

This set of minutes was approved at the January 10, 2005, Town Council meeting.

**MONDAY, DECEMBER 13, 2004
DURHAM TOWN HALL -- COUNCIL CHAMBERS
TOWN COUNCIL MINUTES
7:00 PM**

MEMBERS PRESENT: Chair Malcolm Sandberg; Arthur Grant; Neil Niman; John Kraus; Karl Van Asselt; Peter Smith; Mark Morong; Annmarie Harris; Gerald Needell

MEMBERS ABSENT: None

OTHERS PRESENT: Todd Selig, Town Administrator; Business Manager Paul Beaudoin

I. Call to Order

Chair Sandberg noted this meeting was a continuation of the Council's Budget session, and the only item on the Agenda for the meeting was discussion on the proposed 2005 Budget.

Councilor Kraus MOVED to approve the Agenda, The motion was SECONDED by Councilor Morong, and PASSED unanimously.

Chair Sandberg noted that the time limit for completing the Budget process was approaching, and asked Administrator Selig to recap where deliberations on the Budget and CIP had proceeded since early November.

Administrator Selig went through a Summary Sheet that contained all the decisions made to date by the Council concerning the Proposed 2005 Budget and CIP.

- Eliminate Library Study funds from 2005 CIP (- \$75,000)
- Reduce Library Building in CIP from \$2,966,473 to \$1,600,000
- Move Downtown Sidewalk Reconstruction back one year
- Delete Bennett Road Railroad Bridge from CIP 2012 (- \$770,750)
- Move Spruce Hole Aquifer Study from 2005 to 2006
- Adjust Health Insurance General Fund (\$31,500 saved), and re-distribute these funds to the following:
 - increase Contingency (+ \$25,000)
 - add funding for Zoning Rewrite to Zoning Office (+ \$5,000)
 - Reduce use of Fund Balance for 2005 (+ \$1,500)

Administrator Selig noted that the issue of whether the 2004 contingency funds would go to land conservation at the end of the year, if not needed for something else, had not yet been

decided on by the Council. He also said that the items concerning what to do with the Insurance savings were suggestions, and said the Council would be discussing this.

Administrator Selig said he would like the Council to reconsider the decision to put off the Spruce Hole Aquifer Study for a year. He noted that Mike Metcalf of Dufresne Henry had come to the meeting on his own time to discuss this with Councilors, if they wished to do so.

Chair Sandberg asked if there was any objection to having Mr. Metcalf speak, and Councilors said there was not.

Town Engineer Bob Levesque provided background information on the Spruce Hole Aquifer Study proposed for 2005, stating that he wanted the Council to know where the Public Works Department was coming from on this issue. He said the Department had been looking at the issue for quite some time, and provided details of the findings of the recently completed Dufresne Henry water report, and the Town's present water supply options.

He said the projection from existing to future flows was pretty accurate for the next 5-10 years, and said although growth in water use in the Town had grown relatively slowly, the University had been growing steadily. He noted that water efficiency had increased in recent years at the University because of use of water efficient fixtures, etc., and said this had somewhat neutralized the impact of the increased demand that had been occurring. But he said that moving forward, as the University continued to grow, there would be significant increases in water usage.

He said the projections indicated that the University would grow much faster than the Town, and said this particular water source would be more oriented to the University. He provided details on how the Town could potentially go to an emergency state concerning its water supply, and noted discussions being held with the State about the drawdown of the Wiswall Dam. He said if the Town could get an increase in elevation from 6 to 18 inches, this would increase storage by about 10,000,000 gallons. But he said the projections for growth indicated that 27,000,000 gallons of storage would be needed, or another water source would be needed.

Mr. Levesque said if the funding for the aquifer study were pushed off a year, they wouldn't be able to determine if Spruce Hole was really a good water source for the future, noting that the pump test data might not be sufficient to determine this. He also said if the study wasn't funded, and Town staff was asked to issue more permits, they would need guidance from the Council as to how to proceed with the applications

Councilor Grant said he had great respect for Mr. Levesque's views, and noted that he was the Councilor who had suggested waiting on the study. He said his objective was to focus on the primary recommendations in the original water report, concerning the Lamprey and Oyster Rivers, rather than defusing the attention to several major issues. He also noted the Town already had studies that indicated Spruce Hole was a potential water source. He said if it wasn't there, he didn't know where else the Town would be able to get water

Mr. Levesque said that was correct, and said the Public Works Department was concerned that if in fact this source was not usable, or not adequate, the Town would have to look into deep groundwater wells, which would be very costly.

Councilor Grant asked if the Town, with minimal staffing, could carry on a major water resource study on Spruce Hole in addition to dealing with other water issues.

Administrator Selig said the request to the State regarding the dam had been submitted, noting there were members of the community who did not want the draw down.

Mr. Levesque said the Town had written to NHDES about the Lamprey River issue. He said there was debate about this issue, especially regarding wetland and aesthetic impacts. He said the Town would only be looking to draw down the Lamprey for a short period of time, 3-4 weeks, and said he felt they could make the case for this with the State. He also noted that the Lamprey River watershed as a whole was in the process of being reviewed, and said there was data that showed that flows in Durham, which was at the end of the watershed, were down. He said that looking at water resources regionally, there might be other places in the watershed where flows could be regulated. He said this point would be made with the State.

Mr. Levesque said the University had taken the ball concerning the issue of dredging the Oyster River, and said that would be important, moving forward.

Councilor Grant received clarification that the University would be paying for 2/3 of the Spruce Hole Aquifer study.

Councilor Kraus asked Mr. Levesque where he had gotten the growth figures concerning the University.

Mr. Levesque said he had gotten this information from the University's Master Plan.

Councilor Kraus said it appeared that the new construction on campus had created the increase in water demand, and was told that was correct.

Councilor Smith noted that the water and sewer rate increases had been given as the reason for putting off the study. He said it seemed justifiable to hold back one year, given the large increase in rates, which fell on a minority of Durham residents. He said he hadn't heard that delaying the study by 12 months would jeopardize long-term steps that needed to be taken concerning the Town's water supply, and asked if anything had changed concerning this.

Administrator Selig said in talking with Town staff, he saw that they felt the Council should reconsider its position on delaying the study, for planning reasons, and also because it was known that the University was planning to move forward to add more beds. He noted that the UNH negotiating team wanted to know, when they came asking for more water, what the situation would be, and said that was also a concern of the Public Works Department.

Councilor Smith said what Administrator Selig said had sharpened the questions he himself had asked at the previous meeting, which was where the financial burden should be placed for developing a new water source. He said if the University was the main reason for doing this, there should be a way to have the study and also serve Councilor Grant's concerns. He said the Town could have the University pay for the entire study.

Councilor Morong said he was the one who proposed to move the funding forward a year on the Spruce Hole study, and said he was even more concerned than he previously had been concerning this issue, because he had heard the University was balking on the issue of dredging the Oyster River.

Administrator Selig said the University wasn't actually balking, but was not motivated to proceed on this. He said the University would prefer to utilize the Lamprey River, which was a cleaner source than the Oyster River, or Spruce Hole, which was a more reliable source.

Mr. Levesque said the Spruce Hole aquifer was a more permanent fix to the water supply problem, noting that it was a year-round source of water, whereas the Oyster River water storage was not as dependable.

Councilor Morong said he understood this, but said it seemed that this was the University's problem. He said that unless the Town built something like another hotel, it didn't really need more water. He said he would also prefer to delay this study because he would like to see it built unto impact fees. He said he didn't think it was the Town's responsibility to supply the University with water.

Councilor Harris said she agreed that the Town was not growing significantly, while the University was. She also recalled that the dredging issue had been on the books for 10 years, and was looked at in a prior study as well as in the most recent one.

Councilor Needell asked what the 2/3 to 1/3 split was based on, and there was discussion about this. He said what he was hearing from Mr. Levesque was that the water was a shared resource. Councilor Needell said where the water came from didn't seem to matter, and said he thought the Council should reconsider providing funding in 2005 for the Spruce Hole Aquifer Study. But he noted that he was not on the prevailing side when the vote on this was taken.

Chair Sandberg said anyone who had been on the prevailing side for the motion on the Spruce Hole study could make a motion to reconsider it.

Administrator Selig explained that the cost for the study would not affect water rate increases in 2005, but would affect rates the following year. He also said while the Town presently had enough water from the Lee Well to meet its needs, the Town would be growing, and would need more water. He also said the Town would need another water source in case existing supplies became contaminated.

Administrator Selig said he would like Durham to be an active player in the development of Spruce Hole, noting that Durham owned 50% of this water source. He said if the Town said it wouldn't put any money into it, the University would perhaps act alone. He said the arrangement with the University was complex, and noted that this was why the discussion with the University on the package of water agreements ran into problems.

Councilor Harris said the 2/3 to 1/3 split had never seemed to be a fair divide, noting there were only 900 households in the Town that were part of the water system. She said it seemed terribly disproportionate.

Councilor Smith said having heard the discussion that evening, he was less likely to want to pay the Town's 1/3 share for the study. He also noted the study had only been moved out one year.

Administrator Selig said his fear was that the University would come forward with a recommendation for new construction, and would say here it was planning to put in beds on campus, not off, which was what the Town wanted, and yet it couldn't get water for these units.

Councilor Morong asked how the University could blame the Town for not providing the infrastructure that it (the University) needed.

Mr. Metcalf said the gap between the quantity of water supply and water demand in Durham was close, in fact closer than it was in some other towns in NH. He noted that getting through the regulatory process with the State was a lengthy process, and stressed that putting off the study for a year would put off that process. He said it generally took several years to get a water supply online, and said he didn't see the point of delaying the study.

Chair Sandberg noted that if the study were moved out one year, it wouldn't show up in the water bills until 2007, so this mitigated concerns about rates. He said another consideration was that if there were a contamination problem, the Town would need to work in cooperation with the University, which owned the treatment plant. He said it was important to have the University on board if the Town wanted to do this study, and said he wondered how productive it was to be at loggerheads over this issue.

Administrator Selig said his goal in discussing this issue was to insure that the Council had a better understanding of it, but said he was comfortable with putting it off for one year.

Chair Sandberg asked if any Councilors wanted to make a motion to reconsider this issue, and there was no response.

Councilor Grant noted that, regarding the water fund, the Budget said there was a \$0.50 increase, and the projection was for it to go up and up, so that it would almost double by 2014. He also asked why the Town purchased water.

Mr. Beaudoin provided details on this, noting that this was related to the agreements with the University. He said he and Administrator Selig were still looking at this issue, and said the line item might disappear. But he said it reflected the best information they had at the time in preparing for 2005.

Councilor Grant said if the Town paid for water, he expected the University to pay for water from the Lee Well. He said he didn't see why the Town would be paying for anything.

Administrator Selig said the key element in this was that the Town could produce water cheaper from the Lee well than the University could produce water at the water treatment plant.

Councilor Niman asked why a uniform cost for water couldn't be set. He said if this was done, the Town would reap the benefit of being a lower cost producer.

Administrator Selig said the University said that since its costs were greater, what would be the benefit of this for them, so the question was whether the University would agree to this.

Councilor Grant asked why on page 12 of the Budget, administration costs for the Water Fund were going up so much, and Mr. Beaudoin provided details on this.

Councilor Grant asked why, if water consumption was actually going down, costs were going up. Mr. Beaudoin explained that there was less water usage to absorb fixed costs.

Councilor Grant asked how the amount of billable water consumption had been overestimated, and Mr. Beaudoin said there had been a change in the billing cycle, which skewed the numbers, and provided additional details on this. He said in the present year, the numbers had been adjusted to actuals, on good data they had, and would probably have a deficit for 2004.

Councilor Grant said the reason he was asking these questions was that 6-7 years back, he had been on a water task force that studied this issue. He said at that time, the Town was buying water dirt cheap from the University, but the rates at the time were high, and said this had indicated to him there were either delivery problems or administrative problems. He said the current \$0.50 increase was substantial, and said he hoped in the coming year, Town staff would give special attention to this.

Chair Sandberg said at that time, there was also a measurement problem that had contributed to the fact that the rates were high.

Councilor Morong said he found it interesting that while water usage in Town was decreasing, the Town needed to go out and look for more water.

Councilor Needell asked if the actual use of water was increasing, and Mr. Beaudoin said usage was slightly increasing, although the projections were decreasing.

Administrator Selig said his goal was to have the Council work through any additional concerns about the proposed Budget and CIP that evening, noting that ideally, he would like to bring the Council the resolutions to vote on at the next Council meeting, on December 20th.

Chair Sandberg noted that Councilor Van Asselt had provided information concerning the Budget for Councilors to discuss. He asked the Councilors if there were other issues they would like to discuss that evening.

Councilor Needell said he would like to re-visit the discussion on the contingency fund, and where this money should go at the end of the year.

Councilor Grant said he wanted to talk about page 5 guidelines on non-personnel, noting he thought the Council had previously agreed it should increase up to 3% to meet inflation. But he said the goal was to meet this through non-property tax revenue.

Councilor Harris said she would like to propose that the Council allocate funds that had been recommended for the Packers Falls Bridge, and Chair Sandberg explained that there was nothing in the Budget for 2005 for this. He said it might or might not become an issue.

Councilor Van Asselt provided a summary of the handout he had provided to Councilors on the importance of providing an economic development component to the 2005 Operating Budget. He said the short and long-range objectives of this proposal were to broaden and maximize the Town's revenue base and revenue sources, and to pursue increased revenues for the 2005 and future Town budgets.

He said the budget forecast indicated that the burden would fall on property taxes, because the other sources were either minimal (licenses, etc.) or unpredictable (UNH).

He said the Town could either cut municipal services, or increase revenues, and said he preferred the second choice.

Councilor Van Asset recommended that the Council should put \$50,000 in the 2005 budget for some kind of staffing capacity to move forward with an aggressive economic development effort, defined in its broadest sense, which addressed the economics of running a Town government in a University town. He said this could not be accomplished as an extra responsibility of a Town administrator or planning director, or through the efforts of a voluntary committee.

He outlined the following ten recommendations, noting these were only some of the ideas for what could be done concerning economic development:

1. Work with our Economic Development Committee, the Town Council, the Durham Business Association, the department heads, and all other groups who would be a part of economic development planning and implementation.

2. Analyze and aggressively pursue efforts to maximize the economic development potential of the Durham Business Park, Beech Hill property, Route 4 land, Wagon Hill, the Town Hall Corner, and the 24 other parcels of land owned by the town of Durham.
3. Develop the concept and potential of "senior citizen residents" in Durham to maximize their assuming permanent residency in Durham through work with private developers, the planning board, the Durham Business Association and UNH.
4. Become a member of the town negotiating team to work in developing realistic and fair agreements and arrangements with UNH to assure that the University pays its fair share of the services received from the town government.
5. Explore alternatives for Town Council consideration on alternatives for fee-for-services programs provided by the town government.
6. Develop information on payment-in-lieu of tax programs used in other states for financial support from the state government to the town of Durham relating to UNH, and a strategy to move ahead with such a program working with the state executive branch, the state legislature, and the University System Trustees.
7. Assume responsibility for new moving ahead with other local initiatives that can produce significant revenues for the town, e.g., the impact fee ordinance.
8. Develop for the Town Council and Durham residents information on the current ORCSD funding arrangements between Durham-Lee-Madbury and develop options that will make for a more equitable payment of taxes for the support of the Oyster River schools by the residents of the three communities if that joint arrangement continues.
9. Assume a lead responsibility with department heads to aggressively seek available federal and state grant funds for local projects within Durham's capital fund program and other initiatives approved by the Town Council.
10. Purpose joint public-private commercial and service ventures with town funds leveraging other public and private funds to develop taxpaying entities and services providers.

Councilor Van Asselt said he was curious to know if what he had proposed was something Councilors would be interested in putting into the Budget.

Councilor Needell said he felt this would be a worthwhile expenditure, and said he would like to hear from Administrator Selig and Town Planner Jim Campbell how this would fit in with their work.

Mr. Campbell said the list contained a lot of good points, but described his present workload, which included the Zoning Rewrite, and said whether these things could be accomplished with existing staff was the question. He said if there were some support there, his department

could move more quickly on some of these recommendations. He noted specifically recommendation #2 concerning maximizing the economic development potential of the Durham Business Park and 27 other land parcels owned by the Town, and said it would take some time and money to find out what the actual development potential of these parcels was.

Councilor Needell asked if \$50,000 would be an amount of money that would be useful, and Jim said it would be a very good start.

Administrator Selig said a key question was what the Council would want this person to accomplish, and said this would need to talk through. He said his observation was that when it came down to it, few people in Town were willing to give up the scenic qualities, rural character or appearance of properties in Town.

Councilor Kraus noted that this wouldn't be new money, just re-designated money within the proposed 2005 Budget. He said his observation from having been on the Council was that the economic development issue seemed to go nowhere. He also said he didn't think \$50,000 would be enough, although he said perhaps some of the recommendations could be focused on with it.

Councilor Niman said while the wording used by Councilor Van Asselt was economic development, what they were actually looking at was ways to provide revenue enhancement. He said the list of recommendations indicated a whole range of activities that had nothing to do with bringing in business, or destroying scenic vistas in Town. He said what he thought Councilor Van Asselt was saying was that the Town had a serious structural problem. He said while Councilor Van Asselt was looking to solve it through increasing revenues, he himself was looking at ways to cut costs.

Councilor Grant said the Town already had an Economic Development Committee, and said he would like the Committee to have a chance to flesh out some ideas and pursue the best possible ways to proceed, at the least expense, and come back to the Council with recommendations. He said he didn't want to spend another cent of taxpayer money. Councilor Grant asked Councilors Niman and Morong if his suggestion seemed reasonable, and they said it did.

Councilor Smith said there needed to be intensive discussion as to what items on the list had a reasonable prospect of providing revenue. He said once there was that focus, before the Town hired another person, he would want Administrator Selig to convince him that the item(s) could only be reasonably implemented by hiring another person. He gave the example of hiring a lobbyist as something he thought would be a waste of money.

Councilor Needell asked whether, if the Economic Development Committee decided during the year that it needed money to get something going, this money had to go into the budget ahead of time, if the Council could authorize taking this money out of the community development fund.

Administrator Selig said all of the money in the community development fund (UDAG) presently was specified for the purchase of the Sunoco property, noting this was appropriated in 2003. He said the Council would have to address whether it would want to reallocate those funds.

Councilor Grant said he didn't recall the Council had made any commitment concerning that money. And Administrator Selig said it was part of the Budget approved for 2003.

Councilor Niman asked if what would be required would be for him to make a motion to release those funds so they could be used for other purposes.

Administrator Selig said that was correct, and said he didn't feel comfortable releasing them himself.

Chair Sandberg said there was also possible funding from other sources, if there was a carefully focused plan.

Councilor Niman asked if that would require voting that contingency funds no longer went to land conservation.

Chair Sandberg explained that they only became conservation funds if they were not used in a given year. There was additional discussion about this.

Admin Selig explained that the \$50,000 line item was set up so that it could be used for an emergency, and if not expended by year end would lapse into the conservation fund. He said presently the fund was recommended to be increased to \$60,000, and would lapse into the conservation fund at the end of the year. He said for 2005, the Council could change that scheme, so the money would go back to the General Fund.

Councilor Van Asselt said his understanding was that this did not prohibit the Council from encumbering these funds for another purpose if it wished, before the end of the year.

Chair Selig noted that a new motion would have to be made for this.

Administrator Selig said administratively, Town staff had been planning to hold those funds for the Packers Falls Bridge, based on discussions to date.

Councilor Van Asselt said he wanted to be clear on whether it would be possible to encumber these funds to spend on economic development in 2005.

Administrator Selig said the Packers Falls Bridge issue was a problem the Town was dealing with at present, so he would be more comfortable using the 2004 contingency money for the bridge repairs. He said he would rather use 2005 money for economic development.

Councilor Smith said the Council could amend the Budget whenever they wanted to. He said the mechanics of this was the easy part, and could be worked out. But he said at present, the issue was whether they should be implementing the mechanics now or not.

Chair Sandberg said if the Council first passed the Budget, in 2005, when the Economic Development Committee had a proposal, a plan could be developed on what should be done, and how much money should be spent on economic development. He said the Council would find the money through contingency money, or could amend the Budget if desired. He said if the sense of the Council was that it was better to wait on this until there was a more focus plan, it could just move on.

Councilor Harris said there would be two sources for economic development in 2005, the contingency fund, and the UDAG money for Smittys property, when the Council had the focus it needed.

Chair Sandberg said his sense was that the Council wouldn't have to decide on this funding that evening, but could do this as needed.

Councilor Morong said this subject required more thought. He said Councilor Van Asselt had provided some good ideas, and there were ways to fund this in 2005 if the Council decided to do so. He said he hoped the Council could address this issue in January-February.

Councilor Van Asselt said he didn't agree with that approach, and would prefer to take \$50,000 and put it in this effort, although admittedly with an undefined work plan. But he said this plan could be put together quickly. He said that with a Budget of this size, there should be something in there about raising new revenues, and said his fear was that by not doing it, come next year, the contingency fund money would go down the river. He said he thought the Council would be making a terrible mistake by not putting those dollars in the 2005 budget for economic development.

Chair Sandberg explained that the motion before the Council was the 2005 Budget, and said in terms of the Budget process, Councilor Van Asselt's interest in using 2004 contingency money for economic development was actually out of order. But he said that if Councilor Van Asselt wanted to allocate \$50,000 in the 2005 Budget for economic development, this would be appropriate.

Councilor Van Asselt said he was not interested in raising taxes to fund economic development. There was additional discussion among Councilors about the proper procedure to follow.

Chair Sandberg said the sense he was getting was that it might be wise to address this issue early in 2005.

Councilor Needell said using the 2004 contingency money could be discussed at another Council meeting, although noting he agreed with Administrator Selig about being uncomfortable about using this money for economic development. But he said if the Council

wanted to put money in the 2005 budget for economic development, it could vote to either release the UDAG funds and apportion part of it, or increase the Budget amount.

Councilor Kraus asked for a short recess so Council members could consider these options.

Chair Sandberg said page 21 of the CIP had a place where they might contemplate an amendment to the budget to address Councilor Van Asselt's concerns. He also noted that the Council might also want to go into nonpublic session, if they wanted to consider amending this.

Chair Sandberg declared a recess at this time.

Councilor Van Asselt said he was not proposing a position. He also said he didn't see why the Council was planning on creating an \$85,000 contingency fund, and then planning during the year to make it for economic development.

Councilor Smith said it didn't make sense to speak about movement of funds when the Council didn't yet know specifically what it wanted to do. He said he thought Councilors heard Councilor Van Asselt's concern that if something were not done that evening, the Council would lose sight of the issue. He said that was a good point, but said if the will of the Council was so feeble with respect to moving ahead on any of these items, he could guarantee that no money would be voted on for them in the future anyway. He said the only thing that could get the Council to move forward on some of these issues was to reach a consensus on them.

Chair Sandberg asked that if any Councilors wished to put a motion on the table concerning this, they should do so.

Administrator Selig said although it was possible to amend the Budget after they entered the new fiscal year, it was cumbersome to do so, and said Town staff tried to avoid this. He noted this was the original reasoning behind creating the contingency fund. He also said he was uncomfortable having a contingency fund, but with the expectation the Council would be using it for a specific purpose.

Chair Sandberg noted that a number of years back, the Council had voted to provide funding for a Recreation Director, but had not clearly defined what the position would involve at the time. He said it turned out that this position wasn't actually needed, and said this was a lesson that the Council should clearly know what it wanted before moving ahead.

Councilor Niman said the UDAG money could potentially serve as a contingency fund to finance economic development activities as they became more fully fleshed out.

Administrator Selig provided details on why this was incorrect. He said he would have to research whether using the funds for economic development could simply be voted on by the Council, but said he would prefer the Council formally amend the Budget to allocate these funds.

Councilor Smith said if the Council wanted to amend the Budget, the only process involved was holding a public hearing, and said this wasn't a big deal.

Councilor Kraus noted the Council had to do this earlier that year for technical reasons, and it wasn't a big deal.

Councilor Van Asselt said he didn't have a motion to make, but said he wholeheartedly disagreed with a Budget without a line item in it for revenue enhancement. He said this was not responsible, and said he would not support a budget without it.

Councilor Grant asked for clarification concerning the general Fund Bond Schedule that had been handed out to Councilors that evening.

Administrator Selig explained that this was strictly a planning document to show the potential costs of various projects. He also said, regarding Councilor Van Asselt's comment, that the reason he didn't include funds for economic development in the 2005 Budget was that he was not convinced the Town as a whole had a willingness to aggressively go after that. He said if the Council was serious about this, it should show this by putting money into it, but said he hadn't seen this seriousness to date.

Councilor Needell said the designation of contingency funds for conservation had worked well. But he said he would prefer the Council now decide to put the contingency funds in the general fund in order to reduce taxes, especially if the funding amount was going to be increased over a period of years. He explained that he was not necessarily comfortable increasing the amount, knowing that this amount would not be taken off of taxes. He said he would like to discuss the contingency funding itself, and its designation for conservation, as two separate items.

There was discussion about the proper way to address this issue as part of the present process. Administrator Selig suggested the way to accomplish this was to direct him not to transfer funds at the year's end in that manner, by omitting wording to that effect in the resolution coming forward this year.

Councilor Needell MOVED to amend page 2 of the operating budget by take out the second sentence – "If not specifically authorized.....". Councilor Morong SECONDED the motion.

Councilor Needell said he wanted to make it clear that he was not speaking against putting money into conservation efforts, but just didn't see using the contingency funds for this.

Councilor Morong said he agreed, and said he liked the idea of the contingency funding lapsing into the general fund, if it was not needed during the year.

There was discussion as to whether this would actually be an amendment to the Budget. Administrator Selig said he would look at it as a Budget amendment. He also noted that he

had created the scheme regarding contingency funding, and said the tension this created was intentional, to make it hard to vote to release those funds.

Councilor Smith said he would vote against this motion, although he said it was a reasonable position. He said his first reason for doing so was what the Town Administrator had said. He said his second reason was that he saw the transfer of contingency money to land conservation as an action uniquely in the budget as a functional equivalent to returning the money to taxpayers.

He said there was evidence that indicated spending money in this way was the best way to keep the tax rate down, and noted this showed up several years down the road. He said he thought the type of tension Administrator Selig put into the contingency funding was a good idea, because the goal was very sound.

Councilor Niman said he disagreed to a moderate degree with Councilor Smith, and said he thought the best way to keep down the growth rate in Town was a high tax rate, along with Durham's strict regulations. He spoke about land conservation efforts in Town in recent years, and said it was not clear how they actually impacted the tax rate. Councilor Niman said he agreed it was time to return the contingency money directly to the taxpayers.

Councilor Morong said it was not clear the tension was there as much as it had been, now that there was a land conservation bond. He also noted that the benefits from putting the contingency fund money into land conservation would not be seen by people who moved out of town, but said the people who would reap the benefits of the land conservation bond would also pay the bill for it.

Chair Sandberg said he would like to speak in opposition to Councilor Needell's motion. He said there were economic advantages of paying for land conservation up front, through contingency funding, and said this was a better way to pay, overall, for taxpayers.

Councilor Needell said he had sensed there was enough tension about spending money already among Councilors, simply based on the desire to reduce taxes. He also said that although he was in favor of this motion, he would lead the charge to replenish funding for land conservation at any time if necessary.

The motion PASSED 7-2, with Councilors Smith and Chair Sandberg voting against it.

Councilors next discussed the suggestion presented that evening by Town staff to add an additional \$25,000 to the contingency fund

Councilor Needell asked why this was being recommended.

Administrator Selig said they were slowly trying to increase this amount, and had the opportunity to do so based on the health insurance savings. He said there would be no adverse impact on the Budget from doing this.

Councilor Needell MOVED to increase the contingency fund for the Operating Budget from \$60,000 to 85,000. There was no SECOND, and the motion FAILED.

Councilor Grant said the three suggestions for use of the \$31,500 in savings from health insurance had no impact on the tax rate, and represented more spending, in effect. He said he was opposed to them, and said he thought the money should be subtracted from the Operating Budget. He said the \$31,500, plus the contingency money, could do a lot to reduce the tax rate increase closer to 0.

Councilor Grant discussed next details of the proposed 2005 Budget. He said the Town had taken on new or improved initiatives, which represented new spending priorities, so something else has to give someplace else in the budget. He asked why money was being added to the fund balance, and asked why this money couldn't be used now to reduce the tax rate.

He said he could support the Budget as it was, because he couldn't find places to cut \$175,000 without doing any damage. But he said he had every confidence that Town staff could find what amounted to less than a 1% reduction in expenditures. He made note of the Woodridge Field improvements; Strafford Regional Planning Commission note of matching funding available for Master Planning; and he also referred to grant funding the town of Exeter had received for its wastewater treatment plant. Councilor Grant said he would like to see a 0 tax rate increase, and said that was clearly achievable.

Chair Sandberg said if it was the sentiment of the Council, it could have Town staff prepare the final paperwork for the Budget, as discussed and amended to this point, and could present it to the Council the next week for a vote. There was discussion as to whether there were further amendments planned concerning the Budget.

Councilor Needell asked to discuss a few other items on Administrator Selig's list.

Councilor Needell MOVED to continue the meeting past 10:00 pm. Councilor Grant SECONDED the motion, and it PASSED 9-0.

Councilor Niman MOVED to take the \$31,500 Adjustment for Health Insurance General Fund and use it to reduce the tax rate. Councilor Grant SECONDED the motion..

Councilor Needell MOVED to amend the motion, and take \$26,500 of the Adjustment for Health Insurance General Fund, and use it to reduce the tax rate, and take \$5,000 of it and add it to the Zoning Rewrite. The motion FAILED for lack of a SECOND.

The original motion PASSED unanimously 9-0.

Councilor Van Asselt spoke about the \$3,500 proposed in the 2005 Budget for the *Durham: Its Where You Live* program, and said he continued to question whether spending this money made sense. He asked for more detail on this.

Mr. Beaudoin said he was involved with this program. He noted that one of the things Councilors had previously questioned was whether enough money was being put into the program, and whether additional staff was needed. He said the University had started this initiative, and said its public relations office was using its staff and resources to get the program up and running. He said the University really wanted to see it happen, and gave examples of the initiatives that had been undertaken as part of the program.

Mr. Beaudoin provided details of a proposed initiative - the “adopt a student” program, which was created with the thought that if students got to know their neighbors better, they would be less likely to exhibit disorderly behavior in their neighborhood. He said he thought the *Durham: It’s Where U Live* program would grow into something really worthwhile.

Councilor Needell noted that UNH students had recently indicated that they really liked this program.

Councilor Grant MOVED to adjourn the meeting. Councilor Kraus SECONDED the motion, and it PASSED unanimously.

Meeting adjourned at 10:15 pm

Victoria Parmele, Minutes taker