

*This set of minutes was approved at the February 6, 2006, Town Council meeting.*

**DURHAM TOWN COUNCIL**  
**MONDAY, DECEMBER 12, 2005**  
**(Continued Meeting of December 5, 2005)**  
**DURHAM TOWN HALL – COUNCIL CHAMBERS**  
**7:00 PM**

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

**MEMBERS ABSENT:** None

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

Chair Sandberg said this was a continuation of the December 5, 2005 Council meeting involving deliberation on the 2006 Budgets and CIP. He said the Council had made some amendments to the Budget, which deleted a few dollars in some areas and added some in others, leaving a Budget a bit higher than when the process started.

He said the challenge now was to put forth what else in the Budget should be changed. He said the Council had the obligation to adopt the Budget by Dec 31<sup>st</sup>, and said that if the majority of Councilors voted not to approve it, they would in effect be approving the Budget submitted by the Town Administrator on October 31<sup>st</sup>. He said the Council would hopefully vote on the Budget by the following week.

Administrator Selig said he was ready to answer any additional questions that Councilors might have.

Chair Sandberg noted that the Council had agreed to deal with the amendments before deciding on the appropriate amount of fund balance to use.

Councilor Niman said he had a number of cuts to propose as motions, but said he first would propose an amendment to increase spending.

***Councilor Niman MOVED to dedicate \$15,000 to hire a consultant to investigate the cost of leaving the Oyster River Cooperative School District. Councilor Morong SECONDED the motion.***

Councilor Niman said that every year when the Budget was presented to the Council, Administrator Selig warned in his introductory memo that unless the Town could do a number of things, including increasing the fairness in the existing School District funding formula, Durham would not be able to sustain reasonable or controlled growth in the tax rate on the municipal side of the Budget.

Councilor Niman said he was constantly reminded by fellow Councilors of why it didn't make sense to cut the municipal budget when it represented only 23.9% of the total Town budget. He said he had

complained about the apportionment formula to the School District for a few years, but said it was difficult to present a case that it wasn't fair and should be revised, without an understanding of what it would cost to leave the School District. He said the general belief was that it would cost too much and that Durham could never afford to do this, so the Town was held captive, and continued to do business as usual.

Councilor Niman said that in order to determine if it would be appropriate to change the formula, the Town should figure out what its options were. He said if it turned out it was not very expensive to leave the District, he thought the Town could make an effective argument that unless the formula was fair, perhaps this issue would be taken to the citizens of Durham so they could determine whether getting out of the District was good idea. He said it would be a good idea to hire someone to evaluate this.

Councilor Needell said he was curious as to why \$15,000, and not some other number, was chosen. He said he would vote against the motion, stating that while he was sympathetic to concerns of fairness, he was not convinced that the definition of fairness had been adequately addressed. He said the Council needed to figure out what it was looking to accomplish concerning this issue.

Councilor Needell also said he didn't think the Council was really going to be able to reduce peoples' taxes by cutting either the municipal or the school budget, and said the Town needed to be able to increase revenues, or find some other way of raising money.

Councilor Peter Smith asked Councilor Niman what sort of person, in terms of qualifications, he had in mind for this, and also asked him what the basis was for indicating there should be an appropriation of \$15,000. He said his third question was what Councilor Niman's definition was of "costs", - financial or educational costs.

Councilor Smith also said he would like to know if, before proceeding to appropriate monies, the initial step was to prepare a draft RFP, so the Council would know whether it was or was not a good idea to proceed to appropriate monies.

Councilor Niman said he had no particular basis for the number, and said that in choosing \$15,000, he was simply saying that the Council would be prepared to spend up to that amount of money. Concerning the fairness issue, Councilor Niman noted he had been on the committee where the fairness issue had been discussed, and said fundamentally different views on this were expressed at that time. He said his own definition of fairness was apportionment based on average daily membership. He said this was not the School Board's definition of fairness, but also said he felt it was the definition agreed on by the commission the Town Council had formed to study this issue, which submitted its report in May of 2003.

Councilor Niman said the Town needed someone with an accounting background to determine if the RSA's said that if a Town chose to leave a school district, it forfeited its interest in assets that existed in the other Towns. He provided details on this. Councilor Niman said he was not saying the Town should leave the School District, but he said it would be prudent to figure out if Durham really was over a barrel, and if not, perhaps the Town could make a more substantive argument to those it needed to appeal to, in order to change the apportionment formula.

Councilor Niman said he would be more than happy to work on a draft RFP, and in the meantime, would like the Council to put a placeholder for this item in the Budget. He said it could decide later whether it wanted to spend the money.

Councilor Morong asked if it was correct that the Commission Councilor Niman had referred to had figured out that the Town spent approximately \$1 million subsidizing Lee and Madbury.

Councilor Niman said it was determined that about \$1.6 million was spent on this.

Councilor Morong said he thought Durham had gotten the School Board to agree that the present funding formula wasn't fair.

Councilor Niman said yes and no. He said the School Board had created a committee that came up with what it considered a fair formula, which was different than the one the three towns currently operated under. He said the School Board reluctantly accepted the findings of the committee, but then seemed to change its mind 4-5 months later.

Councilor Morong said that \$1.6 million was a large percentage of Durham's \$9 million Town budget. He said he would be interested to know the cost benefits and downside of such a plan to leave the School District, and said he would therefore be voting in favor of exploring this.

Councilor Kraus said the citizens of Durham were not concerned about taxes, and noted that they passed all the school warrant issues. He said he couldn't remember the School being defeated on anything, but he said the day was coming when they would care. He said in order to prepare for this, it was important that the Council invest this money to find someone with a wider view than the Council had.

Councilor Kraus noted Councilor Niman's in-depth understanding on this issue, and said it was important for the Council attend to what he had brought forward. He said that when citizens came up against a brick wall, it would become important to have a better understanding of this issue, and said what Councilor Niman had recommended would provide some basis for making decisions.

Administrator Selig said this had been a front burner issue for the Council for a number of years, noting that the focus over time had moved away from whether to base the formula on average daily membership (ADM), and toward the impact the state adequacy grant, as a result of the Claremont decision, had on the shift in the tax burden. He said there had been a move to change the Statute, so that all three towns would be allowed to take the state grant monies and apply that off the top rather than off the bottom. He said this initiative was successful in Concord as part of new legislation, but he said the Towns subsequently dropped the issue. He provided details on this.

Administrator Selig said if the prevailing view of the Council was that the current formula wasn't fair, it made sense to add these funds, in order to being to look at this issue. He said \$15,000 would be a useful investment to start the process.

Councilor Needell noted that Councilor Kraus had said the School District was never defeated concerning funding, and said that was not how he saw it. He said in his memory, bond issues had always taken more than one attempt in order to pass.

Councilor Kraus said in recent memory, most of these had passed, and had passed well. He said this was a telling statement.

Chair Sandberg noted that the construction bond for the High School took several rounds.

Councilor Niman said his purpose was not to say the Town was spending too much on education. He said there was a difference between voting for the school district budget each year, and how the costs of that were apportioned. He said it was not for the Council to debate whether the School budget was too high or low, but how it was divided up. He noted it could go either way as to whether Durham was spending too much or not enough.

Councilor Peter Smith said this discussion should take place in front of another body--the School District. He noted that this had been the first consolidated school district created in the State. He said he didn't hear at the Council that the school budget was too large, and also noted that no members of the public showed up at School Board discussions on these budgets. He provided details on this, and then said the real concern was whether Durham was paying more than it should be. He said the fairness issue was the purpose of the negotiations Councilor Niman had previously been involved in, noting this process was given up because it was not going anywhere, and then shifted to the issue Administrator Selig had described.

Councilor Smith said he could not support even a placeholder of money in this budget if the conception for it being spent was for the money to be appropriated for the purpose of determining whether Durham was paying too much. He also said he did not see how he could support proceeding if two absolutely critical issues were not part of such an examination.

Councilor Smith said he would love it if instead the School District were willing to take this on. He said one issue was fairness, not just what Durham thought was fair. He also said he couldn't support this process unless central to the examination was the educational costs. He said this had to be something beyond a financial bookkeeping measure, and said he would never be willing to make a judgment to pull out of the School system without much greater perspective beyond finance.

Chair Sandberg said if the Council voted against this amendment, this didn't preclude another proposal in the next few months to do this study, and to use monies otherwise appropriated in the Budget. He said in this way, perhaps the Council could accomplish what it wanted without impacting the Budget at the present time.

Councilor Peter Smith said any Councilor could add \$15,000 to the Budget at any time, but said to start the ball rolling with a conception that was so limited was very bad policy. He said this was a very large financial and political issue, and said to move ahead with the vision presented thus far was not satisfactory.

Councilor Morong said he saw this money as representing a vision, and said there would be a more definite plan presented, before the Council decided to actually spend the money.

Chair Sandberg asked Administrator Selig what passage of this motion would mean to him.

Administrator Selig said he would ask Councilor Niman for more detail on what he had in mind, and what as a group the Council would like to evaluate. He said if a consensus on this was developed, an RFP would be put together, and he said only after this would the \$15,000 be spent. He said it was somewhat awkward to add this money to the Budget at the present time, because thought hadn't been given to what it would entail in terms of staff time.

He also said while it was true that the Council could at any time add \$15,000 to the Budget, it would be preferable to do at this time instead of mid-stream in 2006. He provided details on this, and said if the fairness of the formula warranted attention, it made sense to add these funds, and then to move ahead with developing a plan. He said if the Council later decided not to adopt this plan, the funds wouldn't be spent, and would lapse at the end of the year.

Councilor Carroll said her underlying concern was the message that would be sent to the School District, and to the neighboring towns of Lee and Madbury. She asked how the Council could explain that it was not really interested in leaving the School District, but just wanted information so it could use this as leverage in negotiations. But she said she would like to see this money spent on looking at the fairness issue.

Administrator Selig noted that the last time the Council had a process to look at this issue, Lee and Madbury were concerned and frustrated that Durham hadn't included them. He said he was sure they would prefer that the Town talk with them early on, and perhaps have a joint process that included them. He said they would otherwise assert that anything Durham came up with was one sided.

Councilor Carroll said it would be good if all three communities could appropriate this together.

Councilor Needell said to move ahead with this would be a hasty expenditure on an ill-defined project. He said this was a project that needed much more lengthy discussion by the Council on what it was trying to accomplish. He said it didn't cost \$15,000 to have that discussion, and said the Council should have this discussion before going any further.

Councilor Morong said Durham had sent the message quite often that the funding formula was not fair, and had not gotten much in return. He said he felt it was his responsibility, if he felt it was unfair, to send a message on this. He said this one didn't have to be mean about this, but said he did want to get the message across that the Town didn't feel it was being treated fairly.

Chair Sandberg said when a proposal like this came in at the last minute, it sent a message to Town staff. He also said that if the Council voted against this motion, it didn't mean the project would necessarily die, noting this was an issue of some interest to Councils members.

***The motion FAILED 4-5, with Councilors Carroll, Julian Smith, Peter Smith, Needell, and Sandberg voting against it.***

***Councilor Niman MOVED to cut \$50,000 from overtime in the Police budget. Councilor Van Asselt SECONDED the motion.***

Councilor Niman said he was making this motion in order to have a policy discussion about what he thought was a serious problem in the community. He said the Police Chief constantly reminded the Council of the large amount of calls that officers had to respond to because of the University, as

compared to other towns in the area, and of how tired the officers were. He said a high level of service was required, but he worried that because of so many calls, and because officers were tired, they might make mistakes, and couldn't respond as quickly as would be desired.

He said he thought the Council needed to do something other than say to the taxpayers that the Town needed more money. He said he thought the time had come to address this issue, and to get some other entity, - the University, the State, or the Liquor Commission, to come forward and provide funding or manpower to support Durham's Police Department. He said the current way the Department was operating was not sustainable, despite the very good job that it did.

Councilor Niman said he wanted to recommend that the budget be cut because when he had expressed his view on this issue previously, nothing had changed. He provided details on this, and said the Town should ask for help, including funding, from these other entities.

Chair Sandberg asked if Administrator Selig wished to respond to this recommendation.

Administrator Selig said the proposed line item for overtime was the same this year as last year. He said he had tried hard to come forward with a lean budget that got at the issues the Council was trying to address. He said real progress had been made in the downtown area, working collaboratively with the Police Department, Fire Department, Code Administration, the University, the Durham Landlords' Association and the Rental Housing Commission.

He said the challenge was that somebody needed to be downtown for the first few weeks of the school year and the last few weeks of the school year, in order to maintain order. He said if the Durham police weren't there, the question was who would be there. He noted that the State charged the Town when its staff came to Durham to assist with large disturbances, and was paid at an overtime rate. He also noted that the Liquor Commission provides limited manpower, more than anywhere else in the state.

Administrator Selig said the University did provide assistance, but said for the most part this year, Durham police were more or less going it alone in addressing issues downtown. He said if they pulled back, the Town would have to pull in someone else to fill the gap and would have to pay for this, or the Town would have to have a higher tolerance level for inappropriate behavior.

He said he felt the Budget for the Police Department was appropriate at present, but said the Town should be looking at identifying ways the University impacted Durham, from a policing point of view. He said perhaps they could look at what the Town would have for officers if it weren't a University community, and if perhaps it was fair to compensate the Town for the additional officers that were needed.

Administrator Selig said this argument had yet to be made forcefully, and said this should be done in the coming year. He said he recommended that the Council vote against this motion, but should look to get additional revenue from the University in this area.

Councilor Morong said he agreed with Councilor Niman that the Town was doing a lot of policing for the University, but said he didn't agree this was the way to get additional money, and couldn't

support this motion. He said the Town would have to do something really radical before the State would sit up and take notice.

Councilor Needell said Administrator Selig made a good point, that if the Town was looking to the University to take greater responsibility in this area, this was appropriate. But he said he didn't see how the Police Department budget could be cut in advance of this. He said he appreciated the concern about the well being of officers, but said it was not clear they were overworked, and asked for information on this

Chief Kurz said he appreciated Councilor Niman's strategy, although describing it as somewhat skewed. He said the Town's police officers were not overworked, and said the Town was getting value for the dollars it was spending. He said the Department tried to create the illusion that there were a lot of officers out there, and therefore spent a lot on overtime. But he said they were not spending money on more full time officers.

Councilor Julian Smith said he would speak in favor of the motion. He asked what percentage of the Police Department's overtime budget was spent primarily on policing against underage drinking.

Chief Kurz said the bulk of what the Department did involved alcohol in some way. He provided details on how overtime hours were allocated over the course of the year, and said the total cost for this was \$48,000. He noted this was offset somewhat by grants.

Councilor Julian Smith noted that the drinking age had been raised by Congress in past years, and that the states had gone along with this in order to protect gasoline tax dollars for roads, etc. He asked if the Police Department got any substantial money from the federal government to help with the portion of policing resulting from having to enforce an unfunded mandate, - that people under 21 could not buy alcohol.

Chief Kurz said no.

Councilor Van Asselt said he had seconded the motion because UNH did not pay its fair share, noting this was why he had voted against the Town's agreements with the University. He said it had to be true that a large portion of overtime resulted from student activities, and said the bottom line was that residents were paying for this, and UNH wasn't.

He said he didn't know if Councilor Niman's approach was appropriate, but said that perhaps creating a crisis was the only way to get the University to pay attention. He asked Administrator Selig for a ballpark figure of what the total overtime budget was for all Town departments.

There was discussion that this could be determined during the break

Councilor Van Asselt said he wanted to know this because he might want to make an amendment to Councilor Niman's motion.

Administrator Selig said his concern was that focusing solely on the amount spent on overtime was misguided, because the Town spent money on more than just overtime for policing Durham, and said these things were also greatly impacted by the University.

***Councilor Van Asselt MOVED to amend the motion by direction the Town Administrator to cut \$50,000 from the overtime budgets for 2006.***

Councilor Needell received clarification that the cut of \$50,000 would be spent across all Town department budgets.

For lack of a second, the original motion stood.

Councilor Kraus said he would vigorously speak in favor of Councilor Niman's motion, and then would vote against it. He said the motion brought forward a real problem with funding, and where the Town had to spend money as a result of the University. But he said it would appear that the Town would end up paying this money one way or another any way.

Councilor Julian Smith noted a Nov 5<sup>th</sup> memo from Administrator Selig that pointed out that the University's police department had significantly increased its numbers of arrests, and its police were now responsible for 60% of the arrests since the academic year had started. He said if UNH could be encouraged to continue being more proactive, Durham could allow them to do more of this.

He asked Chief Kurz if University police were capable of making arrests downtown, off University property, when they saw something going on that was wrong. Chief Kurz responded in the affirmative.

Councilor Niman said he wanted to make it clear that he was not speaking against the Police Department

Councilor Peter Smith said he would vote against the motion. He said creating a crisis was appropriate at times, even if this meant acting illegally, but he provided details on why this wasn't the appropriate course of action in this instance. He said the Council must come to grips with the issue of seeking a merger of the two police departments, and said there was no question in his mind that this would lead to saving money and better policing.

***The motion FAILED 3-6, with Councilors Niman, Van Asselt, and Julian Smith voting in favor of it.***

***Councilor Van Asselt MOVED to cut the Budget by \$94,760, which is one half of the operating budget of the Library. The motion was SECONDED by Councilor Kraus.***

Councilor Van Asselt said that prior to 2005, the Town had paid a token amount toward the operation of the Library, and in the past year, the Council had chosen to fully fund the library, at \$163,000. He said for 2006, the proposal was that \$189,000 should be spent, and said \$94,760 was half of that.



He said the library had been fully funded the previous year with the thinking that this would allow the Library Board of Trustees to raise money for a new library building. But he said the Council had recently been told that not much progress had been made in this area. He provided details on this. He said the current storefront building for the library was totally inadequate for operating a library. Councilor Van Asselt said his motion was not that he didn't support a library, and said if the motion was to support a new building for the library, he would vote for this. He said he had made his motion so the Council could talk about whether it would continue to throw a couple of hundred thousand dollars at a storefront that was inadequate by anyone's standards.

Councilor Needell asked for clarification of what this motion was meant to accomplish. He said the operating budget for the library was what it was, and said it was the responsibility of the Town to approve funds for it. He said he didn't think Councilor Van Asselt was arguing that the library could function at half the cost, and said he thought this budget issue had nothing to do with the building project.

Councilor Van Asselt said his feeling was that the Library was able to function before with 50% of its funds coming from the Town. He said there was no movement in the area of a new library, and said he was saying that if it required \$180,000 to operate the Library, the Town Council would agree to fund half, and the Library Board of Trustees could raise the other half.

Councilor Peter Smith said he completely agreed with the comment on the lack of progress on the Library. He said he continued to feel this was very disappointing, and said he didn't agree with the failure to make further progress. He said it was tempting to think that if the Council voted to cut the Library budget in half (which Councilor Smith stated was illegal under State statute), it would immediately result in resolution of the 10 year problem. But he said he didn't think this was the case.

He said this problem would be resolved when this particular group of Trustees, or others on the Board did the job. He said that perhaps the Town had made a terrible mistake 10 years ago by deciding to have its own library, but said it was now obliged by State statute to provide adequate support for the library that had been created. He also said that because the Library had accepted private monies on many occasions, it was now barred from dissolving itself under that statute.

Councilor Smith said if the Library budget was inflated, the Council should debate that, but said that otherwise, it didn't have much choice concerning the budget. He said he would vote against the motion, but said he hoped that the Library Board of Trustees listened loud and clear to the concerns of the Council. He said he realized that some Trustees felt the situation was the fault of the Council.

Councilor Niman asked Councilor Peter Smith if the Town Council had the authority to pick a piece of land and say it wanted to put the new Library there, or could buy a building or build a building and say to the Trustees, here's the Library.

Councilor Peter Smith said he wished he could say there was a clear answer to this question, but there wasn't. He provided details on this, noting there was a lot of obscurity surrounding this issue, and that there had been very little litigation concerning it.

Councilor Carroll said there was inadequate space for the current Library, but said amazing things had happened in that space. She said it was to the credit of those people who made that inadequate

facility work. She also said that while the Trustees were looking for a place to build the Library, this would be a great time to raise money for it. She said she would vote against the motion, and would like the Budget to stay as it was concerning this issue.

Councilor Van Asselt said his point was that the Town wasn't making any progress on this issue, and said he didn't know how to make this point other than through this motion, which he was happy the majority of the Council was going to defeat. He said the Town needed to come to grips with this issue, and how much it was willing to spend on a new library. He asked that somehow in the coming year, the Town move forward on this issue.

Administrator Selig said the Library budget proposal before the Council was a bare bones proposal. He provided details on this. He said if the Council did want to support the Library adequately it should do this, and move forward.

***The motion FAILED 2-7, with Councilors Van Asselt, and Kraus voting in favor of it.***

Councilor Van Asselt noted there was \$23,600 for DCAT in the Budget, and asked if he wanted that money to come from something other than the taxpayers, how he would go about addressing this.

Administrator Selig said he didn't believe Councilor Van Asselt could accomplish what he hoped to through a motion that evening. He said that in many communities, a surcharge was charged to cable customers a part of the franchise agreement, in order to pay for community television services. He said Durham had specifically decided it didn't want to do this, and said the Town didn't have the ability to change this until its contract ran out in a number of years. He said another possible way to get funding for DCAT was to charge user fees for airing programs, or to do more advertising. He said the DCAT Committee had looked at these options, but hadn't gotten anything off the ground to date.

Councilor Van Asselt asked if advertising was allowed on DCAT.

Administrator Selig said he believed the type of advertising allowed was similar to what was on public television.

Chair Sandberg said the policy issues regarding this were probably best discussed at the DCAT committee. He also noted there were a number of devices to reach into the pockets of non-property taxpayers, such as utility pole taxing.

There was discussion as to whether there was a revenue section in the DCAT budget.

Councilor Needell noted the filming of the July 4<sup>th</sup> celebration last year, which the Rotary Club had funded, and said DCAT was looking to do more of this kind of thing.

Chair Sandberg asked if Councilor Van Asselt wished to make a specific motion to amend the Budget.

Councilor Van Asselt said he wanted to find out if he could make a motion that DCAT could be self supporting, using advertising. He said his approach would be to fund DCAT by letting Verizon run its name on the screen.

There was discussion on what kind of motion would be appropriate.

Councilor Peter Smith said his sense was that there had been no discreet program of seeking advertising, and collecting money for advertising.

Administrator Selig said if there was such a process, it had been informal, noting that the DCAT committee had struggled with this issue.

Councilor Smith asked if it was correct that no money had come in, and Administrator Selig said it was.

There was additional discussion on the idea of making a motion to cut the DCAT budget.

Administrator Selig said if the DCAT budget was cut, this would mean that funds couldn't be expended in that area. He said if what Councilor Van Asselt envisioned was the direction the Council wanted DCAT to go in, a better approach was to discuss this issue in 2006, and to include the DCAT committee in this discussion.

Councilor Van Asselt said that without making a motion, he felt he had accomplished his goal. He said if the Council was going to be budgeting \$25,000 for DCAT, some revenue sources should be looked at to go with that.

#### **Recess from 8:40-8:45**

***Councilor Van Asselt MOVED to amend the purpose of the consultant line item in the Planning Department, to hire a consultant to explore methodologies for collecting payment in lieu of taxes from the University. Councilor Niman SECONDED the motion.***

Councilor Van Asselt said the development of the impact fee schedule could be done without a consultant. He said if the Council was willing to spend money on this, he said he thought this money would be better spent looking at an issue where real money was involved, - the Town's costs related to UNH, and a way for it to pay the Town. He said the return from this would be much greater than the return would ever be from an impact fee ordinance.

Councilor Peter Smith asked Administrator Selig if it was correct that there was in-house capacity to develop the impact fee schedule.

Administrator Selig said it was not, noting that the Town Planner was focused on other tasks, and that Town had relied heavily on a consultant for development of the impact fee ordinance.

Councilor Peter Smith asked Councilor Van Asselt if he had in mind hiring a consultant for the task of determining what the financial impact was to the Town for various activities that took place at the University, or had in mind spending money on someone who would play the role of a lobbyist to attempt legislative or other changes so the University would make such funds available.

Councilor Van Asselt said for the coming year, he was interested in the first scenario, but said the second might happen down the road. He said the Council didn't yet have a handle on the general cost to the Town, and said this person could focus on this.

Councilor Peter Smith asked which of the two possible tasks for a consultant would be handled more easily by current Town staff.

Administrator Selig said the Town was planning to continue discussions with the University on its impacts on Durham, noting the next topic would be the impacts of the Whittemore Center, and the degree to which non-University specific events impacted the Town in various ways. He said these things could largely be addressed in-house, also noting there was money in the Town Administrator's budget to bring in consultants as needed in this process. He said he didn't think additional funds were needed to address this at the present time.

Councilor Van Asselt said he didn't think department heads were capable of collecting the data, because they had to work daily with UNH. He provided details on this, and said an outside person was needed to do this research on behalf of the Council. He also said he would like to think that the Planning Director could put together an impact fee schedule, and then get limited advice on it, so that spending \$10,000 on a consultant for this wasn't necessary.

Councilor Peter Smith said he agreed that in the long run, there would be a greater impact from ferreting out University costs, if this led to revenues. He provided details on this. He said what he thought the Council should be voting on now with this motion was the judgment of the Town Administrator. Councilor Smith said he was inclined, without having further evidence, to accept Administrator Selig's view that impact fee development was not likely to occur without outside consultants, and that while consultants might be needed for the UNH issue, there were funds in the Administrator's budget that could be used for that purpose.

Administrator Selig said this line item concerning the development of the impact fee schedule reflected moving forward with what the Town said it wanted. He also discussed the line item on page 37, which said consultants could be hired under the Administrator's budget, for issues such as this. He noted that a space analysis for the Town Offices, and possible joint location of the Town Offices and new Library, could be addressed under this line item.

Councilor Niman said the Town was hiring various consultants, but said he didn't see a lot of economic development in Durham, and did see a very expensive Planning Department. He asked what a reasonable set of expectations was of what a Planning Director was supposed to do, and also asked why the Town needed to hire all these consultants.

Administrator Selig said the Planning office very busy, and provided details on this. He said if the Planning Board wanted to create additional subcommittees to work on the Master Plan on its own, he was trying to empower it, through this Budget, to move more aggressively in this area. He also said if the Economic Development Committee wanted to be more active, and to operate more autonomously from the Planning Director, it could do so. But he said at present, the Committee was relying heavily on the Planning Director to do the work necessary for that committee to move forward. He said at present, very little was happening on that front, so his thought had been that if someone could be brought in to focus on that, it would help the committee.

Councilor Niman said he would vote in favor of this motion.

Councilor Van Asselt summarized that hiring a consultant for the purpose he had described could be done with funds on line 37, and also said this money could therefore be used to do impact fee schedules.

Administrator Selig said that was true, assuming there was enough money. There was discussion on this

Chair Sandberg said Administrator Selig has said that if the Council accepted the Budget as proposed, he could accomplish both of these tasks.

Administrator Selig said the majority of the funds in line item 37 had been used to keep the Town website updated, but said this task would now be done by the MIS person, so the funding in the Administrator's budget would be available for other purposes. He said this was an example of how the newly developed full time MIS position was making the Town more efficient.

***The motion FAILED 4-5, with Councilors Julian Smith, Kraus, Van Asselt, and Niman voting in favor of it.***

Administrator Selig said he didn't want the Council to forget to have a discussion about the Library funding in the CIP. He noted that the Council had discussed at the beginning of deliberations on the Budget and CIP, and that concern was expressed at that time as to whether the contribution from taxpayers for the new Library should be 2/3, or instead something else.

Chair Sandberg said before addressing this, the Council should perhaps finish its discussion on the Operating Budget.

Councilor Carroll said she had some questions about the budget. She asked Administrator Selig if, as the Budget was put together, energy issues were looked at, and what kinds of assumptions were used in coming up with numbers on energy costs. She also asked if Administrator Selig and department heads were able to look at strategies and a plan of action to reduce energy use, which would then affect the Budget.

Administrator Selig said this had been a challenging issue. He provided details on strategies used in the operation of the Town to reduce energy use, and said the Town had been doing these kinds of things all along. He noted that the Town Offices were difficult to operate efficiently from an energy perspective, because of the age of the building. He asked Mr. Beaudoin to provide details on how the numbers in the Budget on energy costs were developed.

Mr. Beaudoin provided details on how cost estimates were developed for electricity, fuel oil and gasoline usage by the Town government.

Councilor Carroll noted that in the last two years, the cost of electricity for the Town Office building had risen by \$2,000, and she said these costs added up when one considered other Town buildings. She said the people who worked in these buildings were the best people to determine how energy use could be cut back, and said this would be good for the Town, as was the case for people conserving energy in their own homes.

***Councilor Needell MOVED that the line on page 28 for the Town Council \$70,000 contingency be reduced by \$10,000, holding it at its current level, \$60,000. Councilor Niman SECONDED the motion.***

Councilor Needell said he appreciated the Town Administrator's efforts to raise this over a period of years, and said he support this in principle. But he said that given that there had been a \$20,000 increase in the Budget because of unanticipated health insurance costs, his motion was an attempt to compensate for this. He noted that most often, these funds weren't used.

Councilor Kraus said he believe the Town would need this money for overruns for the Packers Falls Bridge repairs, so he would vote against this motion.

***The motion FAILED 4-5, with Councilors Julian Smith, Niman, Needell, and Peter Smith voting for it.***

Councilor Niman asked if it was appropriate to move numbers to different places in the Budget. There was discussion about this. Councilor Niman said his motions to cut the Budget hadn't been very successful, so he thought he would try to accomplish his goals in another way. He asked if it was appropriate to make a motion to move the Code Enforcement Officer and all associated expenses into the Fire Department.

Administrator Selig said he had looked at doing this, and to date, had determined it would not be a good decision. He said the Code Enforcement Officer's duties were separate and distinct from the Fire Department, so this wasn't a good match. He noted that under different set of circumstances, he might feel differently, and provided additional detail on this. He said it would be more appropriate to consider this idea as part of a larger philosophical discussion, involving the University.

Councilor Peter Smith asked if placing the Code Enforcement Officer in the Fire Department would be in violation of the letter or the spirit of the fire agreement with UNH.

Administrator Selig said this would certainly violate the spirit of the agreement. He said the negotiations were entered into with the understanding that code enforcement took place in a totally separate department. He noted the approach some towns in New Hampshire, such as Goffstown, had take, to combine the police and fire departments. He said this model was available for consideration.

Chair Sandberg suggested that a more appropriate approach might be a separate motion to ask Administrator Selig to investigate various options in terms of consolidation of departments. Councilor Niman said he had planned to make a motion on this structural issue, in order to make a point. But he said he could make another motion to make his point.

***Councilor Niman MOVED to cut \$90,000 from the fire prevention budget. Councilor Kraus SECONDED the motion.***

Councilor Niman said from his investigations on Fire Department funding, etc, it seemed that the full time of one of the staff members was devoted exclusively to University projects. He said he didn't understand why the Town should be splitting the cost of this. He said when he had explored

the idea of moving the Code Enforcement Officer position, his thinking was that it seemed the University should therefore pay for half of that position. He provided details on this.

Councilor Niman noted that the Dec 8<sup>th</sup> 2003 Minutes indicated that Administrator Selig had said upcoming negotiations with the University were going to show that a lot of fire prevention bureau time was spent on University projects, and was an excellent argument for the University compensating the Town for that aspect. Councilor Niman said it seemed that this function of the Fire Department was more oriented to benefit the University, than the combined interests of the Town and the University. He provided additional details on this.

He said if the Town was unwilling to say this to the University, the Town's full time employee (Code Enforcement Officer) should move over to the Fire Department so the University could cover half of his costs.

Councilor Needell said this was a shared Fire Department, and said the fire prevention division had two people. He said he didn't see what the problem was.

Councilor Niman said the equivalent of one person was spent exclusively for University projects and affairs, and the other person was left to the broader community as a whole, including the University and the Town. He said he didn't consider this a 50/50 split.

Councilor Needell asked for verification as to whether Councilor Niman's characterization of the function of this person was correct.

Administrator Selig said in negotiations with the University, the Town had argued that the split should be more advantageous with regard to the Town. He provided details on how this split was determined, noting it involved various functions of the Fire Department. He said when all of the analyses on this had been done, 50/50 seemed like a reasonable compromise. He asked Interim Fire Chief Blake to comment more specifically on the issue of what each of those two individuals in the fire prevention division actually did in their jobs.

Interim Fire Chief Blake said the Department looked at things globally, and saw Durham and the University as one in order to keep costs down. He said there wasn't a person who always worked on University projects, and provided details on this.

Councilor Peter Smith said the problem went substantially beyond what Councilor Niman said in terms of the distribution of fire services between the Town and the University. He said he didn't feel the Council had a complete handle on the data on this. He said he would vote against the motion, not because he didn't think there was a substantial amount of merit to it. But he said he didn't think it was fair to begin to make these kinds of decision, without the new Fire Chief being able to review the entire matter. He said he did want this matter to be addressed, and probably wanted to go even further than the motion did, but said the review was needed first.

***The motion FAILED 3-6, with Councilors Kraus, Niman, and Van Asselt voting in favor of it.***

***Councilor Van Asselt MOVED that across the board, that the Council direct the Administrator to reduce the overtime budgets from \$430,000 to \$380,000, for a reduction of \$50,000. Councilor Niman SECONDED the motion.***

Councilor Van Asselt said overtime was a necessity, but was also controllable, He provided details on this, noting it was an estimated number, and said the truth was that the figure was always padded. He said this was one of those areas where the Town could get by with less.

Administrator Selig said the overtime budget was not padded, noting this was not the philosophy he had brought to the budget process. He said he had provided the Council with what were viewed as likely expenditure on overtime.

There was discussion on the cost for special details, and Administrator Selig said the Town actually made a profit on this. He also explained that spending money on overtime actually saved the Town money, because it allowed police officers to be provided at strategic times, and meant the Town didn't have to hire additional officers on a full time basis. He said this same approach was used with the Fire Department.

Councilor Kraus noted that this reduction was proposed across various Town departments, and said how this cut would occur would be at Administrator Selig's discretion.

Administrator Selig said that was correct. There was discussion about this.

Administrator Selig said the so-called pad was the contingency line.

Councilor Needell said Administrator Selig had been very clear on his philosophy in developing the Budget, and said if a motion like this were adopted, it invited a change in philosophy in future budgets. He said he would vote against this motion.

Councilor Van Asselt asked Administrator Selig if he asked department heads what they could accomplish with 5% less, 5% more, or the same amount of money, and if he did, if the Council ever got to see the answers to these questions.

Administrator Selig said he hadn't asked those specific questions as part of this year's Budget process. But he said he did ask a lot of questions, to assure himself that the numbers he was getting were real.

Councilor Van Asselt said he was not questioning Administrator Selig's management. He said his impression was that the majority of people didn't want to pay more property taxes, but he said that on every item in the Budget, Councilors were told that that they couldn't do any better. He said his question was, at what point the Council said enough was enough. He said that maybe it was time to say to department heads that Town services needed to be performed for less.

Chair Sandberg said items 1-47 were all prospects for cutting budget. He said he didn't see overtime on this list, but said perhaps there were other funds that could be considered for cutting.

There was discussion about this.



Administrator Selig said the Budget reflected a reduction in Town personnel, and the idea of making do with less. He said Town staff was not getting credit for the things they had done to keep costs down, and to keep cost increases to an absolute minimum. He provided details on this. He said that at a certain point, the Council had to decide what things it was willing to do without. He said the list he had developed tried to get at this.

Councilor Niman said he wished to speak in favor of the motion. He congratulated Administrator Selig for reducing staff and being vigilant in spending. But he said he thought Councilor Van Asselt was saying, do more, this wasn't enough. Councilor Niman said the cuts suggested by Administrator Selig were not the ones that philosophically he agreed with.

He noted as an example that he would never vote in favor of eliminating curbside recycling, and would instead talk about consolidating the Public Works Director and Town Engineer positions. He also said he didn't agree with getting rid of the call force, or eliminating the police officer who had just been hired. He said that philosophically, there was potentially a disconnect between Town staff and the Council, and said perhaps this should be tackled in the coming year.

Administrator Selig said Town staff needed to know what the Council was willing to cut. He said unfortunately, people liked to say the budget was too high, but when he offer the hard decisions, people didn't like them.

Councilor Niman said he had suggested one cut after another, and was trying as hard as he possibly could to do this.

Chair Sandberg noted that the Budget had been developed over many months of work, and said when an amendment was put forward, it needed to be specific, and must be defended.

Councilor Peter Smith said motions were made a few meetings ago to cut the Budget, and there was discussion at that time was that it was up to the Council to propose specific cuts. But he said the majority of the Council didn't want to engage in that process, and said the Town Administrator was in the best position to decide on these things. He said the Council had voted that Administrator Selig come up with these items, noting that he didn't agree with this.

Councilor Smith said he thought more attention would be paid to the list that had been developed, and said the Council should keep in mind what it had previously decided. He said the cuts proposed by Councilors had been such that one couldn't adequately pinpoint the effect they would have, and he provided details on this.

Councilor Kraus said he was in favor of this motion, although it was a little abstract. He noted that at the last meeting, he had made a motion regarding an item on Administrator Selig's list of possible cuts, the feeding of swans. He said Councilors were dammed if they did, and were dammed if they didn't.

In response to a comment from Councilor Van Asselt, Administrator Selig provided details on how the budgeted and actual amount for Fire Department overtime in 2005 were very close. He said in 2006, whatever was not needed would be turned back to the Town.

***The motion FAILED 4-5, with Councilor Kraus, Julian Smith, Van Asselt, and Niman voting for the motion.***

10:00 pm

***Councilor Van Asselt MOVED to set the time for adjourn at 10:30 pm. Councilor Peter Smith SECONDED the motion.***

There was discussion on this.

***The motion PASSED unanimously 9-0.***

Chair Sandberg asked if Councilors had any additional proposed amendments.

Councilor Kraus said he did not, noting the previous amendments he had recommended hadn't passed.

Councilor Van Asselt said he had no further motions to make. He provided details on why he would vote against the budget.

Councilor Niman said he would go through the Town Administrator's list to find additional possible cuts,, and could hopefully do that at the present meeting.

Councilor Morong said his philosophy, that a general across board cut could be done, had not been adopted by the Council. He said two members of the public had come to the public hearings on the Budget. He also said he didn't have a problem with the way the Town was run and the services being delivered to residents. He said he didn't have anything to bring forward.

Councilor Needell said he would like to discuss the usage of fund balance.

Councilor Peter Smith said he would like to discuss the Library issue, and otherwise was satisfied with the Budget.

Councilor Niman asked for details on item #43 on Administrator Selig's list of possible cuts, including why it was on the list.

Administrator Selig said while he had provided the wordage of the justification for this cut, it was clear that he wasn't recommending this. He provided details on this.

***Councilor Niman MOVED to eliminate items #1, 4, 6, 9 , 10, 11, 23, and 40.***

- 1** \$1,000 planning for expansion of parking at Wiswall Dam Park parking area
- 4** \$1,000 third telephone line for Public Works Department
- 6** \$1,000 two bicycles for the Police Department
- 9** \$535 NOAA weather scroll for Channel 22 bulleting board
- 10** 10 \$935 new speakers and sound system for Council chambers and foyer

- 11 \$1,000 contracted services, Police Department
- 23 \$1,000 roadway maintenance – asphalt purchase for patching
- 40 \$30,250 overtime wages - fire suppression (eliminate first half of projected savings)

***Councilor Van Asselt SECONDED the motion.***

Councilor Needell said he would vote against this package of cuts, explaining that he didn't understand the grouping, and that there were items in it he couldn't vote for.

***Councilor Peter Smith MOVED to amend the motion to delete item #23. Councilor Needell SECONDED the motion***

Councilor Smith said this was an item out of the package that he wouldn't be in favor of eliminating.

Councilor Kraus said he favored the concept, but would vote against this motion.

***The motion to amend FAILED 4-5, with Councilors Peter Smith, Carroll, Needell, and Sandberg voting in favor of it.***

Councilor Niman provided details on why he had chosen to cut the particular items he had included in his motion. He said there was no point to put money into the Budget for the Wiswall parking area until the Town resolved the fishway issue. He said he didn't see any huge social harm in eliminating the third phone line for the Public Works Department. He said he didn't think the new bikes for the Police Department were needed, noting there was a way to keep existing bikes in service. He said people could get the weather at other locations than the Channel 22 bulletin board.

He said the speakers for the Council Chambers and foyer weren't needed because the room was only rarely full. He said that concerning the contracted services for the Police Department, the Council needed to change the hope that there wouldn't be any riots to an expectation. He said he had proposed the cut to overtime for the Fire Department as a way of encouraging the new Fire Chief to move forward on reducing overtime, and implementing new policies in the Department.

Chair Sandberg asked if Administrator Selig had anything to say,.

Administrator Selig said his rationale outline in the list of cuts was self explanatory, said he had nothing to add to this.

***Councilor Peter Smith MOVED to amend the motion, to eliminate #40. Councilor Needell SECONDED the motion.***

Councilor Smith said he would prefer to wait until the new Fire Chief arrived and could do a global evaluation of the entire operations of the Department. He said he suspected that if eliminating item #40 were on the Fire Chief's list, he would support this.

Councilor Needell said he would vote in favor of the motion to amend, and said he especially objected to this item being included in Councilor Niman's motion. He said he wasn't sure they would see the saving anticipated from this.

Chair Sandberg said he would vote in favor of this amendment.

***The motion PASSED 5-4, with, Councilors Kraus, Van Asselt, Niman, and Julian Smith voting against it.***

Councilor Van Asselt said he would vote against Councilor Niman's motion. He said it represented only a 0.001 percent reduction in the Budget. He said the Budget was too high, and said this motion didn't get the Council where it had agreed it wanted to go.

Councilor Needell said Councilor Van Asselt may have said the goal was to cut the Budget, but this wasn't the Council's goal.

Councilor Kraus said he would vote against this motion, explaining that the impact of these proposed cuts was irrelevant in the scheme of the Budget.

Councilor Peter Smith said he would like to hear from the Public Works Director regarding item #23. He asked how serious a problem it was, in his view, to have to use reclaimed asphalt.

Public Works Director Mike Lynch provided details on this. He said the product of choice was hot asphalt. He said the recycled asphalt would last about 1 ½ to 2 years, as compared to 3-4 years for the regular asphalt.

Councilor Niman said to Councilor Kraus and Councilor Van Asselt that he agreed with their perspective, but said he wanted to demonstrate that he was willing to cut small things from the list that had been provided to the Council.

***The motion as amended, (including 1,4, 6, 9, 10, 11 and 23) FAILED 2-7, with Councilor Julian Smith and Councilor Niman voting in favor of it.***

There was no further discussion on the operating budget.

Councilor Kraus left the meeting at 10:28 pm

Councilor Peter Smith said he thought the Council had reached a consensus on how to handle the Library item in the CIP. He provided details on this.

Administrator Selig recommended leaving the new Library line item in the CIP, but deleting the dollar amount, and including in the description form "until this item is further refined, the Council will retain it as a placeholder only, with an amount, cost sharing formula, year of implementation, and scope of work to be determined"

***Councilor Peter Smith MOVED to leave the new Library line item in the CIP, but to delete the dollar amount, and to include in the description form "until this item is further refined, the Council will retain it as a placeholder only, with an amount, cost sharing formula, year of implementation, and scope of work to be determined". Councilor Morong SECONDED the motion.***

***Councilor Peter Smith MOVED to continue the meeting for another 10 minutes. Councilor Van Asselt SECONDED the motion, and it PASSED unanimously 8-0.***

Councilor Needell said he didn't recall the previous discussion on this. There was discussion on this.

Councilor Peter Smith said the Council did have this discussion, and Administrator Selig had formulated these words based on this.

Councilor Niman said his concern was that if the Town was spending \$10,000 to write an impact fee ordinance, the cost of the library should be part of impact fee collection. He asked if it was sufficient for him to simply note that the variable concerning this needed to be included in the impact fee schedule.

There was discussion on whether impact fees could be assessed for the library. It was determined that this could be done.

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

Chair Sandberg said if the Council could now come to a conclusion on the amount of fund balance it wanted to use, Town staff could incorporate this into the spreadsheet, and the Council could vote on the Budget the following Monday.

Councilor Peter Smith asked if Mr. Beaudoin could tell the Council where they were at with the Budget, given the changes that had been made to it.

It was determined there would be approximately a net increase of \$10,000 to the Budget.

Administrator Selig noted that using \$276,000 of fund balance resulted in a 4.93% increase in the tax rate.

Chair Sandberg noted that if the Council chose to reduce the use of fund balance, the tax rate increase would go up, and if it decided to use more fund balance, the tax rate increase would go down. He asked what the increase in spending had been from 2005 to 2006.

Administrator Selig said there had been a 4.7% increase in spending, but said this didn't include the changes the Council had made.

Chair Sandberg said the impact of these changes amounted to less than a tenth of a percentage point. He then asked Councilors what they wanted to do concerning the fund balance.

There was discussion that if the Council followed the Town Administrator's recommendation concerning the use of fund balance, it would go down to \$1,099,233.

Chair Sandberg said this was lower than what the consensus of the Council seemed to be on what the fund balance should be.

Administrator Selig said if no fund balance was used, the tax rate increase would be about 10.5%. He noted that the increase the year after that would be about 3.5%.

Councilor Peter Smith said he did not think the case had been made for varying from the unreserved fund balance figure that the Town Administrator had presented. Councilor Smith noted his own previous comments that if one viewed the use of fund balance as he had previously described, and looked at projections out to 2015, a healthy amount of fund balance remained for the service of that objective. He provided additional details on this.

***Councilor Morong MOVED to change the use of fund balance from \$276,000 to zero. Councilor Niman SECONDED the motion.***

Councilor Morong said the fund balance was currently below what the State recommended. He said he had voted to use fund balance in the past, but was uncomfortable with the direction it was going in. He said he was not happy with the fact that the Budget was up 10% when the cost of living increase was 3.5%, but said if that was what the Town needed, it was time to anti up and pay as they went. He said for a tax bill of \$10,000, not using fund balance would add an additional \$150 in taxes. Councilor Morong said it was time for the taxpayers to realize what it cost to live in Durham.

Mr. Beaudoin said if the Council eliminated the use of fund balance for the 2006 Budget, they would hit the wall this year, and then the fund balance could rise in a health fashion, with a comparable tax rate that was livable. There was discussion about this.

Chair Sandberg asked what would happen if they used half of the amount of fund balance that was proposed, - \$138,000. There was discussion about this.

Councilor Needell said he was sympathetic to the idea of paying as they went, but said he was also concerned about this big an increase in the tax rate if the fund balance wasn't used.

***Councilor Needell MOVED to amend the motion, and to cut the amount of fund balance used in half, to \$138,000.***

Councilor Needell said this approach eliminated the very large drop in fund balance, and allowed it to come back quickly.

***Councilor Carroll SECONDED the motion, and it FAILED 4-4 for lack of a majority, with Councilor Julian Smith, Van Asselt, Niman, and Councilor Morong voting against it.***

Councilor Needell said he was looking for reassurance as to why Administrator Selig was proposing this use of fund balance.

Administrator Selig said over the last several years, he had tried to increase fund balance. He noted that the Business Office would probably recommend that it should not be used this year, and they should hit the wall.

But he said residents did complain about taxes, and said he felt a 10.3% increase was too much, so was comfortable allowing the fund balance to drop to this level, because in outlying years, it could

be build it back up. He said it was hard to say with absolute certainty that what was predicted in the Budget would happen, but said what had been projected previously was more or less coming true, and was requiring more and more fund balance in order to keep the tax rate low. He said one thing the Council could do this year would be to absorb the impact of the increase in spending this year, stating it would be a politically daring move to do this.

Administrator Selig noted that the 4.93% increase in the tax rate did not factor in the large expenses that were coming up. He said if the full impact of the spending increases in the 2006 Operating Budget were absorbed now, the Council could then talk about using the fund balance to absorb some of the impact of these large expenses.

Councilor Morong said that made his point, that it would be good to have more money in the bank in coming years for these large expenses.

Councilor Peter Smith noted that his recent comments on the fund balance were somewhat contrary to his previous statements on it, based on what he now understood to be a somewhat different purpose of the fund balance. But he said this didn't resolve the issue of how it should be applied this year. He said to him, if there wasn't a sufficiently adequate spike to use the fund balance for that purpose, he was comfortable using less, or none of it.

He said what he was hearing Administrator Selig say now was that he did not believe that the nature of the expenditure spike this year, compared to what was coming up, justified using the fund balance this year, - and that use of the fund balance should be reserved for subsequent years, when there would be more need to ameliorate future spikes. He asked Administrator Selig if that was what he was saying.

Administrator Selig said this was what made it frustrating to make meaningful decreases in the Budget. He said the Town seemed to be ready to spend large amount of money on land conservation, with little thought given to the budgetary and tax rate impacts this would have, and had also decided to move forward with a library at some point. He said he had been using fund balance to offset the operating budget, but was therefore losing the ability to use it for these other projects. He said there wasn't enough money to mitigate all of them.

Councilor Peter Smith asked if what Administrator Selig had just said accorded with what he (Councilor Smith) had previously said he thought Administrator Selig was saying.

Administrator Selig said no, because he had been going on the assumption that the community was willing to face up to the impact of the land conservation bond and the library, and their full impact on the Budget and taxes. He noted on the other hand that people were generally not willing to absorb a 10% increase in the tax rate because of increases to the Operated Budget. He said he had opted to use fund balance money toward the Operating Budget, realizing the Town therefore wouldn't have the monies to lessen the impacts of these large future projects.

Councilor Peter Smith asked Administrator Selig if given this, he was saying that in retrospect, it would be better to get the fund balance up more by having the larger tax increase for this year, so the fund balance was more available for spikes caused by these two major initiatives.

Administrator Selig said no, it was better to use the fund balance as he had recommended. In response to Councilor Smith, he provided additional details on this. He said he encouraged a negative vote on this motion, because he didn't want to see people have to absorb a 10% increase in the municipal side of the Budget. He noted that he had talked about the wall that Town staff had been tracking, and said if the 10% increase was absorbed now, this underlying structural problem would have been addressed.

Councilor Niman said he agreed with Councilor Morong, and said the issue was that the Town Administrator had said that people wanted these services. He said he thought the reason they had demanded them was because their price had been artificially lowered. He said the only way they could solve what he thought was a problem down the road – the continued escalation in spending, was to give people the reality of what things cost. He said then, the Council could make informed choices on what could be cut.

Chair Sandberg said he was always thinking of the fund balance as a shock absorber, and thought it should fluctuate around \$1.5 million. He said when they saw a \$2 million fund balance, the Council would say it wanted to artificially lower it, and said what one wound up with was an erratic tax rate. He said there was some benefit to keep the tax rate more even, so while he was not happy seeing it go down to \$900,000, he was nervous seeing the tax rate increase by 10%. He said he was more inclined to use \$136,000 of fund balance. He said he was a pay as you go person, but said he didn't characterize this situation as a free ride, and instead saw the Council using savings to get over a rough patch.

Councilor Carroll said she had begun this process agreeing that the use of fund balance should be brought down to 0, but then felt it should be used as recommended by Administrator Selig, as a shock absorber. She said she now felt that no fund balance should be used. She said people in Town had said they wanted conservation land protected, and wanted a new library. She said the Council now had the opportunity to bring the fund balance down to 0, with the idea that there would later be enough fund balance so it could say to the people who wanted conservation land protected, and wanted a new library, that some fund balance money could be used toward those projects.

Councilor Morong said that was well said, and also said that if people had trouble absorbing the higher tax rate this year, they would really have trouble absorbing future tax bills.

Councilor Needell said that as far he could tell, this Budget was spike-less, so there was nothing that warranted the use of fund balance. He asked for clarification on the six year rough period that had been referred to.

Chair Sandberg said page 16 indicated the rough patch went out to 2008.

Councilor Morong said Administrator Selig had noted that in 1998, the fund balance was down to \$600,000, but said he wondered how much difference there was between this and a \$900,000 fund balance these days.

Councilor Peter Smith said he saw only one major cost ahead for the Town, the cost for conservation land. He said that based on how he saw the Library should be funded, it should involve a much smaller cost for the Town.



Councilor Niman said he didn't really believe the projections in the Budget. He said there had recently been a period of nominal wage increases, but said inflation seemed to be increasing, and if this picked up, the Town would have to negotiate larger wage increases. He noted that roughly 70% of the increase in the Budget was based on labor costs, and said future Budget increases would probably be larger than 5%, so they probably wouldn't get the fund balance up to what the projections said.

***The motion PASSED 7-1, with Councilor Peter Smith voting against it.***

Chair Sandberg said the document ready for final vote would come back to the Council the following Monday.

Administrator Selig said that a year from now, there be no use of fund balance, and the tax rate would be calculated accordingly.

Chair Sandberg said that Administrator Selig could give the Town a heads up in September of 2006, and if the Council wanted to amend the Budget at that time, it could do so with a super majority.

Administrator Selig noted that a motion on the use of fund balance wouldn't require a super majority.

***Councilor Julian Smith MOVED to adjourn the meeting. The motion was SECONDED by Councilor Morong, and PASSED unanimously 8-0.***

Victoria Parmele, Minute Taker