

**This set of minutes was approved at the January 9, 2006, Town Council meeting.**

**DURHAM TOWN COUNCIL – BUDGET WORK SESSION  
MONDAY, NOVEMBER 28, 2005  
DURHAM TOWN HALL – COUNCIL CHAMBERS  
7:00 PM**

**MEMBERS PRESENT:** Neil Niman; Peter Smith; John Kraus; Mark Morong; Gerald Needell; Karl Van Asselt; Julian Smith; Diana Carroll

**MEMBERS ABSENT:** Chair Malcolm Sandberg

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

**I. Call to Order**

Councilor Niman said he would be serving as Chair for the meeting, in place of Chair Malcolm Sandberg.

**II. Continued meeting from November 14<sup>th</sup>, 2005**

Councilor Niman said this was a continuation of the November 14, 2005, Council meeting discussion on the proposed FY 2006 Budget and Capital Improvements Program.

He said the Council would continue its discussion of the Zoning Ordinance at the meeting on Wednesday, December 30<sup>th</sup>, and hopefully would wrap things up at that time.

Councilor Niman noted that he had raised the fund balance issue at the Wednesday, November 30<sup>th</sup>, and said he was not sure this had been resolved. He said other Councilors had also expressed concern about it, and would like to resolve the issue. He said he would like to see if there was consensus on the tax rate itself, and if so, he would open up the discussion for questions and hopefully there would be answers. He said if the majority of Councilors said they didn't feel comfortable at that point, they would then try to figure out what that meant and how to proceed.

Councilor Niman said when he had raised the fund balance issue, he had a recollection of this discussion in previous years. He said he thought it had been resolved in the last year or two that the fund balance would be kept at around \$1.5 million.

Councilor Kraus said in the Town Council Minutes of 11/24/ 03, Chair Sandberg indicated he and Administrator Selig agreed that the unreserved fund balance should be around \$1.5 million, and he was very nervous about it going to zero. He said in the Minutes of 12/15/03, the \$1.5 million figure was mentioned, so that the Town could operate in a smooth and efficient way, and there would be a greater sense of reality about what the Town was approving from one year to the next. Councilor Kraus said he concurred that \$1.5 million would be the minimum appropriate amount for the fund balance.

Councilor Niman said the currently proposed Budget showed the fund balance going down to roughly \$1 million, and asked if Councilors felt comfortable with this, or instead thought it should be preserved at \$1.3 million.

Councilor Needell said he was not comfortable with the current dip in the fund balance, but was not suggesting it should be brought back to \$1.5 million this year. He said he would like to hear from Administrator Selig and Mr. Beaudoin as to whether the currently proposed amount was way out of range of what it had been said was ok for the fund balance to drop down to. He provided additional details on his perspective.

Administrator Selig said a \$1.5 million fund balance would be ideal for Durham at the present time. However, he said if no fund balance at all was used now, it would be at about \$1.3 million, and a year from now would be at \$1.4 million. He said the growth in spending was about 5% per year and in order to mitigate this, something had to be done. He said he wouldn't feel comfortable recommending a Budget with a tax rate increase greater than 5%. He provided details on the balance he was trying to strike, and said there was no right answer.

Councilor Needell asked what the impact on the tax rate would be if they used the fund balance, or eliminated it. He also asked whether the 5% tax rate increase was kept firmly in mind when the Budget was being developed, or if instead, the Budget was developed independently of this.

Administrator Selig said it was created independently, and provided details on the process he and Mr. Beaudoin had gone through. He said once the draft Budget had been developed, they looked at the bottom line, and then considered how much fund balance could be used while still preserving one that made sense, and how much more could be cut from Budget requests and still continue to provide services.

Administrator Selig noted the various uncertainties involved with a Budget, including the fact that it was hard to know if expenditures would take place as projected, and whether the Town would pick up another \$100,000 in fund balance next year. He said the whole thing in reality was a projection, but said what could be said with certainty was that unless changes were made in the operations of Town departments, there would be a continued 5% increase per year in spending.

He noted another current uncertainty related to the fact that the real estate market was slowing at the present time, but that when the Zoning Rewrite process was completed, there would likely be an increase in development. He said if this happened, they could see the tax base increase go back to 2%, which the Town had experienced during the 1990s.

Councilor Morong said the tax rate increase for 2006 at level services was 3.17%, while department heads had requested a 6.23% increase, essentially twice the level of services percentage. He said Administrator Selig was proposing a 4.8% increase which was 1.6% more than level of services. He asked where this percentage came from, and said it sounded like something was being added that the Town didn't have before.

Administrator Selig provided details on this, and said level services ended up meaning something different for the different departments. He said the Town Administrator's proposed Budget not only included provision of level services as compared to the previous year, it also tried to provide an enhanced level of service in strategic ways. He gave some examples of where this had been done.

Councilor Morong noted that level of services wasn't so much a monetary number as it was what actually got done. He said he assumed the 3.17% increase in services cost more, but it was the same services that were provided. He asked if any services ever dropped off where the Town didn't need them anymore.

There was detailed discussion between Councilor Morong and Administrator Selig on the concept of level services.

Councilor Kraus said he would like to return to the discussion on the fund balance. He said the \$1.5 million amount was a good number, and also said he felt the tax rate should reflect what it actually cost to run the Town, instead of being a number that was artificially reduced by pulling down the fund balance. He said the \$1.5 million figure was a good one, and the number should play out as they would. He quoted from the December 15, 2003 Minutes concerning this, where Chair Sandberg noted the continually declining fund balance showed they were on a dangerous slope, and should bite the bullet each year until they could turn that around.

Councilor Kraus said for those Councilors who were uneasy about standing tall on this, he was offering a bullet they could chew on as they voted to sustain a \$1.5 million fund balance. He placed a bullet on the Council table.

Councilor Niman said he would like to get a consensus on this issue.

Councilor Julian Smith noted he was new to the process of deliberating on the Budget. He said he had noticed the swing in the amount of fund balance from year-to-year, and asked how realistic these projections therefore were beyond the present year. He said he would feel more comfortable arriving at a figure and holding it at that level, doing whatever it took to accomplish this, rather than see this fluctuation.

Administrator Selig said in 2001, the fund balance was below \$1 million, and had slowly been built it up. He said one of the reasons for the fund balance was to be able to avoid bumps in the road and to maintain a steady tax rate. He said the use of fund balance he was recommending was reasonable, but said the question was whether the Council was comfortable with allowing it to drop to the low level it was seeing here.

Councilor Morong said he was not seeing that there actually was a bump in the road this year, and he provided details on this. He also said he believed that the previous year, the Council said it would use some but not as much of the fund balance, but said he thought it was getting to the point where the fund balance needed to be built up to \$1.5 million. He said he saw the fund balance as being used for important, unexpected things, but said at present he didn't see a bump, but rather saw a slide, and said it was time to start paying what it cost to run the Town day-to-day.

Councilor Carroll said if the Council were going to raise the level of fund balance, she would like to know where the money for this would come from.

Administrator Selig said it would be obtained by bringing in more revenue, or spending less than had been planned.

There was discussion about what would happen to the tax rate if the Council opted to not take the \$277,000 out of the fund balance this year.

Mr. Beaudoin said there would be a tax rate increase of roughly 10-11%, and said the tax rate itself would be about \$7.00.

Councilor Niman said they could look for ways of raising revenue to make up that shortfall, could look cuts, or could let the tax rate go up.

Councilor Needell noted the numbers in the 2004 auditors report concerning fund balance, and Mr. Beaudoin provided details on this. There was detailed discussion on this.

Councilor Van Asselt said he thought the fund balance should be increased, and there was then only one choice--to ask Administrator Selig to cut the Budget. He said the third option, to raise revenues, was not real. He said if the decision was made to pay as you go, it was Administrator Selig's job to figure out how to cut \$700,000-800,000 out of the Budget.

Councilor Niman said if that was how much it cost to run the Town, the people of Durham needed to know. He said he agreed there needed to be enough in the fund balance in case of emergency, noting that something like the asbestos issue with the clarifier pointed out the fact that it was important to have money set aside for large, unexpected things that could happen.

Councilor Peter Smith asked what the Town would do if there was a crisis that exceeded the fund balance.

Administrator Selig said in that situation, he would come to the Council and ask it to appropriate more funds, and noted this kind of flexibility existed with Durham's form of government. He provided details on this, and there followed detailed discussion with Councilor Peter Smith.

Mr. Beaudoin said in such an instance, the Council would appropriate the additional money, but then the Town would bond this money, which would then come out of future years' revenues.

Councilor Peter Smith said there was therefore no circumstance where it would not be possible to fund any matter the Council wished to fund.

Administrator Selig said that was correct, and also said there were the contingency funds, which were under the Council's control, noting he was recommending increasing this fund from \$60,000 to \$70,000 for 2006.

Councilor Peter Smith said that given that answer, he questioned what the special advantage was of having the fund balance to deal with unanticipated emergencies, as compared to the Council voting to raise additional monies.

Administrator Selig said it was simply another option. But he said rather than using these funds for an emergency, it was more likely they would be used for something like finding the perfect piece of land for a new Library. He said it acted in some ways like a savings account.

Councilor Peter Smith said he was trying to find the financial or any other kind of advantage, if any, of dealing with an unanticipated crisis with the fund balance, given Durham's form of government.

Administrator Selig said there really was no advantage, given Durham's form of government, other than the fact that it was good fiscal planning. He said he would rather use fund balance over the course of a year under certain circumstances than float a bond, or issue a supplemental tax bill during the year.

In answer to Councilor Needell's question about the fluctuation in the fund balance over the course of a year, Mr. Beaudoin described how the fund balance was used over the year, and also how it was added to.

Administrator Selig explained that the fund balance was essentially a cash flow number that fluctuated, and provided details on this.

Councilor Peter Smith said from what he had heard, the only argument that had logical and social appeal concerning the fund balance was that its use evened out the amount people had to pay from year-to-year in taxes. He said he saw this as socially useful because the funds paid out by citizens were overwhelmingly for real estate taxes. He said given the inequities of the tax system, it created a special burden for those citizens on fixed incomes. Councilor Smith said if that was the central and only really meaningful reason for the fund balance, the question was whether having \$1.0 of 1.5 million in fund balance was appropriate for that purpose.

Councilor Kraus said he looked at the Town Budget as he would look at a household budget, where savings were a cushion against bad events. He said a contrary view was to say the savings could be spent because one could always get a home equity loan. He said given unexpected circumstances, one might not be able to get such a loan, or there might be a high interest rate. He said he liked the idea of prudence in budgeting, and therefore believed that a fund balance of \$1.5 million was appropriate and prudent.

Councilor Van Asselt said he thought this was the year to pay the bill for what it cost. He noted that the \$2.5 million bond for open space could happen in 2007-2008. He also said if one could show that the fund balance was only needed for cash flow fluctuations, why would it make sense to carry \$1.5 million. He said the use of fund balance masked tough management decisions, noting he did this in his own work. He said he therefore sometimes questioned having a big fund balance because of this.

Councilor Needell said Councilor Peter Smith had raised some interesting points on the use of fund balance, including the fact that the Town was not in the situation where it would run out of money, in that additional money could be raised. He said he would like to leave the fund balance alone, and then perhaps if something like the land conservation bond occurred next year, which would be a legitimate spike that the fund balance could be used for. But he said he didn't see anything unanticipated in the 2006 Budget that constituted a spike, so he didn't see a justification for using fund balance to cover this year's Budget.

Administrator Selig said nothing had happened except the 5% growth in spending. He said it was unfair to taxpayers to burden them with an additional 10% tax rate increase when there was the ability to mitigate this. He said the Town had been doing this for the last 5 years, masking the full growth in spending.

Administrator Selig said he had less confidence in the predictions on spending, noting there could be expenditure requests that were not currently included in the CIP, but that large groups of people in Town might buy into. He noted that this was how the land conservation bond had passed. He also said it was likely there could be other large items, such as breakdowns in infrastructure.

Administrator Selig said that based on what was now known, in 2015 there would continue to be a 5% increase in spending. He said he anticipated it would continue to be a struggle to provide Town services that would be affordable. He also said it was hard for him to imagine the Council would approve a 10% increase in the tax rate. He noted the discussion previously had been how to get 5% increases down to 3%, and he said it was not possible to talk about these decreases unless they talked about cuts in spending.

Councilor Peter Smith said what Administrator Selig was saying was that the fund balance was being used to mitigate what was legitimately described as a spike, which would evening out tax increases so the rate would increase at 5% a year. He said unless he was inclined to disregard this judgment, he thought Administrator Selig had made the case for why this amount of fund balance should be used this year, and that this was consistent with what appeared to be the only legitimate reason for having a fund balance.

He said he believed the only appropriate vote was to approve the proposal that had been made, because he didn't view the Town as being operated in the same manner as a private household. He noted that his view took into account the legitimate concern that fund balances could be used inappropriately to avoid discipline, but said he felt that at the present time, the Town administration had substantially reduced the risk that this would happen.

Administrator Selig noted that if the goal was to hide fiscal decisions, Town staff wouldn't utilize a fiscal forecast.

Councilor Niman said his concern was that there was a structural problem in the Budget, and that when the Town experienced a genuine spike, there wouldn't be enough money left to manage it. He said this structural problem should either be fixed, or they should pray there was enough fund balance to keep down the tax rate so people didn't take a big hit.

Councilor Van Asselt said the third option other than the use of the fund balance or a tax increase was to ask Administrator Selig to give the Council a Budget that represented a 3% increase in spending.

Councilor Carroll asked if another option was to cap the fund balance withdrawal that could be made at \$150,000, so that it would have to stay within a certain range. She said this would still allow some flexibility, and provided details on this.

Administrator Selig said what the Council was approving with the Budget was the spending part. He provided details on possible options the Council had concerning the use of fund balance.

Councilor Niman said if the Council said that spending should increase by 3%, it needed to communicate to Administrator Selig to get there by not taking money out of the fund balance. He said what he thought Councilor Carroll was saying was that the Council could give guidance as to how to get to the tax rate, and that it didn't feel comfortable with using more than, say, \$150,000 to get to the tax rate.

Administrator Selig said he then could come back and say, there would have to be a certain amount of cutting in spending in order to get to that level.

Councilor Niman said Administrator Selig might propose cuts, and the Council could say it didn't like any of them, and they could then go back and forth on this. He said at present, to say the fund balance shouldn't be used did not lock anything in place.

He said there were various options possible, in terms of the fund balance, tax rates, and spending cuts, and said he was trying to get an understanding of what the Council could do with this, systematically, in order to make some progress.

Councilor Van Asselt said he would prefer to have 15% of the operating budget in the fund balance, so that it would vary depending on what the budget was. He provided details on this.

Councilor Niman said his concern was that the problem that had been identified was not being solved. He said holding down the tax rate was not going to solve the structural problems, while people would still complain that their taxes were too high.

Councilor Needell said he thought he was hearing that this fiscal forecast was saying that there was not a structural problem, that the Town would survive with the use of fund balance, and that this was a fiscally sound approach.

Administrator Selig said that was true, but noted it didn't take into account the conservation bond and the cost of a new Library, both of which would have a major impact on the Budget.

Councilor Needell said he didn't think the Council would fix the tax rate by messing around with the fund balance. He also said he was looking for a fiscally sound point-of-view, and asked how this proposed use of fund balance impacted the Town's bond rating.

Mr. Beaudoin said a bonding company might have an issue as to whether fund balance was being utilized properly, rather than being concerned about the actual amount that was used.

Councilor Niman said he would like to go around the table and get an idea of Councilor's individual opinions on the fund balance issue, and about the tax rate.

Councilor Morong said he had not been happy about the increase in the use of fund balance, and would like to see it held at \$1.3 million this year. He said they might want to use more than taxes to accomplish this. He said he would like the Council to have further discussion on whether it wanted to cut spending or let the tax rate go up.

Councilor Niman said he believed the Town was spending too much money, and said he would like to see the Budget cut. He said he would like to see there be a 3.5 % increase in the tax rate, with no use of fund balance.

Councilor Van Asselt said the fund balance should be left as it was, and said it would be good if Administrator Selig could come up with a Budget increase of 3-4%.

Councilor Carroll said the role of the fund balance in preventing spikes in the tax rate was important. She said she would like to see the amount of fund balance increased, but said she was concerned about not using the \$277,000 and thereby causing the spike, even though it would be small. She said she hoped the projections would work out.

Councilor Kraus said there should be a minimum of \$1.3 million in the fund balance, ideally \$1.5 million, and said they should let the tax rate rise accordingly.

Councilor Julian Smith said the fund balance should be kept at 15% of total expenditures for the next 3 years, and said if this could be done, they could get the fund balance up to \$1.4-1.5 million. He said he would like to see this, and said that after that, this could be renegotiated. He indicated that he didn't care whether it was the tax rate that had to go up or expenditures had to be cut in order to accomplish this.

Councilor Peter Smith said to the extent there were expenditures to cut, the Council had the responsibility to move forward with suggestions on this, and not just say to Administrator Selig that he should do the cuts. He also said that as Councilor Morong had noted, the Town Budget was a small portion (23.9%) of the full tax bill, and also noted that this year, this percentage was the lowest it had been in 10 years. But he said that this was the portion the Town had some control over, so it should do the best it could with it.

Councilor Smith said Administrator Selig had made a persuasive case for using the amount he had designated for the fund balance, in order to mitigate the spike. He said he was persuaded this was the route the Council ought to take, given the Town's other options for meeting crises. He said he felt Administrator Selig was on target as to the central reason for having a fund balance, and said he felt it was being used appropriately this year. He said if the Council could make cuts to the Budget to reduce the rate below 5%, he would be happy to do this.



Councilor Needell said he agreed with Councilor Peter Smith that if there were to be large cuts in the Budget, the Council needed to sign on to them. He noted that what Administrator Selig had brought back to the Council reflected guidance the Council had given him throughout the year.

Councilor Needell said whether this guidance was wrong or was not clear, but said he was not inclined to make draconian cuts on the spending side. He said he was torn concerning the fund balance, and provided details on this. He said he was inclined to allow the 10% increase this year, because he felt the Town would be hit with some large expenditures in the next few years.

Councilor Niman said what he was hearing from Councilors was that they were uncomfortable with drawing down the fund balance, but were not clear on whether there should be spending cuts or tax rate increases, and who decided this.

*Councilor Niman called for a five-minute recess at 8:50 PM.*

*The meeting resumed at 8:55 PM.*

Councilor Niman provided some possible options as to how the Council could proceed at this point, and asked Councilors for their perspective on this. He said his own opinion was that it was not the Council's responsibility to suggest proposals to Administrator Selig, and to have him evaluate them.

Councilor Peter Smith said he agreed it was the Council's responsibility to evaluate what Administrator Selig had done in developing the Budget, keeping in mind certain goals and objectives the Council had developed previously. He said to simply say a certain amount should be taken out of the Budget was not appropriate.

Councilor Kraus noted Councilor Morong's earlier question to Administrator Selig about the percentage increase in expenditures in the Budget that seemed to be unexplained. Councilor Kraus referred to this as status quo plus. He said he found it unacceptable for the Council to look at the Budget line by line, and said Administrator Selig had a better idea of where the status quo creep might be happening, so it would be much better if he determined where this creep could be taken out of the Budget.

Councilor Morong said he felt that going through the Budget line by line and tearing it apart was micro-managing, and in an area where the Council didn't have expertise. He said Administrator Selig and Mr. Beaudoin might know where to make cuts that would do the least damage to the Town.

Councilor Needell said he assumed that the Proposed Budget reflected the services Administrator Selig was asked to provide, so any cut represented something that would be reduced. He said if Councilors thought there was something extravagant in the Budget, he felt the Council could discuss this. But he said he didn't feel it would be productive to ask Administrator Selig to cut 5% of the Budget, and to simply tell the Council how he was going to do this. He also said he was not inclined to look to increase or decrease line items, and simply wanted to understand them.

Councilor Van Asselt said he agreed that Administrator Selig, Mr. Beaudoin and staff had spent a year developing the Budget and therefore understood much better than the Council did whether there was a logical reason why Administrator Selig should come back and tell the Council how to cut \$277,000 from the Budget that was previously going to be used from fund balance.

He said the Council couldn't know the priorities that the different Town departments had, and said Administrator Selig should look at these with department heads, and possibly eliminate some things.

Councilor Carroll said she agreed with Councilor Peter Smith that the Council's job was essentially to respond to the Budget. She also noted that she had two specific recommendations concerning the Budget, one to increase a program, and another to decrease or possibly eliminate one.

Administrator Selig noted that some of the proposed projects would be bonded projects, so the impact wouldn't be seen until later years. He said it therefore wasn't a matter of simply saying a certain line item amount should be cut from the 2006 Budget.

Councilor Niman said to Councilor Needell that he thought the previous year the Council had agreed to keep the fund balance amount at around \$1.5 million, and also thought they had striven to keep the tax rate around the rate of inflation. He said he had therefore been surprised when he received the Budget documents this year, and saw that more fund balance was being used than the Council had said was good practice in the past. He said he was also surprised to see the tax rate increase that was included in the Budget.

Councilor Niman said that because he hadn't expected these documents, he now didn't feel it was too late to do anything about the Budget. He said he would like the Council to be consistent with what it thought was its policy.

Councilor Niman said he would like the Council to make some cuts in the Budget, and said he would be more than happy to suggest some cuts. But he said he was very sympathetic to the fact that Administrator Selig and Mr. Beaudoin knew the ins and outs of the Budget better than he did. He said he would like to see what they proposed for cuts, based on what the Council's expectation was concerning the fund balance and the tax rate. He said he could then respond to this, could make some policy choices, and then could let Administrator Selig deal with the specifics.

Councilor Needell said there was clearly a difference between how he and Councilor Niman saw the guidance the Council had given to Administrator Selig, and about how each saw the Budget that was developed. He asked Administrator Selig what guidance he had used in developing the Budget.

Administrator Selig said his recollection was that he had been trying to encourage the Council to like a higher fund balance level, and noted that the Council had questioned this in previous years. He said he had been pleased the previous year when the Council had said it wanted a higher fund balance number. But he said he had never taken from the discussion

that a \$1.5 million fund balance was a new mandate. He said he was interested in the way the process had now unfolded.

Concerning the different Town departments, Administrator Selig said there had been discussions about increasing revenues, but said these hadn't increased in the way he had hoped. He gave as an example of this the substantial savings that could have been realized by moving the dispatch center, and said unfortunately the power to make that happen didn't lie solely with Durham.

Concerning the line items in the Budget, Administrator Selig said that what he had proposed was solid, and addressed the needs of citizens and the things the Council had talked about over time. He said he was very confident that it was an excellent Budget that aggressively moved things forward. He specifically noted the proposed increase in the contingency fund over time, the funding of the Roads program, and funding for the Planning office. He said he had used the goal statements the Council had developed, and noted that one of these goals was to provide excellent levels of service. He said he felt this had been accomplished with the proposed Budget.

Councilor Niman said he would like to entertain specific concerns that Councilors had about the proposed Budget, and also would like to get a sense of whether Councilors wanted to suggest cuts of a certain order of magnitude, or instead were content with the way things were. He said the Council needed to be thinking in terms of what kind of guidance to give Administrator Selig on this.

Councilor Carroll noted the household hazardous waste pickup program. She said it was a very small program in terms of money, but was very large in terms of consequences. She requested that an additional \$500 should be put in the Budget for this program, in order to be able to accommodate all the residents that participated in the program.

Councilor Peter Smith asked if this number being requested was based on a particular rationale, and Councilor Carroll provided details on this.

Councilor Niman asked if anyone disagreed with this recommendation concerning the Budget.

***Councilor Carroll MOVED to amend the Proposed FY 2006 Budget, to increase the budget for the Hazardous Waste Pickup Program from \$3,500 to \$4,000. Councilor Julian Smith SECONDED the motion.***

Councilor Needell asked if this was a reasonable amount of money to accomplish some good.

Public Works Director Mike Lynch said the \$500 would in fact make a difference, and said it would accommodate another 3-4 people.

***The motion PASSED unanimously 8-0.***

Councilor Carroll noted the proposed transportation study in the Budget/CIP, and said that if \$30,000 was appropriated for 2006, it naturally followed that in 2007, \$100,000 would be

spent, for a total of \$130,000. She said the purpose of this study was to look at transportation by car, and was not to look at public transportation. She also said the study would be looking at transportation issues caused by cars coming to and from the University, yet it was not a joint study, and was being funded by the Town. She said she therefore questioned this particular study, and why money was being appropriated for it.

Councilor Carroll said the study would be looking at particular roads that had been talked about for years. She noted that the Planning Board had come up with the suggestion that NHDOT put up signs on Route 4 directing University traffic to use the 155A Exit, so this traffic would not add to the congestion downtown, and would not add traffic on Edgewood and Madbury Roads.

But she said the Town had not been successful at getting these signs. She said she found it strange that here was a potential solution, but the Town couldn't get it initiated. She noted that part of this solution would involve the University educating people to use those exits, and not to continue to use Madbury Road.

Councilor Carroll said she thought this item needed to be removed from the Budget until it could be looked at in the ways she had suggested. She said the study would only be helpful if the University were involved, and said the study couldn't just look at car transportation. She noted that the University had done a lot lately concerning public transportation. She also said that residents were mixed on the issue of the northern connector, and also said the University didn't seem to want it, and the State was not going to pay for it over either the short term or the long term. She said to put money in the Budget to study this issue again, for cars, would not be a wise use of money at the present time.

***Councilor Carroll MOVED to amend the CIP to remove the Transportation Study. The motion was SECONDED by Councilor Peter Smith.***

Councilor Peter Smith said that until the University showed at least some willingness to study the northern connector and consider it as a traffic alternative, it was a complete waste of money to examine this issue.

Councilor Needell said that concerning the idea of hiring a consultant, the present problem was that there was a tremendous split in opinions as to what should be done concerning traffic issues. He also it wasn't felt that decisions were being made with sufficient information. He said the Planning Board was saying that in order to make good decisions on traffic issues, it needed to really understand the traffic problems the Town was dealing with. He said this was the reason why he had supported the idea of the study, and said he thought it was reasonable to begin a process that would try to understand the traffic system the Town was facing.

Councilor Niman said he thought that a central issue with hiring a consultant was the southern Loop Road and northern Loop Road plans the University had, and that based on its traffic model, the University didn't think these plans would impact the surrounding neighborhoods. He said that intuitively it seemed there would be problems, and said he didn't feel comfortable saying the University should simply go ahead and let its model work.

He said he thought the Planning Board wanted to hire a consultant to evaluate the University's traffic model, and to see how credible their reports were that their transportation plans wouldn't destroy the neighborhoods. He said if he were correct in thinking this, to a certain extent this would be money well spent.

Councilor Carroll said it was certainly important to look at this, but she asked when the Town and the University were going to work together on this. She questioned whether the University would listen, if the Town simply did the study and provided it to the University.

Councilor Niman said he thought the Town had some leverage on this because Town roads were involved.

Councilor Carroll said she also thought a study of these issues could be done without spending so much money. She noted that the idea of having subcommittees had been discussed by the Planning Board.

Councilor Needell said he agreed, but also said he didn't think the Planning Board could deal with this issue without professional help. He said what the Planning Board was saying with this line item was that it needed help to get this study going.

Administrator Selig said he had previously not been willing to use taxpayer dollars on this, and was hoping to get grant money for it. But he said he had seen that the University had a transportation plan, and from the information on it that the Town had seen, it was not convincing in terms of potential impacts on the Town. He provided details on this, and noted that the University had been unable to provide concrete data.

He said the University had its own mission, and said he had been persuaded that it was time for Durham to spend some resources of its own to get a clear sense of University impacts on the Town's roadways. He said a key aspect of this project would be to carefully define what the RFP would be. He said the Planning Board would be involved in developing this, and said it should include public transportation.

He said once there was confidence that the \$30,000 would get at the issues, it would then be considered whether the next \$100,000 should be spent. He said Durham needed to have a clear sense of its own transportation goals.

Councilor Peter Smith asked if the Town had requested that the University turn over copies of documents relating to its traffic study.

Councilor Smith said he would feel more comfortable with spending the money, after the University had turned over to the Town all of the elements relative to the traffic study. He said that if it did not do this, the Town should request this under RSA 91:1, and then after reviewing the information, should determine what the next step should be.

He said that until the University was prepared to change its view on the northern connector, it was a complete waste of money to look at that issue.

Councilor Niman asked if this whole project should be pushed out to 2007, or if the Council felt comfortable moving forward now with the \$30,000 expenditure.

Councilor Peter Smith said he would vote in favor of the motion. He said he saw this as an opportunity to save money at the present time, and said he would be very happy to revisit this issue once the Town had reviewed the information from the University, which might make it clearer whether it was a wise deal to spend this money on the study.

Administrator Selig said that part of the task of the consultant would be to look at the data that was currently available, and he said some initial recommendations would come from this. He said this was expertise the Town didn't have on staff.

***The motion FAILED 3-6, with Councilors Carroll, Peter Smith, and Julian Smith voting for it.***

Councilor Kraus noted that the General Government expenditure had increased by 12.5% over the previous 2005 Budget, and said it would save \$122,000 dollars if this increase were only 4%. He provided details on this, and said by doing this, they could save money without getting into a line by line approach. He asked Town Administrator Selig to show how \$200,000 could be taken out of the Budget.

There was discussion about this with Administrator Selig.

***Councilor Kraus MOVED to direct the Administrator to cut \$200,000 out of the Proposed FY 2006 Budget. Councilor Julian Smith SECONDED the motion.***

Councilor Needell asked if Councilor Kraus wanted to provide any guidance as to where the cuts should be made, and Councilor Kraus said he did not.

Councilor Niman said this would direct Administrator Selig to find cuts, and then the Council would evaluate whether it agreed with them. He said this motion didn't bind the Council to cut the Budget.

Councilor Needell said that without some specificity, he would oppose the motion.

Administrator Selig said he assumed that the request to cut \$200,000 was meant to be an amount that would impact the 2006 budget, and did not refer to bonding money.

Councilor Van Asselt said it was not clear where the \$200,000 number had come from. He said he thought the idea was to maintain \$1.3 million in fund balance and said that in order to accomplish this, they would have to cut \$350,000-400,000.

Councilor Van Asselt proposed another motion, and there was discussion as to whether it was appropriate to hear this motion when Councilor Kraus's motion had not been voted on yet. Councilor Peter Smith said it was proper that the Council vote on Councilor Kraus's motion first, and then Councilor Van Asselt could make his motion.

Councilor Morong said he would be interested to see where Administrator Selig could cut \$200,000 from in the Budget, so would vote in favor of Councilor Kraus's motion.

Councilor Carroll said she would vote against Councilor Kraus's motion. She said an incredible amount of time had been spent on preparing the Budget, and said Administrator Selig had been hired to make judgments like this. She said if particular programs needed to be looked at, the Council should do this. But she said to cut the Budget this way was not appropriate. She said she would trust the judgments that had already been made concerning the Budget.

Councilor Morong said although he wouldn't say the Budget was padded, he kept looking at the fact that this Budget reflected an increase above level services the previous year. He said he supported not reducing the General Fund, because there might be repercussions of that, but said perhaps they could get along with the same level of spending there was in 2005.

Administrator Selig said the awkward thing in looking at possible cuts was how to balance the various priorities. He said what was unfair was to ask him to make the policy decisions, and said this was where he could use help from the Council.

Councilor Julian Smith said he would vote in favor of this motion. He said at some point, the Council would have to reach a point where it could either approve the Budget or start "nickel and diming" it. He said he would prefer that the Council not do the latter, and said he thought that if a message could be sent that the Council was uneasy about dipping into the fund balance, it would have taken a step toward a tighter Budget. But he said he thought it was Administrator Selig's decision as to where the cuts should be made.

Councilor Kraus said his purpose in making the motion was to see if the Council had the will to do this. He also said the list of items Administrator Selig would bring back would provide the catalyst for discussions the Council hadn't seemed to be able to get at yet.

Councilor Niman said he probably would be more in favor of the motion from Councilor Van Asselt if it appeared. He also said he hoped Administrator Selig would come up with more than \$200,000 in cuts. He said in this way, he could pick and choose, and establish priorities, and could help the Council make policy decisions in order to jointly get the amount to be cut down to \$200,000.

Councilor Morong said he would rather see Administrator Selig's recommendations of where cuts could be made, and then the Council could decide if it really wanted these cuts.

Administrator Selig said it would be helpful for the Council to have an initial policy discussion as to general areas that should be looked at for possible cuts, and things it really wanted to preserve. He said that otherwise, he would give the Council his priorities.

Councilor Niman said if the motion passed, the Council would need to either decide to have the Town Administrator find the cuts and then have a policy discussion on this, or the Council could have a policy discussion the following Monday, and could then ask Administrator Selig to use this as a guide to come up with cuts.

Mr. Beaudoin noted that if the motion passed, and there was no clear direction for the Budget itself, he wondered how this would impact passage of the overall Budget.

***Councilor Peter Smith MOVED to postpone further consideration on the Administrator's Proposed FY 2006 Budget until a week from Monday.***

After some discussion about procedure, Councilor Peter Smith withdrew his motion.

***Councilor Peter Smith MOVED to table Councilor Kraus's motion. Councilor Needell SECONDED the motion,***

Councilor Needell said he wanted to make it clear that he was not trying to prevent Councilor Van Asselt from making his motion because of its substance. He said he would like to see it brought forward, but said Councilor Kraus already had a motion on the table, and it was impossible to blend the two.

***The motion PASSED unanimously 8-0.***

***Councilor Peter Smith MOVED to postpone further action on the Administrator's Proposed FY 2006 Budget until a week from Monday. Councilor Kraus SECONDED the motion, and it PASSED unanimously 8-0.***

***Councilor Peter Smith MOVED to remove Councilor Kraus's motion from the table. The motion was SECONDED by Councilor Kraus, and PASSED unanimously 8-0.***

***The motion PASSED 5-3, with Councilors Peter Smith, Needell, and Carroll voting against it.***

There was discussion as to whether the motion Councilor Van Asselt wanted to make would create a conflict, and whether it should be made at present.

***Councilor Van Asselt MOVED to get to \$1.3 million in fund balance and to have Administrator Selig get a Budget that would represent a 4% increase in the tax rate over 2005. Councilor Peter Smith SECONDED the motion.***

Councilor Van Asselt said he thought there was interest on the Council in maintaining at least \$1.3 million in fund balance. He said he was interested to see if Administrator Selig could come back and provide a Budget that provided services at a somewhat smaller cost.

Councilor Kraus received clarification that if this motion passed, his previous motion would get folded in with it.

Councilor Needell said he would oppose the motion, because it did not represent just a tweak of the Budget, but would involve a draconian slash. He said he saw no reason to do this, and also said he would vote against it because it indicated the Council was not properly exercising its responsibility.



Councilor Peter Smith said he would vote against it because it would mean the Council would not be exercising its proper responsibility.

***The motion FAILED 4-4 for lack of a majority, with Councilors Van Asselt, Kraus, Julian Smith, and Niman voting for it, and Councilors Peter Smith, Morong, Carroll, and Needell voting against it.***

***Councilor Van Asselt MOVED to adjourn the meeting. The motion was SECONDED by Councilor Kraus, and PASSED unanimously 8-0.***

Meeting ended at 10:30 pm

Victoria Parmele, Minutes taker