

This set of minutes was approved at the TC meeting on December 3, 2007

**DURHAM TOWN COUNCIL – BUDGET AND CIP WORK SESSION
MONDAY, NOVEMBER 12, 2007
DURHAM TOWN HALL – COUNCIL CHAMBERS
7:00 PM**

MEMBERS PRESENT: Chair Neil Niman; Councilor Mark Morong; Councilor Karl Van Asselt; Councilor Jerry Needell; Councilor Diana Carroll; Councilor Julian Smith; Councilor Henry Smith; Councilor Cathy Leach

MEMBERS ABSENT: Councilor Peter Stanhope

OTHERS PRESENT: Town Administrator Todd Selig; Business Manager Gail Jablonski; Public Works Director Mike Lynch; Director of Planning and Community Development Jim Campbell; Town Engineer Dave Cedarholm; Fire Chief O’Leary; Police Chief Dave Kurz; Assessor Robb Dix; Town Clerk Lorrie Pitt; Library Director Tom Madden; Code Enforcement Officer Tom Johnson; MIS Coordinator Luke Vincent

I. Call to Order

Chair Niman called the meeting to order at 7:01 PM and said Administrator Selig would present the proposed 2008 Budget, and said there would then be a public hearing. He said the Council could then discuss the Budget and present specific proposals concerning it.

II. Approval of Agenda

III. Overview, public hearing, and initial discussion on the Town Administrator’s Proposed FY 2008 Operating Budgets, Capital Budget, and 2008-2017 Capital Improvement Plan

Administrator Selig thanked department heads for being present. He first explained the organization of the Budget document, and then provided a brief overview of the proposed 2008 Budget and the CIP. Administrator Selig noted that both documents were available on line, and also said hard copies were available at the Town Hall and at the Durham Library. Among other aspects of the Budget document that he described were the following:

- Page 10 - overview of positions over last 10 years; he noted that there were fewer staff members today than in 2001
- Page 12 - 2007 Debt to Budget Ratio Comparisons - he said a survey of other communities in the area indicated that the average ratio is 11.5 %, while Durham’s ratio is 10.10%
- Page 13 - General Fund Fiscal Forecast - He said this includes a host of variables, and

provides a sense of where the tax rate is likely to be in the future. He said it allows the Town to take action early on to address tax rate issues.

- Page 16 General Fund Proposed Bond schedule
- Page 18 - General Fund Revenues. Administrator Selig said that a lot of time had been spent on this item during the 2007 Budget cycle
- Starting on Page 26 - General Fund Expense line items for the various departments

Administrator Selig next spoke about the CIP, and said it provided snapshots of projects that were lined up over the next 10 years. He showed how the CIP explained how the various projects in the CIP would be funded, and he also noted the Proposed Bond Schedule in this document, as well as a page on the total debt service for the various projects. He showed how the CIP also included workups on the various projects that were proposed

He next went through his letter which introduced the Budget, noting it too was on the Town web site. .

He said there was a contingency account to cover large, unanticipated expenses. He gave as an example the May flooding events in 2006 and 2007, when there was significant road damage that was not covered by the Roads Program. He said some contingency money had also been spent in 2007 on the transitioning of the dispatch center.

He said that all Town departments were aware that times were tight, and said he had asked them to provide budgets that reflected this. He said the budgets they had provided were lean. He said when he went through the budget, he tried to assess ongoing operational needs and new, unique things that departments felt should be provided. He said if they provided sufficient rationale for these purchases, and if the purchase could be offset by savings elsewhere in the Budget, he could be supportive of them.

He noted that two labor contracts had been outstanding when the Budget was crafted, and said since that time, the contracts had been approved.

He said that in terms of the tax burden for 2007, there was a 3.5% increase in the tax rate. He said it had risen from 27.28 per thousand in 2006 to 28.24 per thousand in 2007. He provided a breakdown of the three components of the tax rate:

PORTION	2007 RATE	% OF FULL TAX RATE
Town	\$6.90	24.43%
School (Local \$16.55 & State \$2.52)	\$19.07	67.53%
<u>Strafford County</u>	<u>\$2.27</u>	<u>8.04 %</u>
TOTAL	\$28.24	100.00%

He said the tax rate matrix illustrated that the Town portion of the rate represented 24.43% of the total tax rate pie in Durham, with the combined School (Local and State)

equaling 67.53% and the County allocation amounting to 8.04%.

Administrator Selig's letter said the proposed budget reallocated resources, supported limited funding for targeted initiatives, and generally sustained the current level of municipal services available to residents and taxpayers of the community. He said the proposed Water Fund budget reflected a 2.5% increase in user fees in 2008 (\$2.93 per 100 cubic foot), while the proposed Sewer Fund budget carried a 4.54% increase in user fees (\$5.22 per 100 cubic foot).

Administrator Selig next reviewed the highlights of the proposed 2008 Budget, as outlined in his letter:

1. An increase in the Durham Public Library budget by \$23,510 or 11.7% to support annual facility rental cost and expansion of a 10 hr./wk. Library Assistant position to a 20 hr./wk. Library Assistant/Technical Services position, as well as one additional 12 hr./wk. Library Assistant position. This will increase overall staffing from 2.48 to 3.0 full-time equivalent positions. Our library is woefully underfunded and this increase represents a modest attempt to incrementally add needed staffing and resources. The Capital budget also supports moving forward with the development of a new Town-owned Library facility within the next three years incorporating meaningful municipal financial support by 2010.
2. Support for the road resurfacing program totaling \$350,000 to include Ambler Way, Deer Meadow Road, Fox Hill Road, Gerrish Drive, Langley Road, Morgan Way, Tirrell Place, and Williams Way.
3. This proposal both recommends and anticipates that the Town Council will implement the provisions of RSA 261:153 instituting a \$5 per vehicle registration fee (6477 vehicles @ \$5 each = \$32,385) to be allocated annually to help offset the cost of the road resurfacing program.
4. This budget is reflective of both the cost and savings associated with the transition from the UNH Dispatch Center to the Strafford County Communications Center for police, fire, and public works dispatching services. The net FY 2008 savings totals approximately \$57,000. This transition is anticipated to save Durham taxpayers \$450,000 over the next five years and \$250,000 per year thereafter.
5. This budget projects an additional \$40,000 in revenue from the Town of Lee associated with the ongoing development of an intermunicipal agreement under the provisions of RSA 53-A:3 designed to share the time and expense of the Town of Durham's Assessor on a 2/5 (Lee), 3/5 (Durham) basis. If fully implemented, it will represent a win/win partnership for both communities.
6. The Administrator has initiated discussions with UNH in order to obtain fair compensation for the fiscal impact the institution has upon the municipality in the area of policing services. A recent consultant's report generated at the request of the Town placed this number at approximately \$500,000. Because the outcome of these discussions is unknown at this time, no revenue amount has been estimated or included in our projections.
7. The Local Government Center's HealthTrust has estimated that Durham will

incur an 18.2% increase in health insurance costs for FY 2008. Even given employee insurance co-pay amounts of up to 20%, this represents a year-over-year increase of approximately \$114,000.00, \$65,000 higher than that discussed during the Council's June budget work session, which has been incorporated into our budget proposal.

8. Consistent with the Administrator's goal to ensure that Durham taxpayers are not financially burdened by the Craig Supply Brownfield site cleanup, this budget reflects a charge to the Depot Road Lot Fund (formerly Craig Supply) in the amount of \$46,408.00 to reimburse the General Fund for past Durham-specific Brownfield cleanup expenses incurred to date for survey and demolition work.
9. \$7,300 for a part-time secretarial support position to be shared between the Planning/Zoning/Assessing divisions to provide much-needed relief for the Administrative Assistant in this office. The additional staffing will allow the Administrative Assistant to engage in desired GIS activities, thereby saving on the cost of external consultant services.
10. In response to a long-standing goal of the Planning Board and past Town Councils, an arrangement with UNH has been negotiated by the Administrator to jointly undertake the development of a comprehensive traffic model within the downtown/UNH core enabling Town and UNH planners to demonstrate the vehicular impact of future taxable private, municipal, or University development within our downtown area and/or neighborhoods immediately adjacent to the downtown area. The total cost of the comprehensive traffic model is \$40,000 to be split (50% (Town)/50% (UNH)). Durham's share will be funded through a 2006 appropriation for this purpose. An additional \$8,600 is included in the FY 2008 Planning budget to cover the cost of up to two traffic impact development runs at \$4,300 each to be funded with UDAG funds.
11. \$7,500 is allocated for Master Plan consultant services within the Planning Board budget to support an ongoing process of Master Plan review.
12. \$10,000 is contained within the Planning budget to support professional consultant services as needed in support of the Planning Board's general activities.
13. \$15,000 is included in the Planning budget to support the efforts of the Economic Development Committee and Mill Plaza Committee to be reimbursed through the UDAG account.
14. Significant resources are earmarked to support the Town's present and long-term municipal water and wastewater needs through support of a variety of initiatives including the development of the Spruce Hole aquifer and improvements to the west end wastewater system. Myriad other specific line and plant improvements are included within the CIP document, the FY 2008 Capital fund, and our ten-year fiscal forecasts.
15. \$8,000 has been included within the MIS budget to purchase a website content management system to assist staff and volunteers in keeping the Durham Town Website dynamic with up to date information in response to increasing use and demands placed upon it by citizens.
16. \$50,000 in Contingency funds has been included once again in 2008 to cover

the cost of unanticipated expenses that arise during the fiscal year. It remains the Administrator's goal to increase the contingency line to \$100,000 over time in order to provide a meaningful buffer in the event of unanticipated circumstances. Due to budgetary challenges in FY 2007 this line item was reduced from \$70,000.

17. Durham awaits receipt of an energy audit from PSNH for all Town facilities. Consistent with the desire of the community to be actively involved with the Carbon Coalition initiative, it is the intent of the Administrator to find ways to creatively implement energy efficiencies within our municipal operation in order to save money and reduce our carbon footprint.
18. The General Fund legal budget remains at \$50,000 to reflect our ongoing lower cost trend in this area due to proactive early consultation with counsel. Unanticipated overages in legal expenses would be offset by the contingency line described above.
19. \$16,504 has been included to provide ongoing support for area social service agencies serving Durham residents in need of assistance.
20. The remaining \$880,000 of the \$2.5 million land protection bond that was approved by the citizens of Durham at the polls on March 11, 2003 but has yet to be approved by the Town Council, is included in our fiscal forecast for the year 2010. This is estimated to have a \$.11 per thousand impact upon the tax rate in 2011.
21. This budget is reflective of a 3% increase totaling \$3,000 for the Oyster River Youth Association bringing the total FY 2008 appropriation to \$33,500. The Administrator is still interested in supporting the rental cost of space for ORYA at the Mill Pond Center and such funds would be charged to the Contingency account should a satisfactory arrangement be negotiated in FY 2008.

Administrator Selig said that in budget planning, nothing could be done in isolation. He said the tax rate was arrived at by a complex process, involving looking at spending, revenues, to what extent broadening the tax base could actually happen, the kinds of projects planned and whether the Town could afford them, etc.

He said the proposed Budget increase for 2008 was \$324,859, or a 3.2% increase over 2007. He noted that increasing revenues had been a key goal this year, and said he was happy to say that the Town was able to increase revenues by 6.8%, which was significant. He said this was the first time in awhile revenues had increased at a higher rate, percentage wise, than expenditures. He said that taking into account broadened revenues, the present relatively flat tax base, a modest use of fund balance, and suggested expenditures, the proposal was projected to raise the 2008 Town portion of the local tax rate from \$6.90-\$7.03 per thousand dollars of assessed valuation, an increase of \$0.13 or 2%.

He said on average, spending increased about 4.4% every year. He also said that the assessed value of the Town had increased by 0.66% in 2007, and said the fiscal forecast was based on a 1% increase in the tax base per year over the next 10 years. He said there were a number of development projects on the horizon, but said he took the conservative

approach in terms of anticipating revenues.

He noted that if the Town tried, through the use of fund balance, to cap the tax rate at 2% over the next several years, this would result in the depletion of the fund balance during that time, and then the spiraling up of the tax rate.

He said for every \$25,000 of fund balance that was used, this reduced the tax rate by about \$0.03. He said an increase of 1% in assessed valuation through an increase in the tax base equated to about \$8 million in new value. He also said that this lowered the tax impact by about 1%, or allowed \$65,000 in new spending. He said \$100,000 in expenses or new revenues impacted the tax rate by \$0.12.

Administrator Selig said that in many communities, there was no link between the Budget and the CIP, but said that in Durham, the two documents had been merged through the fiscal forecast. He said if the Council approved the proposed 2008 Budget, this meant that the CIP for 2008 was also approved.

Administrator Selig said he and Town staff had worked hard to create a meaningful budget, with no fluff, and he provided an example of how this played out, regarding vehicle purchases. He said Town staff took the tax burden very seriously, and were actively looking at ways to be more efficient with resources, do things with less money, and do things to mitigate future costs. He said the transitioning of the dispatch center was a good example of this, and also noted the increase in health insurance co-pays for Town employees. He said other NH towns were following Durham's lead on this, and said he would continue to work on this issue.

Councilor Julian Smith MOVED to open the public hearing. Councilor Leach SECONDED the motion, and it PASSED unanimously 8-0.

Mike Cleary, Cedar Point Road. said he had been trying to get some attention from town departments so that Cedar Point Road, a gravel road, could be improved. He noted that the Town had recently held a hearing on gravel roads in Town, and he said the options outlined for Cedar Point Road at that time were either to leave it as it was, or to undertake a remarkable civil engineering project, which no one wanted. He said he just wanted to see a passable road.

Mr. Cleary said almost all of the residents living along the road had signed a petition asking that the road be paved, and said while perhaps that goal was not appropriate at present, perhaps something smaller was possible. He provided some detail on the drainage problems with the road, and said if these could be addressed, perhaps something like a ledge pack road could be considered. He said it was understood that the Council was facing Budget issues, but said his request was that the Town spend some money to figure out how to drain the road.

Bill Hall, Durham said he was familiar with Cedar Point Road, and said the Town needed to make it 20 ft wide, and then needed to grade and drain it. He noted the importance of allowing emergency services sufficient access on the road.

Mr. Hall said he had played a significant role in saving the Town money over time, and said he was significantly distressed by the size of the Budget. He gave the Fire Department as an example, and said it was outrageous that Durham had to pay for 10 fire fighters. He said he was not denying that they were needed, but said the Town had to get UNH to pay more for the Fire Department. He said the situation was out of control, and was not fair to the Town.

Mr. Hall asked why the Town had to pay for all of the accidents on State roads in Durham, when the State, through UNH, shared the Town with Durham. He said a lot of these accidents involved students. He said the Town had to take another look at how to fund the Fire Department, and said Administrator Selig should build upon his success in the transitioning of the dispatch center by addressing the Fire Department issue.

He said he also found it distressing that there were many indicators in Durham that employee accountability was poor, and he noted among other things that Administrator Selig didn't do exit interviews. He provided details on this issue, and said the Town should be run like a business.

Mr. Hall asked if members of the public would have another opportunity to comment on the Budget.

Chair Niman said this was the only meeting where the public hearing would be open, but said people could speak on the Budget and CIP during the Public Comments section of future Council meetings.

Jerry Gottsacker, 107 Madbury Road (Co-chair of the Durham Taxpayers Association), said Town staff had done a great job on the Budget. He noted that he had been attending School Board meetings in recent months, and said the School Board needed to take a similar approach with its own budget. He then referred to a study done by the UNH Carsey Institute that indicated that wage increases over the last 6 years in southern NH came to 1.2% per year, which was below the consumer price index. He said this was part of the reason why people were upset about taxes.

He noted the town of Newington's efforts to keep its tax rate low, even though the town had a large tax base and not a lot of residents. He also said the Durham Taxpayer's Association believed that a 0% tax increase was doable in Durham this year.

Mr. Gottsacker also said that by constantly looking at the tax rate, the Town was perhaps using the wrong data to support decisions. He said it would be better to look at the dollars in the budget, and said if they were chosen well, the tax rate would follow. He also noted that the Town tax rate got mixed in with the total tax rate that included the Town, the County, and the School District. He said if the Council kept its focus on the dollars, it would avoid the trap of saying that what it did didn't impact the tax rate. He said the Durham Taxpayers Association would make more comments on the Budget after speaking about it with Ms. Jablonski.

Mr. Hall noted the funding for Spruce Hole in the proposed 2008 Budget, and said his interest in the Lamprey River was specifically to avoid having to spend that money. He also noted that Administrator Selig had described how the efforts to look at the Northern Connector were dismantled, and that the University had dropped the project.

He expressed frustration that the Town was now talking about partnering with the University regarding traffic modeling. He described the increasing traffic in Town and the expected increases in traffic over time, and said the Northern Connector was the answer for this. He said the idea of getting into a traffic planning scenario with the University was a fiasco.

John Valentine, 28 Cedar Point Road, said he understood that there were costs associated with repaving, and that drainage issues needed to be looked at as part of this. He noted that maintenance of Cedar Point Road was better than it had previously been, but said there were still potholes, and said the road got bad every time it rained. He suggested coming up with a temporary fix, and said he supported what Mr. Cleary had said. He said 99% of the people living on the road would like the Council to look into this issue.

Alyson Mueller, 6 Timberbrook Lane, said she appreciated the work of the Town Administrator and the Town Council. She pointed out that one of the goals adopted by the Town Council in 2007 was the creation of enhanced recreation opportunities. She spoke about childhood obesity rates in some detail, and said it was up to parents and the community to provide adequate recreation and fitness opportunities. She noted that the ORYA budget and the Parks and Recreation budget totaled \$39,000, while the Town had spent \$1.5 million to purchase conservation easements. She said this represented a 4000% difference.

Ms. Mueller said some people had argued that recreation should be a pay as you go system, but she said it was up to the taxpayers to fund conservation. She said healthy, vibrant young people were a benefit to the Town just as conservation land was a benefit, and said that surely there must be a way to strike a balance between these two interests. She asked the Council not to lose sight of the recreation goal, and also proposed that there should be a new, pay as you go system for purchasing conservation easements.

Councilor Julian Smith MOVED to close the public hearing. Councilor Henry Smith SECONDED the motion.

Councilor Van Asselt said he had been under the impression that there would be a Council workshop on the Budget and then a public hearing on it. He said there were perhaps others in Town who had thought this as well, and he asked that additional time be reserved at the next Council Budget session for those people who still wished to speak on the Budget.

After discussion, Councilors agreed that the public hearing would not be closed, and instead would be continued.

Councilor Julian Smith and Councilor Henry Smith agreed to withdraw their motion.

Councilor Julian Smith MOVED to continue the public hearing to Monday, Nov 26th, 2007. Councilor Henry Smith SECONDED the motion, and it PASSED unanimously 8-0.

Chair Niman said that after the break, he would ask Councilors what their concerns were about the Budget in order to get a sense of where everyone was coming from, so they could then move forward.

Break from 8:25 – 8:35 pm

Councilor Needell said that overall, what was proposed in the 2008 Budget was reasonable, although he said there were some specifics he would like to talk about.

Councilor Morong said that overall, the proposed Budget looked reasonable, and that he would perhaps have some things to say about proposed expenditures concerning water, and about the fund balance. He said one of his questions would be what would be done if having a 2% per year increase in the tax rate resulted in a low fund balance.

Chair Niman said he had hoped there could be a 0% increase in the tax rate, and said he would like to see that coming out of the Budget process. He said he also shared the concern about a 2% tax rate increase depleting the fund balance in the out-years.

He said that regarding the CIP, and the idea of finding plot of land for a new Library, he was still hoping that Mill Plaza would come through. He said he was optimistic that the Town would move forward with the Library, and said some issues would therefore need to be resolved. He said he therefore hoped that as part of the Budget process, the Council could discuss what a new library would cost, and what the Council would be willing to pay for it.

Chair Niman said there were some other difficult CIP issues to be resolved, such as plans for a new Town Hall, and said he would like the Council to talk in detail about the CIP.

Councilor Carroll said she thought this was a reasonable Budget, with no big issues, but she said she was looking forward to the discussions, and hearing suggestions from Council members.

Councilor Van Asselt said he didn't agree that the most important thing the Town Council did was the Budget, and said he thought the most important thing it did was goal setting. He said he wasn't interested in going line by line through the Budget, and also said that when the Council had set its goals in April, one of the goals that was set was to broaden the tax base. He said the question that therefore needed to be asked was whether the Budget included expenditures that would move the Town in the direction of increasing the tax base.

He said he shared with Chair Niman the idea that a 0% tax increase could be achieved, and said he would like Administrator Selig to tell the Council whether this was possible.

He said he didn't want to decide where the cuts should come from, but said the message to the taxpayers and the School District should be that a 0% tax rate increase could be achieved.

Councilor Henry Smith noted that the proposed tax rate increase of 3.2% was down from 3.9% the previous year, which was a step in the right direction. He said the proposed Budget had been thoughtfully done, and noted that an increase in health care costs was a key part of the increase, which was something they didn't have control over. He said he was interested in discussing the Budget, and said he didn't think it was reasonable or fair to say there could be a 0% tax increase.

Councilor Leach said she was interested in working toward a 0% increase in the Budget.

Councilor Julian Smith provided some historical information on taxes getting higher in Durham, and said that short of getting Aristotle Onassis to come back and build an oil refinery on Durham Point, they wouldn't have a lower tax rate very quickly. But he said he agreed with Councilor Van Asselt that the Town needed to do what it could to increase the investment in the Town and the tax base.

Councilor Morong said he would like to see a 0% tax rate increase as much as anyone else. But he said he had been through this exercise before, and said when the Council looked at what it actually had control over, after taking out of consideration wages and benefits, there wasn't much.

There was discussion on the list of possible Budget cuts Administrator Selig had put together previously at the request of the Council, and it was noted that the Council had in fact acted on some of these things.

Councilor Needell said there were some things in the Budget and the CIP that he wanted to talk about, but said again that he thought this was a reasonable budget. He said he shared the concerns raised about future budget projections. He said the Town would not go broke, since the cap of 2% wouldn't be held artificially, letting the fund balance go to zero. But he said that unless an increase in revenue occurred or spending changed, the tax rate would go up by more than 2%.

He said there were three alternatives: to increase taxes, decrease taxes, or increase revenues, and he said all of these were in play all the time. He also said that he found any tax rate to be arbitrary, and said one needed to go through the Budget and see what the Town was trying to provide, and the tax rate then fell where it fell.

Administrator Selig said that for the next Budget session, he would bring his laptop so that the Fiscal Forecast could be projected. He said he could then show a variety of different scenarios for the forecast, depending on what numbers were chosen for the fund balance and other variables. He noted that the current Fiscal Forecast currently included everything.

He noted that at the June Budget work session, he had been asked to try to reach a target

value for increases in health costs, \$231,000. He said he and Ms. Jablonski had tried to reach the target, but were not able to do so. He provided details on this.

Councilor Leach noted there were some Councilors who had spoken about trying to achieve a 0% increase in the tax rate, and said she didn't think that requesting a target increase was the consensus.

Administrator Selig provided his perspective on this.

Chair Niman asked if Councilors had questions for individual department heads who were present.

There was detailed discussion on the funding for the Road Program over the past few years, and what roads had been scheduled for repairs.

Councilor Leach asked if there was a way that any of the roadwork that was scheduled for 2008 could be put off, or done at a lower price.

Mr. Lynch said all of the roads scheduled for 2008 were in some state of disrepair, and he suggested that it would be a good exercise for Councilors to ride some of these roads. He said the worst roads had been picked, and said the amount of traffic on them was also a consideration. He said a scientific approach was used to determine which roads needed to be done and when.

In answer to questions from Councilor Morong and Councilor Henry Smith concerning the issues with Cedar Point Road, Mr. Lynch said gravel roads were not on the Road Program list, and instead were covered in the General Budget under road maintenance.

Administrator Selig said the Town currently graded gravel roads twice a year, and said this work was contracted this out. He said there was a \$7,000 line item increase to bring in a grader four times per year rather than two times. Regarding the drainage issue on Cedar Point Road, he said perhaps it made a good deal of sense to focus on the drainage issues.

He said getting the road width that Mr. Hall had talked about would be complicated given the overlap of septic systems, etc., with the roadway. He said the thought was to add \$30,000 to the proposed Budget to have an engineering firm look at the drainage issues. He said this would involve a new initiative that the Council would have to approve, and said a drainage system for Cedar Point Road was not in the proposed Budget at present.

Councilor Morong said that the previous year, the Council was going to cut the Road Program and he had opposed this. He said Mr. Lynch had explained how important this program was in saving money down the road. He said as it was, the Town was already behind in terms of road repairs, and said he wouldn't be looking to cut the program this year.

There was discussion that Ambler Way and Garrish Way had been put back in the Road

Program after having been taken out, but didn't happen because of cost increases reflected in bids on the road work.

Chair Niman asked if the Council would be deciding on whether there would be a \$2.4 million or a \$1.9 million Wiswall Bridge replacement before the Budget was finalized.

Mr. Lynch said probably not, and explained that the next step was for the plans to go to the State for review. He said he anticipated that this review would take 35-40 days.

Administrator Selig noted that what was in the Budget concerning the Wiswall Bridge was the more expensive option.

There was discussion about this, with Chair Niman asking if the lower cost bridge was not a valid option. He noted that the Council had recently said that it wanted to weigh in on this issue.

Mr. Lynch said the \$2.4 million option would be sent to the State, with Administrator Selig noting that while the Budget item empowered the Council to go with the more expensive option, it could go with a less expensive option.

Chair Niman said that as part of deliberation on the CIP, the Council should talk about what kind of Wiswall Bridge it wanted.

Administrator Selig explained that while the Council right now could choose a lesser amount, it would be doing so at some risk because the exact numbers involved weren't known right now.

Councilor Needell said that although the Council needed to weigh in on this issue, it might not be material to the Budget process, given the timing involved. He provided details on this.

Councilor Morong asked if it made sense to send the State the higher cost option, then have the Council discuss it, and then have the Council's choice go back to the State.

There was further discussion about this.

Councilor Julian Smith noted that the Town would be putting in about 20% of the cost of the bridge replacement. He said the Council could say it didn't want the bridge, but said this was about all that it could do.

Councilor Needell asked if the amount in the Budget for the Churchill rink included Public Works Department efforts to operate it, and Mr. Lynch said it did not.

Councilor Carroll noted that while this was a \$2.4 million project in the Budget for the Wiswall Bridge, the Town would pay under \$400,000 because of FEMA and State money that was available. She noted that the State couldn't provide the money until 2010, and asked if that meant that the Town paid the State's share and was then reimbursed.

Mr. Lynch said yes, and provided details on this.

Councilor Henry Smith asked what would be included for a \$1.9 million bridge, and was told it would be a one lane bridge, with railings but no sidewalk.

There was detailed discussion about why the cost for actually putting in the Spruce Hole well was in the CIP.

Councilor Needell asked if it was reasonable to move into spending on the engineering work in 2008, or whether it was more likely that this work wouldn't be done until 2009.

Mr. Lynch said it was more reasonable that it would be done in the later part of 2008.

Councilor Carroll said that a few meetings back, it was clear that the Council had been told that if it voted for the Spruce Hole study, it was not voting for the whole project, and would just be getting more information on it. She said it was understood that the Council would then be able to make a decision on whether to move ahead with the project. She said she had therefore been very surprised to see this in the Budget.

Administrator Selig said Councilor Carroll's recollection was accurate, and said this Budget item was an effort on his part to say that Spruce Hole should be the Town's next water source. He said this was his proposal, and said it was the Council's prerogative to say no to it.

Chair Niman said there could be further discussion on this issue at a future Budget work session.

Councilor Julian Smith noted that the previous Council meeting had been cut short, and said if Administrator Selig had been able to give his presentation on the organization of the Budget document that evening, this would have saved Councilors some time in terms of going through it and understanding it. He asked if the Council would be having another precipitous melt down at 10 pm at the current meeting.

There was brief discussion on this.

Councilor Van Asselt noted that Councilor Needell had said that the Council could either deal with spending or broadening the tax base. He said he still felt that the Council could accomplish a 0% tax increase. He asked Chief Kurz, as an example, what could be done to cut \$20,000 from the Police Department budget, and what this would mean in terms of the loss of services. It was noted that the Police Department budget represented 20% of the total Budget.

Chief Kurz said the choice would be to cut out the purchase of one of two cruisers in the Budget, said this would not result in a loss in services this year.

He and Administrator Selig discussed how this had indirect effects on other Town

services. Administrator Selig said that some things could be cut in the short term, but he said that over the longer term, he wouldn't have a Police Department where staff were equipped to do what they had to do.

Chief Kurz said an honest budget had already been provided, but said again that the cruiser would be the easiest thing to take out in the short term.

Councilor Van Asselt said something needed to be done across the board with the Budget, if taxpayers couldn't afford this Budget. He said another way to look at the situation was to increase the tax base. He asked Jim Campbell, Director of Planning and Community Development, if the proposed Budget gave the Town the capacity to generate and handle a \$40 million project, which would generate about \$270,000 in tax revenues. He said if something like this were done, the Council wouldn't have to worry about dipping into the fund balance. He said if the Town didn't have this economic development capacity, it needed to put something in the Budget to get this capacity.

Administrator Selig said the Town was not currently staffed to have someone whose sole function was to promote economic development. He said this role therefore fell on the Economic Development Committee. He also said that in terms of other department staffing to support that kind of economic development, there would need to be more staffing for the Police Department and the wastewater treatment plant.

Councilor Van Asselt said it required a lot of planning capacity to move forward a \$40 million project, and said if such wasn't going to exist in Durham, economic development should be taken off the Council's list of goals.

Chair Niman said the Council could take another \$130,000 out of the fund balance in order to achieve a 0% increase in the tax base, just like Chief Kurz could take a cruiser out of his budget. But he said Councilor Van Asselt was asking what happened in the out-years, cutting department employees or raising revenues. He said if they were going to hitch themselves to broadening the tax base, the question was whether this Budget was going to get them there. He asked Mr. Campbell whether he alone would be able to accomplish this.

Mr. Campbell said accomplishing this would require additional staff. He said there were a lot of projects in the pipeline at present that would chip away at the \$40 million, and said there was adequate staffing to handle that. But he said existing staff couldn't do all the economic development that was coming down the road. He noted that there was an economic development budget item for the Planning Department, but said again that another staffing person would be needed down the road.

Councilor Leach said that instead of spending \$25,000 for a consultant to work with the Planning Department, it might make sense to hire someone specifically to move forward with economic development projects. She said this would free up more of Mr. Campbell's time.

Mr. Campbell said this could help.

Councilor Needell said he didn't think that the Council as a whole had taken a stand on the idea of growing the Town out of its tax situation. He said this was an important policy issue that the Council needed to discuss, especially if it wanted to spend money on it.

Chair Niman agreed that the Council needed to have a discussion on this issue, and had to discuss how revenues fit it into the picture in terms of dealing with the out years.

Councilor Van Asselt noted the increasing costs of running the existing Town library over the past few years, and asked Library Director Tom Madden to speak about this.

Mr. Madden said the increases the Town had been seeing were to try to get the Library to the point where it was on a plane with other public libraries in New Hampshire. He noted that they had started at a low point, but said an incredible amount of progress had been made in recent years. He said the cost increases reflected trying to address inadequate staffing to serve the public, and said the increases the Library was asking for, for staffing, was to the detriment of other things the Library needed. He noted that the Friends of the Library were doing their best to address some of these other things.

Councilor Van Asselt said the question was whether the Town should keep dumping so much money into this inadequate facility.

Chair Niman said he hoped the Mill Plaza Committee would be coming forward with a design that everyone was excited about, and that the Town could negotiate to get some land. He said the process of getting a new Library could then move forward.

Administrator Selig said it would be helpful to talk about this issue as part of the Budget and CIP process. He noted that there was no money in the CIP for land. He said a good discussion for the Council to have would be whether the new development at the Plaza would have to generate enough tax dollars to cover the construction of the Library. He said another question was whether the Town would consider using additional tax dollars to cover the construction of a new Town Hall. He said if it wouldn't, the Town Hall project needed to be taken out of the CIP.

Chair Niman received clarification that the amount on page 18 of the CIP concerning the Library proposal included the funds the Library Trustees had put aside for land acquisition.

Councilor Leach received clarification that the amount in the Budget for the two Library staffing positions was a six-month figure, so it could be expected to double in 2009.

Councilor Needell asked whether the employee contracts that had recently been finalized would impact this Budget.

Administrator Selig said that what had been budgeted was sufficient to cover these costs.

Councilor Leach asked if other salary increases were shown in the Budget, and

Administrator Selig said yes, providing details on this.

Councilor Needell said that regarding the traffic model expenditure in the Budget, it was estimated that the cost to do one run of the model was \$4,300. He said there had been a suggestion that the Planning Board might want to do the model run as part of a development project. He received clarification from Mr. Campbell that the cost for this would be passed on to the developer.

There were no further questions for department heads that evening. Administrator Selig noted that if Councilors had specific questions for them as they moved forward with the Budget, he could ask a particular department head to be present at a meeting to answer the question.

Councilor Henry Smith noted that the Budget showed a revenue decrease for fire suppression, and asked why this was.

Ms. Jablonski said she believed this was because a particular grant had not been received, and Administrator Selig said they would check on this.

Chair Niman thanked department heads and members of the public for attending the meeting.

IV. Adjournment

Councilor Henry Smith MOVED to adjourn the meeting. Councilor Morong SECONDED the motion, and it PASSED unanimously 8-0.

10:01 adjournment

Victoria Parmele, Minutes taker