

This set of minutes was approved at the Town Council meeting on October 20, 2008

**DURHAM TOWN COUNCIL – BUDGET WORK SESSION
MONDAY SEPTEMBER 15, 2008
DURHAM TOWN HALL - COUNCIL CHAMBERS
7:00P.M.**

MEMBERS PRESENT: Chair Neil Niman; Councilor Jerry Needell; Councilor Julian Smith; Councilor Henry Smith; Councilor Cathy Leach; Councilor Peter Stanhope; Councilor Doug Clark; Councilor Mike Sievert

MEMBERS ABSENT: Councilor Karl Van Asselt

OTHERS PRESENT: Administrator Todd Selig; Business Manager Gail Jablonski; Mike Lynch, Director of Public Works; David Kurz, Police Chief; Peter O’Leary, Fire Chief; Luke Vincent, Mgr. of Information Technology

Chair Niman called the meeting to order at 7:03 PM and explained that the Council was meeting for a Budget Workshop the Council, and he noted the packet of Budget related materials that had been provided to Councilors in advance of the meeting.

Councilor Henry Smith recommended setting an adjournment time of 9:00 pm at the latest, but Councilors agreed that no formal motion was needed after Chair Niman said they would proceed with the intention of adjourning by 9:00 pm

Administrator Selig outlined the usual process by which the Town’s proposed Budget was developed in accordance with the Town Charter. He then explained that some Councilors had felt last year that by the time the Council saw the proposal in November, it was late in the Budget process. He said this year, in setting its goals, the Council had said it was interested in discussing the Budget earlier on in the process.

He said there had also been interest in looking at what the Budget would look like if there were no increase in spending over the previous year. He said he had agreed to bring back to the Council an objective view of how such a Budget could be arrived at. He said he had asked Town departments to go through the typical process of developing their Budget proposals, and to then go back into their budgets and cut out the amount of money needed in order for each department to see a 0% increase in spending. He noted that the amount of new spending each year was about \$500,000. He said he had also asked the departments to prioritize the cuts that would need to be made in order to accomplish this.

Administrator Selig said he and Ms. Jablonski had reviewed the information put together by the departments, and with this, had put together the information for the Budget Workshop. He said this

had been a very compressed process that Town staff had undergone, but noted that as part of this, there had been meetings with individual departments. He said some Councilors had attended these sessions and had asked a lot of questions.

He said there had not been detailed discussion with the departments on the implications of the 0% spending increase budget recommendations, given time limitations. But he said he and Ms. Jablonski had a sense of the budgets, and what types of things they were more likely to support, and said this was how the information had been structured. He said they had also provided additional areas the Council might want to think about, in terms of budget reductions to arrive at a 0% increase.

He said the information being provided wasn't necessarily being strongly recommended to the Council, but said it did show what a 0% increase in spending would look like. He said he hoped it would drive discussion on what reductions the Council would consider, and would provide direction on what the Council would like to see when the Budget came forward, in terms of a possible 0% increase in spending, a 0% increase in the tax rate, a small increase in the tax rate, etc.

Ms. Jablonski reviewed the various sheets that she and Administrator Selig had developed for the Council. She emphasized that the fact that this information had been provided didn't mean that she and Administrator Selig agreed with it.

Attachment 1 - Summary of 2008 Approved Budget to 2009 Proposed Department Head Budget

Attachment 2 - 2008 Approved Budget Compared to 2009 Proposed Department Head Draft and 2009 0% Increase Draft Budget

Attachment 3 - Summary of Reductions Recommended to Achieve a 2009 0% Increase Budget, which summarizes the reductions shown on Attachment 2, totaling \$599,283.

Attachment 4 - Additional Line Items Looked at for 2009 Proposed Department Head Draft Budget Reductions – a listing of additional areas that might be considered for proposed reductions.

Attachment 5 – A memo by David Kurz, Police Chief, on the impact of a 0% budget

Attachment 6 - Information from the Durham Fire Department Regarding the 0% Budget Exercise and Staffing Levels

Attachment 7 - 2009 Department Head Proposed Budget Report

Councilor Clark noted that almost \$7 million of the total \$11 million Budget proposal was for salaries and benefits. He questioned whether the best way to look at the Budget was to consider the individual departments, noting ideas provided by the Police Department and the Public Works Department concerning cutting one position each. He said they needed to look for greater opportunities for consolidation, and needed to take a more aggressive look at staffing, in order to get to a 0% increase in the Budget.

Councilor Needell asked if the idea of a 0% increase in spending was a goal in itself, or if the focus instead should be on some possible major structural changes in overall Town operations. He said it was important to figure out what Councilors wanted to talk about, stating that they wouldn't get to what Councilor Clark was talking about by addressing line items.

Administrator Selig said the list in Appendix 3 reflected what department heads felt it was most appropriate to do without, before getting into staffing. He said there would be a much faster deterioration of Town services if staffing was cut, and he spoke in detail on this. He also noted that

there had already been a lot of dialogue between different departments in recent years about doing things differently, and provided as an example of this the move to the regional dispatch center. He said the consolidation of MIS services was another example, stating that although a full time position had been created, costs had been kept the same, and the level of services had increased.

Councilor Clark said that was the kind of conversation he wanted the Council to have, to tease out these kinds of approaches.

Administrator Selig said he was not completely satisfied that all of these possible approaches had been found, and he noted that resident Jerry Gottsacker was working with Town staff to find more of them.

Councilor Julian Smith stated that at a Council Budget session in early June, he had said he would prefer not to go through this exercise. He noted that Administrator Selig had been asked to make cuts during a previous Budget session, and the Town wound up with a default budget. He said the documents that had been provided for the present meeting included things like a proposal to cut curbside pickup of garbage, which would save the Town money. But he said this would result in increased costs at the transfer station. He also asked why it might make sense to cut the weekly pickup of garbage but not to also cut spring cleanup. Councilor Smith also said one of the most reasonable budget cuts was suggested by Chief Kurz to cut one officer.

Councilor Smith said he would prefer that Administrator Selig slash away at the Budget, and if he could not, to tell everyone that costs would continue to rise because of inflation, the cost of oil, and the fact that Durham citizens were used to having very fine Town services.

Councilor Stanhope said he was struck by the fact that department heads had looked for individual Budget items that would have a substantial impact on spending. He noted an airline that had reviewed every penny it spent, and was able to cut its budget by as much as 35%. He said the Council had to look to Administrator Selig and Ms. Jablonski in terms of whether this had been done for Durham. He said he thought some further work needed to be done on this, and said he thought a 0% increase in spending, and perhaps even a reduction in spending could be achieved as a result of this.

Councilor Henry Smith said he believed that a 0 % increase in the Budget would result in cuts that would be unpalatable, and he provided details on this.

Councilor Leach asked what specifically Administrator Selig and Ms. Jablonski wanted from the Council, and she asked if they wanted the Council to make some judgments about what had been provided.

Chair Niman said the challenge for him at the moment was that he didn't feel he had adequate information to make specific recommendations concerning the documents that had been provided. He noted the Fire Department's budget analysis, and said he didn't think he could make a good judgment based on a few scary stories. He asked why the kind of information he was looking for couldn't be pulled together.

He said fire service was a game of risk, but said he had yet to see anyone from the Town administration or the Fire Department provide the Council with solid data to evaluate the level of risk the Town was willing to tolerate. He said his inclination was therefore to just eliminate the position of the Fire Chief, stating that he didn't see much management, and instead saw scary stories and a request not to cut the department's budget.

Chair Niman said no one would vote to eliminate garbage pickup, and said he wanted to know what it meant if one Public Works Department position was eliminated. He said he also wanted to know if a little could be taken from all of the areas of the Public Works Department, and if the position could be saved. He said the way the information had been provided, it was an all or nothing kind of deal.

He said that at least, Chief Kurz had come forward to say that in order to make a difference, an employee position would need to be cut. Chair Niman noted that he wasn't sure that was a good idea, just as Chief Kurz wasn't sure.

Councilor Sievert said he liked the idea that Councilor Stanhope had suggested. He also said he wondered if it would really be bluffing if the Town had a 0% budget increase this year, and then needed to increase the Budget the next year to compensate for this. He also said it was painful to put everyone in the Town departments through this process, and yet the Council sat here and said that the School Department didn't have to do anything. He said he felt it was time to change this, and he spoke in some detail concerning this issue.

Councilor Needell said there was a different venue to deal with the School issue, and he encouraged Councilor Sievert to pursue this. He said it was frustrating to put the pain on Town staff as part of this process, when it could only result in a minor change in taxes. But he said the Council had the responsibility to manage its part of the Budget as best it could.

He said he was willing and interested in having the Council do what it could to hold the Budget to a reasonable level as it could. He said he didn't think anyone had proposed that the Council adopt this Budget, and said it was an exercise right now. But he said he thought it had been a worthwhile exercise. He spoke in some detail about the fact that the Town's Budget had been kept down to a 2-3% increase in recent years by using fund balance, but said at some point, the Council would need to make a choice regarding services vs. taxes.

Councilor Needell said he felt that Administrator Selig already did look for ways to run Town government more efficiently, and said he thought the Council had to make the choice to keep services as they were or decide what services it would be willing to cut back on in order to keep the Budget down. He said he was open to this, stating that he didn't want to see a 15% increase in spending 3 years from now, and that the Council needed to deal with things in advance.

Councilor Clark said that on the spending front, the Council had to connect this issue with the economy, and had to be able to make some hard choices. He said in good times, it was more appropriate to have 3-4% increases in spending each year, but said in his business experience, there had been many years when there had been 0% increases, and there had also been times when he had been asked to cut 20% and keep the existing level of services.

He said he did believe this was a year when the Council would have to take a harder look at things, and he said everything the Town did had be more sustainable, including leveraging assets so that they became revenue generators. He provided details on this, and also said the Town needed to think about investing in opportunities like renewable energy generation on a for-profit basis, with the resources that were locally available. He noted the transformation occurring around the country in terms of bringing online alternative energy sources like wind power, but he said Durham wasn't yet having that conversation. He also spoke about the need for public/private partnerships.

Administrator Selig reviewed current staffing for the departments, noting that the number of Town employees was actually down from previous years, and that by every measure, the departments were running efficiently. He spoke in some detail about the Fire Department, and said the different individuals who had served as Fire Chief since he had been working in Durham had all said that 5 person staffing was appropriate.

He said he was convinced that this was in fact appropriate, especially given the existence of UNH in Durham, and the fact that the University paid half the cost for fire services. He noted that because of the existing level of services, this had benefited insurance ratings, and he said the response by the Department for emergencies and fires was excellent.

Administrator Selig also said that comparing Durham to its peers, and including University students, the Town was very competitively staffed. He noted specifically the workloads of the Planning and Code Enforcement offices. He said while he hadn't looked at every possible expenditure, he was confident that the numbers that had been provided by the departments were good ones. He spoke in some detail on this, and said the departments had little choice other than to provide the scary stories, which were the impacts of making cuts. He also said if the cuts were any deeper, this would get into cutting additional personnel.

Councilor Stanhope said the reality was that many communities of 7000-8000 people had part time officers that were paid substantially less than they were paid in Durham, and these towns somehow managed. He said the reality was that Durham paid its personnel at a level equal to or greater than its peers, and said he would like to see the comparison Administrator Selig had made reference to.

Administrator Selig spoke about how the existence of the University impacted the demand for services because of the students, but he said it also influenced the kinds of people who lived in Durham, and the level of services they expected from their community. He provided details concerning this, and noted as an example that some residents called the police if there was a lost dog. He spoke about his concern about unsustainable budgets, and said the Town needed to see growth in its tax base, and to go after other revenue sources as well.

Councilor Stanhope said he realized that UNH placed certain demands on Durham, but said he still felt that the comparison between communities of comparable size that he had spoken about could be made.

Administrator Selig said he would be happy to provide that analysis, and noted that it had been done before.

Chair Niman said he liked to think of department heads as being managers, and he gave as an example the possibility that the Fire Department, Public Works Department, etc. could save some overtime money at times when this was appropriate. He asked why it couldn't be communicated to department heads to make these kinds of decisions, and said he would like to see some data on whether overtime money could be saved at certain times of day, and certain times of the year. He said a question was how to create that kind of culture.

He spoke about the idea of having managers who managed smarter and made the organization smarter, by looking at possibly different ways of doing things. He gave as an example the idea of sharing an administrative assistant between departments, which could possibly eliminate a position. He also said the idea of regionalization of some services, if done carefully, was something that should be looked at.

Chair Niman said a key question was whether resources could be leveraged to provide comparable levels of service at a lower cost, but he said the Council never seemed to have that discussion. He said the Council needed to move in that direction. He also said Councilor Stanhope was right that the airlines had done some nickel and diming to get their costs down, but he said he wasn't sure that approach would get the Town very far. He said the Council needed to think outside the box. He said he agreed that if people wanted the existing level of service, this needed to be made affordable, and it needed to be done by expanding the tax base.

Administrator Selig said that the Fire Department did use some discretion concerning shift staffing, and sometimes did drop down to 4 people. He also noted that he had told the departments not to spend out of fear they would otherwise lose funds allocated to them in the Budget. He said as a result, the thinking concerning this had changed over time.

Concerning the issue of regionalization of some services, Administrator Selig noted that the regional dispatching effort had been a major undertaking for Town staff. He also spoke about sharing Durham's Tax Assessor with the town of Lee, which had recently been accomplished. He also said while he would like to see some regionalization of local fire departments, there was great reluctance concerning this in the region.

Administrator Selig said the School costs clearly drove taxes, but he said the Town had no control over this. He said unless the way in which this was structured could be dramatically changed, it was not worth discussion by the Council. He said he was very sensitive to the fact that this was a difficult year in terms of the economy, and said Town departments were open to bringing in a meager Budget in order to keep the tax rate as low as possible.

But he said he didn't think setting an arbitrary 0% increase in spending was the way to go. He said he thought the Council should take into account the fund balance, etc., to see what they could come up with. He noted that he wasn't sure what impact the property assessments that had been done this year would have on the tax base.

Administrator Selig said it would be helpful to get a sense of whether the Council wanted a 0% increase in spending, a 0% increase in the tax rate, a small increase in the tax rate, etc. He spoke about the idea of updating the Master Plan to guide the community, noting that there had been recent

discussion on this, and said it would take money to accomplish this. He said it would be helpful to know whether the Council was open to the idea of making that investment.

He said his sense was that the Council hadn't studied the documents long enough to be able to provide him with specific recommendations. But he said if the Council told him that it wanted a 0% spending increase, he would provide a responsible Budget, along with a list of what to cut in order to get to the 0%.

Councilor Sievert said cutting off funding for consultants for economic development and updating the Master Plan should be avoided. He also said he liked the idea of looking for revenues, and developing Town properties more usefully, noting as an example that Wagon Hill could perhaps be the location for a wind farm, or a water park.

Councilor Needell said he thought this was a year for a very austere Budget. He said the small things in it were worth looking at to determine if they were necessary, and said the big things didn't deserve attention this year. He said this was a year when new spending should be avoided, and said the Council had to be careful as to where it committed funds.

He said there was always the argument that investing money would bring a return, but said he was reluctant to invest money at this point. He also said they shouldn't invest Town money up front to attract development, including investment for things like the development of the Spruce Hole aquifer. He said this was probably not the year that the Town had the option to commit to large capital projects that weren't absolutely essential, and said they might want to revisit some of the timelines. He said it was clear that something like this was for the future.

Councilor Needell said that concerning renovations and expenditures on a new Town Hall, he thought the Council needed to consider whether this was something it even wanted to look at. He said this was not the time to engage in new indebtedness for the Town, and he encouraged Administrator Selig to keep those things out of the Budget. He said he thought Administrator Selig should bring the Council the Budget that he thought the Town needed, to provide essentially the services now being provided. He said in November, the Council would have to balance the issue of services vs. the tax rate, and the possible use of fund balance.

In answer to a question from Councilor Julian Smith as to when the Council would be going through the CIP, Administrator Selig said this would occur during Council meetings on the Budget. He encouraged Councilors to tune in to the Planning Board's recent discussion on the draft CIP, and said there would be another meeting with the Board in October where they would get into more detail on big ticket items.

Councilor Henry Smith said perhaps they should keep to a 3.2% increase in expenditures, like last year. He also said he saw the scenarios presented as reality stories, not scary stories, of what would happen if they went with a 0% increase in spending.

Councilor Clark said the focus should be on bigger reformation of the Town's processes and planning in order to get to sustainability regarding taxes, and what people could actually afford. He

also said there was no point in suggesting cuts like eliminating curbside collection, which would just wind up costing people more.

Regarding the issue of sustainability, he said there needed to be long term planning concerning what they wanted Durham to be and how they would get there. He also said they needed not just a Master Plan update, but a process update. He said he was committed to increasing the tax base, but said their processes should stop forcing people to choose sides, and instead should allow them to find solutions that made everyone happy. He said they didn't have the process that allowed that to happen.

Councilor Needell agreed, and said this was a discussion the Council needed to have.

Councilor Clark said he felt it was time to invest in infrastructure, to set the tone for where the Town wanted to be in the next 10 years, especially given the tools the Town had, including TIF. He said they ought to take full advantage of the current economic climate, rather than waiting for the opportunity to pass.

Administrator Selig said an area Town staff had struggled with was the issue of energy efficiency, related to requests for new Town vehicles. He said the cost for a hybrid vehicle was higher, although in the long term, it was less expensive. He said a question was how to respond to these types of proposals, especially with a 0% spending increase threshold. He said it was challenging to put together a sustainable plan in this economic climate.

Councilor Clark said hybrids would become increasingly affordable. He said perhaps they should analyze the situation and start slow in terms of investing in them, and then accelerate the program at the right time.

Councilor Leach agreed that this was the kind of analysis that would be needed.

Chair Niman noted that a police officer position cost the Town \$50,000, and said they could decide to get rid of this position forever, or could take the approach of deciding to do without the position for a year in order to finance some capital improvements. He said perhaps the Council should be asked about making choices like this.

Councilor Stanhope said the Town had had a decade of do nothing Councils, which had resulted in a stagnant tax base. He said he strongly disagreed with Councilor Needell's comment to go slow right now, and said he felt the Town should explore every opportunity, in terms of how the Town spent money, and how to encourage growth in the tax base. He said this was not a time to go slow, and said it was in part because the Town had gone slow in the past that there was a tax base that was too low to support the level of services residents of Durham expected.

He said he agreed with Chair Niman about the scary scenarios that had been provided, and said he would like Administrator Selig and Ms. Jablonski to go back to Department heads, start with a 0% increase Budget, and from that build a Budget that supported services that were believed to be essential. He said massaging last year's Budget didn't provide the information he thought the Council needed.

Councilor Leach said that concerning the list of proposed cuts, she didn't think these were cuts to the current Budget, and said most were cuts from what Department heads had proposed.

Administrator Selig said a number of the cuts were decreases from what was in the current Budget, while others were reductions from what Departments had proposed.

Councilor Leach said she didn't have a problem with many of the items on the list, other than curbside pickup. She said she was not ready to say anything regarding the Master Plan update funding, and said that regarding the police position, they could see if there was an impact, and then fix this if needed. She said she didn't see that conversations on these kinds of things were painful, and said every organization had to have them.

She said she didn't feel any of the proposed cuts would significantly decrease the services offered by the Town. She also said she felt residents needed to prioritize the services the Town provided, and said this was a community-wide issue than needed to be considered. She said they all might have to change some things, noting that this was what people did in their own lives. She said she would like to work toward a 0% increase in spending, despite putting curbside pickup back in the Budget.

Councilor Julian Smith said that regarding services, and the cuts proposed by Chief Kurz, why not put a bit more money into having a legitimate community policing program. He said there could be some strategic planning sessions with the Police Department on this, instead of paying for things like the CALEA expenses, and spending \$95,000 for overtime.

He also said he wasn't sure the Police Department should be responsible for "teaching proper decorum" in Durham, and said that instead of looking for a higher level of service from the Town, they should ask for a higher level of service from the citizens. He said perhaps citizens would be willing to look for lost dogs, and keep the peace on weekend nights.

Administrator Selig said the Police Department had tried to enlist residents in the past to do citizen patrols, but no one had responded.

Councilor Smith said perhaps this request should be made again.

Chair Niman said when people got locked out of their homes, they could call a locksmith, not the Police.

Administrator Selig said some people in Durham said that for the taxes they paid, they should get that level of service.

Chair Niman said he would not support anything that called for a tax increase. Regarding a Budget that reflected a 0% increase in spending, he said he wouldn't support getting rid of curbside garbage collection. He said to replace that possible Budget cut, he would like to look at the idea of cutting overtime budgets. He said he didn't want to get into the minutia of the Budget.

Regarding what Councilor Stanhope and Councilor Needell had said, Chair Niman said the situation wasn't going to be clear concerning some capital projects. He said the Town might need to get the

large groundwater withdrawal permit for the Spruce Hole Aquifer now because it would be more expensive to wait. He also said the evidence indicated that the Town would need that water supply.

Concerning the Town Hall discussion, Chair Niman said they might find that putting a new Town Hall downtown would cost \$3 million, and residents would say they wanted this. He said they needed to lay out all the numbers and look at the choices. He said it wouldn't bother him if the money for economic development consultants was cut, stating that he wasn't sure this money was needed in order to improve the process.

He noted that there really weren't that many properties involved to warrant this expenditure, stating that in moving beyond the core of Town, there were only five possible properties, and that there were objections to developing them. He also said there were some things going on regarding the downtown that would determine its direction, whether the Council like this or not. He said the Council would continue to do what it was doing concerning economic development, whether or not the money for the consultant was taken out.

Councilor Needell said the Council had given Administrator Selig eight individual statements on the information that had been provided. He asked Administrator Selig if he would like the Council to vote on this in order to provide some direction, saying that he realized it was hard to weigh what Councilors had said and work with it. He also said he was surprised that there hadn't been more comments from Councilors that this was an unusual year, and he encouraged Administrator Selig to take that reality into account. He said he was uncomfortable with the tremendous increase in costs this year, both for the Town and all Durham residents, and said this should play a part in the decision making on the Budget.

Administrator Selig said "austere" was a good description for the Budget that needed to be brought forward. He said this didn't necessarily mean a 0% increase in spending, but said the Budget would in fact be austere, and said some Town groups and departments wouldn't be pleased with this. He said this was a tough year, but said he believed that prudent management of spending and use of fund balance, along with broadening the tax base and focusing on revenues was a winning combination.

He said he hoped they would see some of the economic development scenarios take hold and move forward, and said this was what would put the Town on a sustainable track. He also said that while the Budget had already been streamlined, there was room for improvement.

Councilor Leach said she appreciated the information on the Budget that the Council had received, and also appreciated the fact that this information had been provided earlier in the Budget process. She said she was hopeful that it would be helpful to Administrator Selig later on in the process.

The meeting ended at 8:58 PM.

Victoria Parmele, Minutes taker