He explained that the stormwater drainage mapping was part of an ongoing effort to build a GIS system that was compatible between Town departments, and which linked together and layered a variety of spatial information, including aerial photos, tax maps, infrastructure, zoning districts, etc. He said this system would allow the planning process to become much more powerful for the Town's boards and committees.

Administrator Selig also provided details on funding allocated in the CIP from 2005-2007 to the Public Works Department for sidewalk reconstruction. He also spoke about the need to replace the backhoe in 2005 and other equipment, and also noted the planned demolition of the Town Hall garages and the Craig Supply site buildings.

Administrator Selig next went over projected Water Fund expenditures in the CIP. He said the engineering study for the Spruce Hole aquifer was planned for 2005. He also noted the planned repairs for the Wiswall Dam, and said that the Town was under administrative order from NHDES to do these repairs. He noted that the fish passageway concept was being considered as part of this work.

He next spoke about the Wastewater Fund, noting especially that \$3,300,000 was proposed for Phase III of the Wastewater Treatment Plant in 2006. He said this had been moved up to 2006, although the permit itself expired in 2005. He said this might be taking a chance, but said he believed that because of the improved dilution factors the Town was experiencing, and also because of the recent repairs that had been done to the treatment plant, the Town might be able to be extended the work out to 2006, and perhaps even beyond this.

Administrator Selig noted there were other factors in play concerning wastewater treatment. He said it would be important to follow the analysis concerning the proposed regional wastewater

outfall project, which Durham might consider participating in if it came to fruition. He also said that dredging might be another option, and said it made sense to consider all options before making a decision. He noted that in the meantime, some upgrades were needed to the treatment plant in 2005.

## **FISCAL FORECAST**

Business Manager Paul Beaudoin said that until some changes were seen in commercial or industrial growth and other desired growth it was important to keep the estimate of the increase in the tax base low. He said that meant they were spreading the increased spending over smaller increases in the tax base over future years, which meant a greater impact for each taxpayer.

He did a spreadsheet presentation by computer to show Councilors different possible fiscal forecasts, reflecting different project priorities identified in the CIP, with their respective cost figures, and impacts on the tax rate and on the fund balance.

Administrator Selig noted that if the Town moved forward with construction of the new library, the bottom line tax issue was the impact this would have on the tax rate, unless more of the fund balance was used, and was therefore depleted.

He said it was important to consider whether, when citizens said they would be willing to pay more for the library, they realized what this implied. He also said there were a lot of other projects that were in the mix, and said the Council as a whole needed to consider what the Town could afford. He said the exercise Mr. Beaudoin had just gone through was designed to show the Council the impacts of various proposals.

Councilor Morong pointed out that the conservation bond was not shown and would increase the tax rate even more.

Administrator Selig noted the goal was to spend this money over time, but noted that if the parcel of their dreams should come along, the Town would take a big initial hit on this.

***Councilor Kraus MOVED that the Durham Town Council approve the Durham Town Administrator's proposed 2005 General fund, Capital fund, water fund, sewer fund, parking fund budgets, as well as the Administrator's proposed 2005-2014 CIP program for the Town of Durham. The motion was SECONDED by Councilor Van Asselt.***

Councilor Smith asked why the Council was voting on this.

Administrator Selig explained that this simply started the discussion in an orderly way.

Councilor Grant said if some Councilor wished to keep it in a very orderly way, the motion could be laid on the table to be taken up at the conclusion of the public hearing and the Council's deliberations.

***Councilor Smith MOVED to lay the previous motion on the table. The motion was SECONDED by Councilor Needell.***

Councilor Needell asked whether, if this motion to table the previous motion passed, it would change the way the Budget and CIP were discussed.

Administrator Selig said it would have to be taken off the table in order for the Council to be able to make amendments.

Councilor Needell asked if this would mean that any discussion would be informal, and no action would be taken until the motion was taken off the table.

Councilor Grant said there would probably be a series of amendments that the Council would vote on at the same time.

***The motion PASSED 6-1, with Councilor Kraus voting against it.***

Councilors agreed to start the discussion with some general questions.

Councilor Niman asked if the idea of asking nonunion employees to pay a co-pay was included in the Budget. Administrator Selig said discussions were being held on this, but said there was no additional increase or savings in the budget for this for 2005. He said the transition was planned for 2005 or as a phase in. He provided details on this, and said they were trying to come up with a plan that worked for everybody, noting that within the nonunion ranks, there were many different understandings reached with employees.

Councilor Smith asked if the Council had been provided with the information on contract arrangements made with respect to different categories of Town employees. Administrator Selig said this information had not been provided. He noted that nonunion employees were very willing to work with the Town, and mainly wanted to know that they were valued. He said it had been pointed out informally that these employees had an understanding that they were grandfathered. He noted that he had explained that grandfathering meant different things to different people, but he said the co-pay was coming.

Councilor Smith said he did not like the fact that there were existing arrangements with Town employees that were not tracked, and said he thought the information should be gathered together so Councilors would know what the situation was.

Administrator Selig said the Business Office knew these details, and explained that different policies and packages had been created for various employees over time. He provided details on the Town's evolving plans to have all employees pay some of the insurance co-pay.

Councilor Niman said his second question related to page 15 of the operating budget. He asked why, under Expenditures, moving from the Administrator's proposed 2005 to projected 2006 budget, expenditures were projected to increase by only 2.2%, given that the bulk of the increase each year was in employee compensation. Administrator Selig explained that as of 2006, the Town would see the impact of a reduction in expenditures as a result of using the County Dispatch system, which would result in a savings of \$200,000 from that year out.



Councilor Niman asked why Fire Department personnel expenditures went up \$200,000 for this year, but only \$120,000 the following year. Mr. Beaudoin explained that there would be a greater phase in of the co-pay in 2006 as compared to 2005, and provided additional details on this.

Councilor Niman said in other words there would be substantial savings from this. There was additional discussion about this.

Councilor Niman noted that a few weeks ago, a police cruiser was totaled, and asked if the replacement cost was not included in the budget because this was covered by insurance. Mr. Beaudoin said the net loss, including insurance, was \$1,500, which was the deductible, and said this amount would come out of the 2005 budget.

Councilor Kraus thanked Administrator Selig for the level of detail provided in the Budget. He said there seemed to be more police vehicles in Town, and noted that the Police Department budget indicated there would be an increase in vehicles. He asked how many of these vehicles represented gifts from the federal government.

There was discussion about this. Chief Kurz provided details to support the fact that the Town had not bought more vehicles, but simply hadn't gotten rid of some older vehicles. He said these vehicles of different ages were being used for a variety of different purposes.

Councilor Kraus said his perception was that quite a few of the vehicles were not paid for by the Town.

Councilor Morong asked whether, if in 2006 the Town spent \$3 million on the new library, this would affect how the Department of Revenue Administration looked at the Town's fund balance percentage. There was discussion about this.

Councilor Morong asked whether, if the percentage dropped to 6% when 7-15% was recommended, this would affect the Town's bond rating. Mr. Beaudoin said the Department of Revenue Administration (DRA) had nothing to do with this, but said the bond companies looked at these numbers, and also looked to see if there was a sustainable CIP. He said if the Town kept the tax rate at 4% but depleted the fund balance, the bond companies would say Durham wasn't a good bet, and was not planning well for the future. But he said the bond companies would see the Town's 2005 Budget as a sustainable plan.

Councilor Morong noted that Durham presently had a good bond rating. Mr. Beaudoin said the Town had one of the best bond ratings in the State. There was additional discussion about this.

Councilor Grant asked if there was a limit on the amount of money the Town could bond, and if so, if the Town was approaching this. Mr. Beaudoin said the cap was approximately \$18 million, and said the Town was at \$5-6 million at present.

Councilor Van Asselt said if the 2005 Budget were adopted as is, his tax bill would go up 5%. He did the calculations on what this would mean in terms of a tax bill, and said the bottom line was what taxpayers were willing to pay. He also asked whether the UNH agreements being worked on would impact the 2005 budget in any way. Mr. Beaudoin said there was some impact

in the 2005 Budget from results of the negotiations, but said the impact would be much greater in 2006 because the changes would have been in effect for a full year.

Councilor Van Asselt noted some projected increases in spending for projects that involved UNH, and asked if the University was putting hard cash into any of these.

Administrator Selig said the costs for these projects were shared with UNH.

Mr. Beaudoin explained that concerning the GIS flyovers, and other shared projects, that the partnering was mutually beneficial.

Councilor Van Asselt asked if the compensation from the University came from cash or from in kind services, and Administrator Selig provided details on this.

Councilor Grant asked about the UNH share of the Main Street improvements program, and Administrator Selig and Mr. Beaudoin provided details on the funding arrangements for this program.

Councilor Grant asked if additional infrastructure improvements as part of the Main Street improvements included replacement of water and sewer lines.

Public Works Director Mike Lynch said there would be drainage improvements.

Councilor Grant asked if the Town knew what the condition of the water and sewer lines was under Main Street at that end. Mr. Lynch said not exactly, although noting that these were older pipes. He explained that the water main under that roadway was owned by the UNH, the Town owned the roadway, UNH owned the sidewalk, and the Town owned the drainage.

Councilor Grant said that before the Town spent money up there, if they were going to be covering over pipes that might not be good, if the study would be looking into the condition of these pipes. Mr. Lynch said the engineering firm would be looking at all of the infrastructure in this corridor.

Administrator Selig noted that at the last meeting, there had been speculation that the Town would have to tear up the new sidewalk to repair water pipes. He said this was inaccurate, and asked Mr. Lynch to speak about this.

Mr. Lynch said the comment that the water line at the intersection of Main Street and Madbury Rd was under the new sidewalk was not true. He said it was actually located under the traffic island where the flowers were, in the middle of the road, and said that as one traveled down the road, toward the Catholic Church, the pipes veered over toward the sidewalk.

He said the engineering plan for 2006-2007 was to leave the old line in place and utilize it while road construction was going on, and then to move the new line out to the middle of the road.

Councilor Smith said he wanted to be clear on the issue of the possible need to replace lines at the west end of Main Street. He asked Mr. Lynch if he was saying that those water lines would be inspected, and to the extent they were not found to be in very good shape, they would be

replaced prior to laying down new roadway. Mr. Lynch said they would be inspected, but said at that point, the Town's stand was that the lines were owned by UNH.

Councilor Smith asked whether, if these lines went bad, and they were owned by UNH, if the Town's stand was that UNH then had the responsibility to repair the street and put back the road to what it was after the Town had spent a lot of money. Mr. Lynch said it was.

Councilor Smith said he assumed the University would make this determination before spending any money. Mr. Lynch said very much so.

Councilor Smith asked, if the projected 1% increase in property valuation was determined because the only experience available was what the increase was expected to be for the next year, or because the long range economic forecasts had established that in all likelihood this was what could be expected. Mr. Beaudoin explained some of the factors that were used to try to determine this. He said there was nothing especially concrete to use, looking to the future, so it didn't make sense to put in anything other than a conservative figure of 1%.

Councilor Smith asked whether, with that figure, Town staff were considering exclusively what the likelihood was of new construction, and the figure was not influenced by the likelihood of increased value of the real estate property that currently existed. There was discussion about this.

Councilor Smith noted that several department heads had posed some major concerns about a possible consolidation of the dispatch center. He asked if the figure put in the budget concerning a decrease in costs as a result of this indicated that the obstacles to this project could be overcome, and the Town could take this step.

Administrator Selig said the probability was high that the Town could move forward with this. He said it appeared that many of the concerns about it could be addressed, and noted that the Town would want to move forward with this project hand in hand with the University. He said it therefore seemed reasonable to factor projected cost savings resulting from this transition into the fiscal projections.

Councilor Smith asked what the probability was that the University was prepared to go ahead with this as well. Administrator Selig said the financial savings for UNH were comparable to those the Town would receive. He said if the University was certain it could obtain the same level of service, there was a reasonable chance that it would move ahead with this.

Councilor Needell said he would like there to be an in-depth discussion on this item, noting he was concerned that the implications of this assumption were fairly significant. He also said the information he had seen on this idea was extremely negative, and said that before adopting this plan, he would like to be convinced that there was more positive information that he didn't have.

Administrator Selig said he most likely wouldn't be able to give Councilor Needell the answers he needed in order to feel assured, during the Budget process. He said that the way dispatching was handled truly fell under the authority of the Town Administrator, and said that if he could find a way to transition to another provider at the same level of service, and save the Town money, he could make that transition. He noted that this did not address whether the fiscal forecast was accurate.

Councilor Needell said his question was whether the Town should expend the \$80,000 to go forward regardless of whether there would be cost savings down the road. He said he was not sure this was money well spent, and said that Councilors could exert some influence on this. He said he would like to have that discussion before approving the \$80,000 enabling line item.

Administrator Selig said they could talk about this more, but said he was not confident he would have the needed information in place within the next few weeks to reassure Councilors on this. But he said Councilors could rest assured that unless it could be determined that the level of service would continue, he would not make the transition. He said meetings were being set up between representatives of the Town, the University and the County to discuss this idea in much more detail.

Councilor Needell asked if the decision were made to abandon the project, if the Town would have already spent the \$80,000. Administrator Selig said it would not have spent this money, and said the Town would have all of 2005 to run through all the issues, and to insure that the glitches were worked out before handing over responsibilities to the county dispatch. He noted that the Town would do this analysis with other money, before expending the \$80,000.

Councilor Grant said he expected this was an issue that would come back before the Council.

Councilor Morong asked whether, if the Council left the \$80,000 in the budget, it could assume that before it was spent, the Town Administrator would come before them to get authorization for the expenditure. Administrator Selig said he did not have to do this, but likely would do so if he knew this was important to the Council.

Councilor Grant suggested that Administrator Selig bring this back before the Council at a future date. Administrator Selig said his goal in this was to find ways to do things cheaper and more effectively, and not to run Town departments to ruin. He said this was the reason he was pursuing the dispatch concept aggressively.

Chairman Sandberg declared a five-minute break at 8:55 PM

The meeting reconvened at 9:00 PM.

Councilor Grant noted that there would be a public hearing on the Budget and CIP the following Monday evening.

Councilor Needell pointed out discussion on special details on page 68, under Police budget expenditures, and asked where in the Budget the revenue piece for this showed up.

Mr. Beaudoin said this could be found on page 22, under Special Services.

Councilor Niman asked Administrator Selig regarding the proposed Fire building upgrade, if he would be able to see the lease agreement first, so he would feel confident before appropriating funds for the upgrade. Administrator Selig said the agreement would be delayed so it would not be available until Jan. 2005. But he said the funds for the upgrade would not be expended unless that agreement was in hand.

Councilor Niman noted that although there had been discussion that a parking lot could be built at the Craig Supply site to help provide revenues toward the cleanup, he did not see this in the Budget.

Administrator Selig said the Remedial Action Plan (RAP) had not yet been approved by NHDES, and said it was his general understanding that the parking lot could not be constructed on this site until the remediation was complete. He said it had not yet been determined which RAP option would be approved, so the Town was simply looking to tear down the buildings at present. He said they didn't want to expend taxpayer dollars without the certainty that these funds would be reimbursed.

Councilor Niman said it appeared from the presentation at the previous Council meeting on the Craig Supply site that 2/3 of the site could be paved over, at present. He asked why the Town couldn't plan for this, to start getting revenues to offset the future remediation costs.

Administrator Selig said the project wasn't far enough along to give Councilors a definitive proposal on this.

Councilor Grant asked if there were sufficient funds in the parking reserve to address this, if an opportunity came up.

Councilor Morong asked if the Craig Supply buildings were knocked down, why the site would have to be paved in order to be able to start parking cars there. Administrator Selig explained that because the soil on the site was contaminated, it was important to be sure they were not putting people on the site. He explained that the present focus of the Town's efforts concerning this issue was on getting grant money, and on getting approvals from NHDES.

Councilor Kraus said he thought he had heard about possible fire training exercises at the site, as opposed to tearing down the buildings. He asked if that idea was no longer viable.

Administrator Selig said some concerns had been expressed about the trains passing through there. He also said there were some concerns about burning down the buildings.

Mr. Beaudoin noted there was \$52,000 in the parking fund, and Chair Grant said that wasn't enough to pave over anything.

Councilor Van Asselt asked why the decision had been made to increase funding for the present library from \$95,000 to \$163,000 for 2005, noting this was one of the largest line item increases for 2005.

He also asked whether the information provided to Councilors that evening on the Packers Falls Bridge issue was public information. Administrator Selig provided details about this information.

Concerning Councilor Van Asselt's question on the library funding, Administrator Selig said a key reason for increasing the funding for the existing library was that he was not sure the community could talk seriously about constructing a new physical structure for the library, if it was not committed to providing a basic level of support for the existing library. He said it was

time for the Town to move beyond the level of funding that had been in place, and said \$163,000 represented full funding for the library.

He noted that at present, the Library trustees needed to utilize some of their savings to fully fund the library every year. He said they should be spending their time on a capital campaign, and could not do this while focused on operation of the library. He said if the Council was as supportive of the new library as it had previously indicated it was, he was interested to see how it would address this issue.

There was discussion on the line item budget for the library, including the personnel program.

Councilor Smith said he believed there was merit to Administrator Selig's idea of testing whether the Council was serious about providing adequate funding for the library. He said he believed this matter had to be discussed by the Council, and in connection with the overall 2005 budget. He said that if the Council had no particular interest in appropriating funding for the existing library now, this would send a powerful message about what the Council thought about the rest of the library project.

Councilor Smith said he disagreed with Administrator Selig's connection of that question with the idea that it was important that the Library Trustees be able to concentrate on capital fundraising. He said he did not agree that they had previously been unable to do so, and said that in fact, they had had many years to do this fundraising. He said if the Council took this step now with the existing library, what then happened with fundraising would have an enormous influence on any money that was asked for, for this capital project.

He said he wanted it to be loud and clear what the Council's intentions were if they increased the support for the existing library. He said the second thing was what the Council expected of the Trustees in terms of capital fundraising. He said he didn't want there to be any illusions as to what his views on this were.

Councilor Niman asked Administrator Selig if he had received a response to the questions posed in the September 29<sup>th</sup> memo to the Library Board of Trustees, and if so, if this information, as to how much more the library was going to cost, in terms of personnel, operating expenses, etc. would be incorporated into the outlying years of the CIP. Administrator Selig said he had not received this information back yet, because the Trustees were still working on it. He said this information had not been built into projections for the new facility, and said this was part of the reason the new library had been pushed off until 2006 in the CIP.

Councilor Needell asked whether, with this facility pushed out to 2006, Councilors should expect as part of the discussion, that they could make a statement endorsing this project generally, and could say they were intending to bring forward a bond issue for construction of the library. Administrator Selig said because construction of the library was not part of the 2005 budget, the Council wouldn't be approving the library in approving that, but he said that by approving the CIP, they would be approving the library in concept.

Councilor Needell said he was hoping the Council could come to a clear statement in the next few weeks that said it did endorse this project, and would use this as the basis of discussion.

Administrator Selig said he hoped the Council would have that discussion.

There was discussion between Councilor Niman and Administrator Selig concerning what the proposed \$64,000 for the Spruce Hole aquifer was needed for. Administrator Selig said the study would provide information on the viability of the aquifer as a water source, and would provide an educated guess on the cost to develop it. He said that cost didn't show up anywhere in the CIP because the Town didn't yet know that amount.

Councilor Niman asked Administrator Selig if he would be willing to commit to him that it would be determined if the Town could develop 3-4 acres next to Woodridge Field, so the proposal could be taken out of the CIP and they could get something realistic about expanding playing fields.

Councilor Niman noted a September 9<sup>th</sup> memo from Administrator Selig where he asked department heads to go through the core services they provided. He asked if this information could be made available for further budget discussions, along with the master fee schedule.

Councilor Needell asked, regarding the increase in the contingency fund, why \$100,000 was being recommended if the existing yearly amount had not been used in the past several years.

Administrator Selig said it hadn't been spent because Town staff had been accurately projecting their needs, and were good at handling crises efficiently. He said it had been his hope to forestall the need for the community to approve the \$2.9 million land acquisition bond by having the town fund, on the back end of each budget, substantial land to be set aside for conservation, combined with changing the land use change fee tax to go 100% toward land conservation efforts. But he said even though the Town planned well, it could not forecast future contingencies. He noted it was a cumbersome process to amend the budget if this was necessary, and said there were a number of instances where having contingency money allowed the Town not to have to disrupt normal services. He said that allotting \$100,000 as contingency for a community with Durham's operating budget was good management practice, along with providing a level of comfort, and noted Town staff was trying to be conservative.

Councilor Needell said if this contingency funding was not expended each year, it went into the land acquisition fund. He said he had no problem with this. But he said the Town now had a bond that covered land acquisition, and said he would feel better if this contingency funding was returned every year to offset taxes. He said it concerned him that this was a backdoor way of funding something else.

Councilor Grant said this was a good policy issue, and one they might want to discuss again later.

Councilor Van Asselt noted the memo received that evening concerning the Packers Falls Bridge, and went through the financial details provided in this memo. There was detailed discussion about this information with Administrator Selig and Mr. Beaudoin, including which of the funding amounts would impact the fiscal projections.

Councilor Grant said he had not understood that in contract negotiations with personnel, there would be an average of a 4.2% increase in personnel costs in 2005. He said he had thought the

figure would be closer to 3.5%, and asked if the 4.2% figure represented something more than the Council had talked about.

Mr. Beaudoin said it was a 3% cost of living increase, plus the steps. He noted that the impacts of these steps had been reduced significantly.

Administrator Selig said nonunion employees, did not have step plans.

Councilor Grant said in other words, employees across the board would be averaging 4.2% increases. Administrator Selig said the 4.25% increase was a pool of money set aside for nonunion employees, and was roughly equivalent to what a unionized employee would receive if one combined cost of living increases and step.

Councilor Grant said he had not seen anything that approached the CPI barometers that had been picked for 2005, and asked where they came from.

Councilor Niman said a reason for such variation was that Administrator Selig had to use 3-4 different indices for the Northeast. He noted that it was housing costs that were really driving these indices.

Councilor Grant said his general observation was that as he quickly read the budgets in recent years, the place where the Town really got shellacked was in reductions in state funding. He said he wished the Town could develop a program to get community development block grants, noting that other towns in the area were getting these federal and state grants.

Administrator Selig said Town Planner Jim Campbell had attended sessions on getting CDBG grants, and had found that Durham generally wasn't a town that qualified for them, given its size. He also noted that the Public Works Department had actively evaluated the possibility of getting water and wastewater CDBG grants, but said this was a challenge for the Town.

Councilor Grant said the Council needed to encourage the Library Trustees to pursue private funding, and said this also needed to be a high priority for all Town departments. He said the Town needed to find a way to offset the loss of state revenues.

Councilor Smith said he assumed that Administrator Selig was working with the engineering firm concerning their appropriate contribution to the Packers Falls Bridge repairs.

***Councilor Kraus MOVED to adjourn the meeting. The motion was SECONDED by Councilor Morong, and PASSED unanimously.***

The meeting Adjourned at 9:40 PM.

Victoria Parmele, Minute Taker