

This set of minutes was approved at the December 20, 2010 Town Council meeting

**Durham Town Council
Monday November 15, 2010
Durham Town Hall - Council Chambers
7:00 P.M.
MINUTES**

MEMBERS PRESENT: Council Chair Diana Carroll; Council Vice Chair Neil Niman; Councilor Julian Smith; Councilor Mike Sievert; Councilor Robin Mower; Councilor Doug Clark; Councilor Jay Gooze; Councilor Peter Stanhope

MEMBERS ABSENT: None

OTHERS PRESENT: Town Administrator Todd Selig; Business Manager Gail Jablonski; DPW Director Mike Lynch; Police Chief Dave Kurz; Jim Campbell - Director of Planning and Community Development; Tom Johnson - Director of Zoning, Building Codes & Health; Library Director Tom Madden; Town Clerk Laurie Pitt; Fire Chief Corey Landry; Luke Vincent

I. Call to Order

Chair Carroll called the meeting to order at 7:03 pm.

II. Approval of Agenda

Councilor Mower MOVED to approve the Agenda. Councilor Stanhope SECONDED the motion, and it PASSED unanimously 9-0.

III. Special Announcements
None

IV. Approval of Minutes

October 4, 2010

Page 1, 3rd paragraph under Councilor and Town Administrator Roundtable, should read "He also said Nolan Lushington..."

Page 4, 4th paragraph, should read "...had left a bequest to the Fellowship that enabled the sanctuary to be built..."

Page 13, 2nd paragraph from bottom, should read "Mr. Currier said yes, and said the Conservation Plan, the Water Use Plan and the Dam Management Plan were being..."

Councilor Smith MOVED to adopt the October 4, 2010 Minutes as amended. Councilor Mower SECONDED the motion, and it PASSED unanimously 9-0.

V. Councilor and Town Administrator Roundtable

Chair Carroll noted that there would be a public hearing that evening on the Budget, and said she expected to get to it by about 8 pm.

Councilor Gooze said the Rental Housing Commission would meet on December 1st.

Councilor Sievert noted that he was a member of the UNH College of Engineering and Physical Sciences Alumni Society, and said for their recent meeting, they toured a wind tunnel facility developed by UNH Professor of Engineering Joe Klewicki. He said it was a really neat building out by the water treatment plant, against College Woods.

He said it was the largest facility of its kind in the US, with the only other building like it being located in Australia. He provided details on the types of experimentation done at the facility, involving the dynamics associated with the flow of fluids (such as air and water) in the immediate vicinity of a solid surface.

Chair Carroll asked if the facility did research on wind turbines, and Councilor Sievert said they could.

Councilor Mower noted that she had asked if there was an opportunity to work with UNH so that Wildcat Transit buses going to Portsmouth, Dover, etc., could perhaps offer free rides to residents more than once a month.

Councilor Gooze asked if there was any information on actual usage of Wildcat Transit by Town residents.

Administrator Selig said he had asked the UNH Transportation services people this question, and explained that the vast majority of riders were students, and in order to determine whether someone was a student or a resident, the bus driver would have to ask for all riders' ID's, which was problematic.

Chair Carroll said if there were complaints about buses traveling on local roads, a question would be what residents were getting out of the bus service. She said it would be a good idea to get some idea what the ridership was.

There was discussion that there was information available on the total ridership of Wildcat Transit.

Councilor Gooze recommended that residents take advantage of the bike trails available at UNH, noting that he had recently taken some wonderful rides around the campus.

Councilor Mower said UNH encouraged bikes on paths but not sidewalks, but she said it was sometimes hard to distinguish between the two.

Councilor Mower noted that Durham was in the news last week regarding adopting enabling legislation for the PACE program. She said this coverage may have given the impression that the Energy Committee and the Town had actually started the program, but she said they had just taken the first step.

She said at the Conservation Commission meeting the previous Thursday, the Commission had voted to expend money not to exceed \$4,000 from the Land Use Change Tax fund to hire a hydrogeologist to assist the Water Resources subcommittee in recommending changes to the aquifer district regulations.

Councilor Mower said the Commission had also recommended getting planning assistance on the calculation of usable area zoning changes that had been discussed. She explained that the Commission had been asked to review this section of the Ordinance because developers had questioned whether the provisions were appropriate.

She said there was acknowledgement on the Commission that they didn't have expertise on this issue, but did have the resources to hire someone to help them make informed recommendations to the Town planner. She said Commission members felt they needed evidence in order to be able to support the comprehensiveness of the current regulations, or provide alternatives.

Councilor Mower said the Commission would appreciate being kept informed about the plans for the new library. She noted that the presentation at the previous Council meeting had mentioned wetlands on the library property, and said whether or not they were high functioning wetlands needed to be determined.

Councilor Mower said Commission members were fully supportive of the law adopted in the spring that allowed towns the option to have alternate board/committee members be fully participating members or not. But she said the full participation by alternates on the Conservation Commission needed to be codified.

Councilor Smith noted that the Planning Board did invite participation from alternates in discussions, so it was important for this to be codified as well.

Administrator Selig said this issue had previously been unclear across the State and in Durham. He said in recent years, Durham had been advised that it should not have alternates participate, but he said the Town had felt there were sufficient benefits to warrant include them, so it chose to ignore legal counsel on this. He said State law now allowed towns to choose on this. He said it made sense for the Council to adopt this policy for all of the Town's boards.

Councilor Gooze said when he was on the ZBA, yearly conferences went back and forth on this issue.

Councilor Mower noted that there were times when alternates were asked to step in at a meeting, and said it was therefore important that they have a voice generally on the board/committee they were on.

She noted that she was on Survey subcommittee of the Master Plan Advisory Committee, and said she was concerned about the time frame for the Master Plan process and engaging the broader community. She said direction from the Town Planner was needed on this, and said assistance was also needed with providing materials.

She said she had asked that Dave Cedarholm report to the Council on the proceedings of the Southeast Watershed Alliance, or ask George Rief, the Town's representative to that group, to report to the Council. She noted that there was an upcoming meeting of significance on the issue of wastewater treatment upgrades and the removal of nitrogen.

Councilor Mower said the Conservation Commission was very interested in participating in any site walks relevant to the Capstone development, and being kept abreast of anything that would relate to them.

Councilor Smith, the Planning Board representative to the Conservation Commission, said the Commission had received a presentation from Capstone representatives at its most recent meeting, and had scheduled a site walk.

Councilor Smith, who is also the Council representative to the Planning Board, said that at its meeting on November 10th, the Board held a public hearing on the Sawyer site plan application for an accessory building that was currently used as part of the kennel operation on the site. He said the application was approved.

He also said the Planning Board deliberated on an amendment to a previously approved site plan application and Conditional Use Permit application for the CWC property at the corner of Pettee Brook Lane and Mabury Road. He said the applications were approved unanimously.

Councilor Mower asked whether there had been further discussion by the Board on the location of the laundry room.

Councilor Smith said yes and provided details on this.

Councilor Smith said the Planning Board had also deliberated on the Council initiated Zoning change that proposed requiring the application of the conservation subdivision provisions in the ORLI and MUDOR districts. He said after discussion, the Planning Board had voted 5-1 not to recommend the Zoning change, and said he was the only person who had voted in favor of the change.

He noted that when the Council had first asked the Planning Board to initiate this as a Planning Board amendment proposal, the Board's ultimate vote was 6-2 against it, with Chair Parnell voting with him in favor of the amendment. He said this matter was now in the Council's corner.

Councilor Smith said he had suggested to the Planning Board that it should review the library plans, and said the Library Trustees should bring the Board these plans as a courtesy and as a formal matter.

Councilor Smith noted the recent reference in Fosters about the idea of swanky digs for college students at the proposed Capstone development. He noted that this would not be UNH housing, despite what the title of the article had said. He also spoke about Administrator Selig's comments about 18-22 year olds' housing demands, and said he didn't think this kind of opinion should be offered by the Administrator. He said even if it was true, he wasn't sure

the Town should be enthusiastic about encouraging this. He said he hoped UNH would weigh in on this issue, and said a virtue of the college experience was learning to live with people.

Councilor Smith spoke about the idea that the proposed luxury housing for students would draw them away from living in residential neighborhoods. He said given the cost of this new housing, he didn't think substantial numbers of students would be drawn out of rundown rental houses. He also said if Capstone did everything it claimed it would be doing in terms of property management, there would be no attraction there for students who wanted to party. He said he thought the Town should cut down on the amount of hype it was doing about this project.

Councilor Gooze noted the lengthy discussion by the Planning Board at its last meeting regarding the Council initiated Zoning change concerning conservation subdivision. He said he still thought it was important that the Council follow through with this Zoning change. He said if people wanted to make other changes to ORLI or to the conservation subdivision provisions, this should be a separate process. He asked what the next step was regarding the proposed Zoning change.

Administrator Selig said the Council now had the recommendations from the Planning Board, and said the proposal would now come back to the Council for a first reading. He said at that time, the Council could schedule a public hearing or could kill the proposal.

Councilor Mower asked if such an initiative would include recognition that the Council acknowledged the Planning Board's position, and the need to make broader changes to the Ordinance.

Councilor Smith said the Planning Board would send the Council information on why it had voted not to recommend the Zoning change.

Councilor Mower asked if the Council should perhaps wait to see this before doing the first reading on the Zoning change, and Councilor Gooze then suggested that the Council could do the first reading and also look at this information.

Councilor Sievert said he was against the proposed Zoning change.

After further discussion, it was agreed that Councilor Sievert and Councilor Gooze would get together to discuss this issue.

Councilor Mower asked Administrator Selig if he had spoken with Mr. Campbell about setting up a design guidelines subcommittee, and Administrator Selig said this was on his list of things to do.

Administrator Selig updated the Council on a number of issues. He first said Chair Carroll, Councilor Niman, and he had recently met with Michael Kane regarding whether he was still interested in pursuing the hotel development in Durham. He said Mr. Kane was in fact still interested and believed there was a market for it. Administrator Selig said he would be touching base with the landowners in the vicinity of Main Street and Pettee Brook Lane about their interest in this idea, and said he would keep the Council informed of any progress.

Administrator Selig said the Town was in the process of hiring a part time Parks and Recreation Director. He said out of a field of 34 applicants, there was an excellent finalist who had some great ideas. He said he hoped to bring forward the recommended hiring of this person to the Council for its advice and consent at the December 6th meeting.

Administrator Selig said the deadline for the Grange RFP was the previous Friday, and said one proposal was received, from Peter Murphy, who proposed to turn the Grange property into rental housing. He said he planned to engage with the Economic Development Committee to get their recommendations as to whether this would be a good approach.

He noted that about an hour after the deadline on Friday, a second proposal was received, from Doug Greene, which proposed to turn the Grange into a restaurant. He explained that if it turned out that there wasn't interest in the Murphy proposal, it would be set aside, and there could then be discussion about Mr. Greene's proposal.

Councilor Mower asked if Mr. Murphy's goal would be to rent to students, and Administrator Selig said yes.

Councilor Gooze noted his recent involvement with the IZIP committee, and said just doing inclusionary zoning in the downtown would not be enough to meet the State mandate. He said an idea was to provide developers with an economic incentive to provide a certain percentage of workforce housing in a development. He said perhaps there could be some kind of district in Town that would allow something like this, and said it seemed like the Grange would be a good spot to provide some workforce housing rental units.

Administrator Selig said development of the Grange property was not on the fast track, so this idea could be discussed as part of looking at the Murphy proposal. He said the challenge was that student housing and workforce housing probably wouldn't mix well there, and said given the fact that the property was surrounded by student housing properties and Libby's.

Councilor Sievert said it was an option to have workforce housing there at a later date.

Councilor Smith noted that Mr. Murphy's proposal described the student rental development as luxury housing. But he noted that the units would have three bedrooms and a shared bathroom, and said he liked that approach, rather than having a bathroom for each bedroom.

Administrator Selig said that regarding the parking structure issue, perhaps the best way to address this would be to set aside some time on either December 16th or 17th to discuss it, when the EDC and others could be invited to engage on this topic and talk through some of the possibilities. He said it was realized that this was the holiday season, but said the Town was trying to move along on this issue.

Chair Carroll said it would be important to have as many people there as possible. There was discussion on possible scheduling.

Administrator Selig said Chinburg Builders wanted to move forward with the closing on the Durham Business Park. He said he believed everything was in order for this to happen, but said if he needed to come back to the Council regarding this for some reason, he would let them know.

VI. Public Comments (NLT 7:45 PM)

Bill Hall, Smith Park Lane, said he had seen the newspaper article on Durham's higher tax rate compared to those of surrounding towns. He spoke highly of the town of Newcastle and its tax rate, and said Durham should emulate that town.

Mr. Hall next spoke in further detail about the poor way the 401 water quality permit process had been handled by the Town.

Paul Schlie, 95 Mill Road, said he had seen replays of recent EDC and Council meetings. He said the EDC had done an analysis of actual parking in Durham and concluded that there was no parking problem. He said if that was the case, the Council should give grave consideration to new parking lots that clearly weren't necessary.

He said the EDC had also concluded that they had really no idea how to guide someone funded by the Town to participate on further economic development. He provided details on this, and said he commended them for their honesty. He said it was clear that the Town really didn't know what it was doing regarding economic development, so should be prudent in regard to economic development efforts.

He also said the EDC had said the tax rate was important in regard to getting economic development. He said looking at the actual valuation of property in Durham over the last five years, it had dropped about 20%. He said the tax rate would have to increase by 25% to maintain a similar amount of Budget as the one proposed. He said serious consideration should therefore be given to any budgets that were not going to start to lower expenditures, because the alternative in a short period of time was that the Town was going to have to greatly raise the tax rate, which would be detrimental to any potential business in Durham.

Mr. Schlie said it appeared that a lot of the emphasis of economic development efforts in Town had been oriented to student housing, and said it was not clear that this was a good business strategy, because this kind of development didn't dramatically lower the tax rate, and also incurred costs. He provided details on this.

He also said prior to spending money on grand plans for the downtown, people needed to understand why the existing establishments were having trouble. He said clearly, the issue wasn't parking. He said it was that this was a University town, and the rest of Durham was an indirect consequence of this. He noted that parking wasn't an issue in the summer.

Rhee Haney, Morgan Way, asked for details on why the cost of the Morgan Way project had increased so much.

Administrator Selig said the previous price quoted had been based on preliminary numbers provided by NHDOT. He said as a result of the design work that was done, the cost for the project had increased. But he said the Budget proposal was to fully fund this project, and said this would be one of the topics the Council would discuss.

Ms. Haney noted that residents on Morgan Way had passionately expressed their concerns over the dangers of the Morgan Way/Route 4 intersection.

Administrator Selig stated again that the proposed Budget included the full cost for the project. He said that ultimately, the Town expected to get this money back, and provided details on this.

Ms. Haney said residents of the area were very grateful. She said it was important to remember to ask if there was anything that was more important than saving a life. She said she frequently saw cars speeding down that hill, and asked Councilors to consider that they would be saving a life by approving this project in the Budget.

VII. Unanimous Consent Agenda *(Requires unanimous approval. Individual items may be removed by any councilor for separate discussion and vote)*

Shall the Town Council schedule a Public Hearing for Monday, December 6, 2010 on a resolution authorizing the acceptance and expenditure of grant funds from the New Hampshire Department of Safety for the purpose of upgrading the existing security camera system at the Durham Police Department?

Councilor Smith MOVED to schedule a Public Hearing for Monday, December 6, 2010 on a resolution authorizing the acceptance and expenditure of grant funds from the New Hampshire Department of Safety for the purpose of upgrading the existing security camera system at the Durham Police Department. Councilor Mower SECONDED the motion, and it PASSED unanimously 9-0.

VIII. Committee Appointments
None

IX. Presentation Items
2009 Audit Report – Greg Colby, Plodzik & Sanderson

Greg Colby provided an overview of the Audit Report. He said the findings were similar to those from last year, and said the only issue noted was in regard to the fact that prior to 2004, the Town had not recorded the full amount of the Town's capital assets. He noted that this issue came up every year with the Audit Report, and also noted that the Town had been recording everything regarding its capital assets since 2004.

He said there were two changes in regard to the Audit Report, the first in regard to the fact that the Town had implemented the new GASB 45 statement. He said the second change was that because the Town had received in excess of \$500,000 in federal financial assistance, extra auditing work had been required in order to be in compliance with the federal requirements.

Mr. Colby next reviewed in some detail the Audit Report document.

Administrator Selig asked Mr. Colby to comment on the number on Page 37, \$196,836 for total appropriations, expenditures, other financing uses, and encumbrances.

Mr. Colby said it was less than \$200,000 on a \$10.4 million budget. He said it was a close Budget.

Chair Carroll asked Mr. Colby if he had any recommendations the Council needed to hear.

Mr. Colby spoke in some detail on the fact that the current amount of fund balance, \$980,000, was on the low end of what was recommended.

Councilor Mower asked Mr. Colby how the Town's fund balance percentage compared to those of other towns he worked for.

Mr. Colby said his firm usually saw a somewhat higher percentage, even with the current economy. But he said it wasn't unusual to see less because of money being used to stabilize tax rates. He said the Town should look toward building up its fund balance as the economy improved.

Councilor Mower asked if there was any way to see a graph of the fund balances of other towns, while not recognizing them by name.

Mr. Colby said the Public Finance Consortium had spent the last 2-3 years gathering data like that, so they might be a source of information.

Administrator Selig said he had one some analyses using that source of information, but said a challenge was that the consortium's fund balance data was from 2007. He then noted that for the first time ever, in 2010 the Town had adopted a fund balance policy target of 5-8%, and had utilized the information Mr. Colby had provided last year in formulating this. He said there was now a plan to build up the fund balance to this level, and he noted that no fund balance had been used for the 2011 Budget in setting the tax rate.

Councilor Clark asked for an explanation of #7 on page 44 of the Audit Report, the Summary of Auditor's Result, which said The Town was determined not to be a low risk auditee.

Mr. Colby said this meant that because Durham was not audited as a single audit in the previous two years, it automatically meant they needed to consider it high risk. He said this meant that of the total amount of federal expenditures, 50% of them had to be tested in terms of whether they were in compliance. He provided further details on this.

At Administrator Selig's request, Mr. Colby spoke briefly on the Sewer Fund deficit. He said the data on this was found on page 9 of the Audit report, and said the net deficit for the year was \$24,587, representing a slight increase from the previous year.

Administrator Selig noted that in the 2011 Budget, an appropriation was recommended to wipe this deficit out to zero. He said the deficit was primarily because usage had fallen, so revenue was less than anticipated.

Administrator Selig noted that this year, there had been no findings in the Audit Report of any material weaknesses in the Town's finances, and he credited Business Manager Gail Jablonski and her staff for this.

Chair Carroll thanked Mr. Colby for his work.

The Council stood in recess from 8:21 to 8:31 PM.

X. Unfinished Business

- A. **PUBLIC HEARING** on the Administrator's proposed FY 2011 Operating and Capital Budgets

Councilor Mower MOVED to open the Public Hearing. Councilor Smith SECONDED the motion, and it PASSED unanimously 9-0.

Tom Elliot, Chair of the Economic Development Committee, said he appreciated the thoughtful Budget that had been developed. He said this Budget had two areas that focused on investment in the downtown, one of which was in the area of infrastructure. He said he was glad to see the line items for new parking kiosks, the new streetscape on Pettee Brook Lane, increased wastewater infrastructure capacity, the Library, and the continued pursuit of a parking garage,

Mr. Elliott said he was fond of saying that one of the most precious resources was attention, and said EDC members did the best they could to put attention on economic development issues. But he said in order for the Town to really succeed with this, someone was needed who had the sole duty of focusing on advancing the Town's economic development agenda.

He said such a person could work on developing communications and external relationships with developers and other possible partners, as well as working on internal communications and teamwork within town government. He noted that Durham had been doing a good job with these things, but needed to do much more.

Mr. Elliott also said someone was needed who would focus on getting more resources for the Town. He noted as an example that there were a number of federal grant programs available right now that might not be around forever. He said having these resources could really advance the Town's economic development agenda.

He said the EDC supported Administrator Selig's vision of moving forward with the idea of hiring an economic development person. He noted that the EDC absolutely wanted to see metrics of success clearly defined and put forth before hiring such a person, so they would know what success was, and would also have reasonable expectations of success.

Mr. Elliot said it was important to hire this person now because an enormous amount of time would be required of Town staff in 2011 to work on the Master Plan update, Zoning changes, etc., and because of the development review that would be needed as development picked up. And he stressed again that there were grant opportunities that wouldn't be around forever.

Mr. Elliott said he was an eternal optimist, but said Durham should catch the wave of economic development on its way up. He said if there were investors looking for development opportunities in Durham, now was the time to build a system that made it easier for them to come to Durham and figure out opportunities.

He also said market forces were lining up in Durham's favor, noting the potential disruption of the Town's student housing market and the Capstone project. He said it was important to invest in economic development now, before the impacts of those forces played out.

Mr. Elliott said another reason to support the economic development position was that there was now a really impressive consensus in Town that attention should be focused on redeveloping the downtown. He said it was a rare thing to have this consensus, and said they should therefore take advantage of it. He said he was not of the mind that Durham's economic future was so bright that the trajectory would take care of itself. He said there were still a lot of barriers, as well as competitors, so an investment in infrastructure, and in focused attention on economic development were both needed.

Doug MacDonald, 2 Stone Wall Way, said he believed this was the wrong Budget at the wrong time, when they were still in the midst of a deep recession. He said most families and organizations were still cutting costs and paying down debts, yet this Budget recommended increasing spending, and funding this through increased borrowing and increased property taxes.

He said over the next 10 years, the Town's annual expenditure would rise to nearly \$60 million, an increase of over 50% from this year. He said in part, this would be paid for by increased borrowing. He said \$16.5 million would be borrowed over the next six years, and said over \$1 million of this was for annual road maintenance, which was not a capital item. He said this was a dangerous precedent, and was like borrowing money to buy groceries.

Mr. MacDonald said nearly \$3 million was for the new Library, which was promoted as not costing the Town anything. He said ultimately, it would be paid for by increased property taxes. He noted that property taxes were projected to increase every year until 2020, by which time they would have grown to 64% from today's level.

He said this was a bad Budget. He said it was unacceptable to propose increasing expenditures of this magnitude and expect the taxpayers to pick up the tab. He said that instead, there should be a responsible Budget that froze spending at current levels, and set expenditures accordingly. He said these were times for living within our means, not beyond our means.

Bruce Bragdon, Trustee of the Trust Fund, noted the proposed funding in the Budget for Smith Chapel. He said it was clearly a valuable property that the Town didn't want to lose. He noted that some money had been raised for the repairs that were needed to the building, but they were not enough. He said the work proposed would be to put on a slate like roof using asphalt materials.

He said it was realized that Town funds were tight, and said although the building had potential as an Historic Register property, this approach had not been carried forward with this proposal because it was not something the Town could absorb financially right now. He said the reasonable thing to do was to replace the roof with something that looked good and would make the building water tight. He noted that the funding proposal didn't address the restoration work needed on the windows.

Chair Carroll asked if it would be possible instead to take the slate materials off the roof, repair them and put them back on the roof.

Mr. Bragdon said the slate was 100 years old, and said the cost to do this would be prohibitive. He said if they wanted a slate roof, the best thing to do would be to take off the old slate and put a new slate roof on. He said this would cost \$30,000 compared to \$6,000.

Chair Carroll asked if the building could go forward as an historic structure with a architectural texture slate roof.

Mr. Bragdon said the false slate roof would have to be taken off first. He said if they wanted to bring it back to an original building, there would have to be a slate roof, copper gutters, etc. He noted that the rest of the building was in pretty good shape. He said the Trustees couldn't justify the cost for this, given the constraints they were under already.

Chair Carroll asked about problems to the building that would result if something wasn't done now, and Mr. Bragdon said there were already significant problems, including significant leakage of the roof. He noted that if the roof was done, the building still would not be usable because there was no money now for the restoration work needed for the windows.

Councilor Mower asked if there had been discussion with the Durham Historical Association/Historic District Committee about this matter. Told that there had been, she asked what their comments had been.

Administrator Selig said there hadn't been a discussion with them on this Budget proposal, stating that he felt there should be an open discussion with the Council that included asking if others should then be involved. He said the purpose of this proposal was to ensure that no further damage occurred to the building.

Councilor Mower said there might be a question of priorities in terms of structures in Town, and said the Historical Association/Historic District Committee might have some advice on this.

Administrator Selig said the total estimate of repairing and rehabilitating Smith Chapel was in the \$70,000 range.

Councilor Mower asked about possible grants for the work that was needed, and Mr. Bragdon said that was really a discussion the Council needed to have.

Councilor Gooze asked about the cost for the stained glass window work, and Mr. Bragdon said the cost was \$24,000. There was discussion about the fact that the windows had been taken out and stored inside the building, and the window openings had been boarded up with plywood.

Administrator Selig said this Budget proposal to put a simulated slate roof on the building was a good example of striking a balance, in a difficult year for the Town.

Councilor Gooze asked if anything further could be done temporarily for the window areas in the building, other than boarding the building up.

There was further discussion. Chair Carroll said what was being proposed was a small amount of money, but she said this was certainly a difficult time. Mr. Bragdon said the Trustees understood the situation.

Regarding the road bonding proposal, Mr. Bragdon said he generally agreed with what another resident had said about this. He said he thought the Town at a minimum should spend the roads money the State provided to the Town, and said it did make sense to fund the Morgan Way/Route 4 intersection project. He said roads were not a capital expenditure, and said he didn't think bonding for them was a good idea. But he said he realized that not doing the work now would catch up with the Town later.

Regarding the use of UDAG money for the part time economic development position, Mr. Bragdon said that money was designed to be used for economic development, and said money used now could be put back in the fund later on. He said future spending for this position could be determined at that time.

Annmarie Harris. Oyster River Road, said she had heard the testimony regarding the Morgan Way/Route 4 intersection. She said this involved a State road, and stated that she was concerned that the project on the Town's nickel had become unreasonably costly. She questioned spending this money on a State road at this time. She said there were other places in Town with more dangerous circumstances, which more people used. She said the number of people who used Morgan Way should be considered.

Ms. Harris also said she didn't think what was proposed was the best solution for the problem. She noted the idea of having a larger sign for the intersection, with a blinking light. She also spoke about how residents and others could use other ways to come in and out of the intersection.

Administrator Selig noted that he and the Council had received a number of emails regarding the proposed Budget.

He said resident Steve Nadeau had recommended that the proposed improvements to Pettee Brook Lane should be postponed for a variety of reasons

He said resident Doug Carrow had expressed concerns about increases in spending when there was a difficult economy. He also said Mr. Carrow was concerned about the idea of bonding the Roads Program.

He said resident Dick Gsottschneider said increases to the Budget should be minimized.

There was discussion about the fact that an email concerning the Budget was received from someone who had provided no name. This email was not read.

Councilor Smith MOVED to close the Public Hearing. Councilor Mower SECONDED the motion, and it PASSED unanimously 9-0.

B. Continued discussion on the Administrator's proposed FY 2011 Operating Budgets, Capital Budget, and 2011-2020 Capital Improvement Plan

Chair Carroll noted that there were several department heads present if Councilors had further questions for them.

Administrator Selig said he had gathered some data from the NH Public Finance Consortium, which showed some interesting comparisons between New Hampshire towns regarding budgetary issues. He provided a slide show with graphics representing some of the analyses he had done based on this data, comparing Durham to other nearby towns.

He noted the variable of equalized assessed valuation per capita, and said the number for Durham was skewed because the Town provided services to students, who didn't pay taxes. He said because students were counted as part of this valuation, this led to Durham having the lowest equalized valuation per capita compared to surrounding towns.

Administrator Selig said there wasn't a lot of tax base to spread the cost of services out to. He said if students were taken out of the calculation, Durham would be about where Exeter was. He provided a slide that showed nontaxable property in Town, and noted that it was an extremely high amount compared to other towns in the area because of UNH and the large amount of conservation land in Durham.

He spoke about the property tax commitment per person, and said Durham was very low because UNH students were factored in. But he said if the students were not included, the tax commitment per person was very high compared to other towns in the area, and in fact was at the top of the chart.

Administrator Selig said another chart showed the percentage change in the total property tax commitment from 2003-2009. He said Durham had consistently headed down during this time, which said that cumulatively, the Town had been doing a very good job over time trying to bring the Town's overall tax commitment down, whereas other towns in the area had been more erratic concerning this.

He said the last chart showed changes from year to year in municipal appropriations, noting that it didn't include the use of fund balance. He said this chart showed a dramatic decrease in spending in Durham during the recession, before any other towns in the area had done this.

Councilor Mower asked Administrator Selig if he had considered looking at other towns in New Hampshire that hosted universities.

Administrator Selig said no, but said this comparison could be done using the www.Nhpfc.org website.

Councilor Clark said he was curious to know how the Town's \$10 million Budget compared to Newmarket's Budget. He also asked if the 70/30 school/town ratio was common, and Administrator Selig said yes. Councilor Clark said Durham's taxes were higher than Newmarket's, and said the data showed the Town's industrial base was zero.

He said all of the Town's valuation came from residential properties, and said there was a completely untapped potential to have a reasonable amount of commercial development in Durham. He said they needed to take control and make this happen, and not let developers surround them with more and more student housing.

There was discussion about comparisons to be made with other college towns in the State.

Chair Carroll asked if Councilors wanted to bring forth particular Budget items at this point, for discussion.

Councilor Clark asked how much money was proposed for Smith Chapel, and was told it was \$6,500.

Councilor Clark next noted there was \$120,000 in the Operating Budget for roads, and asked what this was for.

Ms. Jablonski said this was the road maintenance budget, and provided details on the fact that it was for things like non-major road work, and sidewalk resurfacing.

Councilor Smith asked whether if bonding of the Roads Program wasn't done, there would be more operating expenses for road repairs.

Administrator Selig said if the roads were let go to the point where they needed to be fully reclaimed, the price would be 3 times as high as doing them now. He said the goal was to get as much life out of the roads as they could, but to avoid having to reclaim them. He provided details on the kinds of repairs needed, including addressing frost heaves, patching portions of roads, and maintaining of grading of some gravel roads.

He noted that the Town received \$255,000 from the State to offset road maintenance and capital costs.

Chair Carroll asked where the rest of the money would go, if the Town took \$128,000 out of that amount.

Administrator Selig said this money from the State was a general revenue disbursement to the Town, which generally went to offset road maintenance costs. He provided further details on this.

Chair Carroll asked why the difference between \$255,000 and \$128,000 couldn't be used by the Town for the Roads Program so it didn't have to bond the entire amount of that program this year.

Administrator Selig said the proposed Budget already took advantage of the \$255,000 from the State. But he said it was fair to have a discussion on bonding of the Roads Program.

Councilor Gooze said the question was whether they were absolutely sure the repairs to the roads were needed and they had to spend money on them this year or else the roads would be worse off. He said if this was the case, the question was then whether the Council wanted to find the money from some place else.

Administrator Selig said the Town had to do the work this year, and said if the investment wasn't made, they would start to lose these roads in 2011-2012. He provided details on this, and noted that a lot of this was weather dependent.

Councilor Smith asked what would make it possible to shift back to not bonding of the Roads Program in a few years.

Administrator Selig said the Town was in bonding mode when he first came to work in Durham. He said he had subsequently gotten the Town to move to cash based funding of the program. He said he was cognizant of the present economic realities, but said the operational budget was already tight. He said he believed the best approach now was not to pay cash for the Roads Program and therefore have to cut other things from the Budget. He said he didn't think there were other things that should be cut from the Budget.

He spoke about the importance of building upon the tax base, and said he believed that with the Capstone project, a new hotel project, or a series of smaller projects coming on line, this would allow for a natural growth in Town expenditures in the future. He noted that Durham's aspirations as a community didn't diminish, and said the Town therefore had to bring in new revenues to pay for them.

Administrator Selig said the Council should therefore do everything it could to promote developments like Capstone. He said they couldn't oppose increasing the tax base without consequences, which was an increase in taxes. He said he was trying to drive Town operations through some very tenuous economic times, and said he hoped that in three years, the Capstone project would have added \$20-30 million in value to the Town, which would allow the Town an additional \$300,000 in spending each year without the need to raise taxes.

He said the proposal to bond the Roads Program now gave the Town three years so it could once again afford to pay for the program with cash. He noted that there were many communities that paid for their roads through bonding. He ended by saying that it was important that the Council grapple with this Budget item

Councilor Gooze said he couldn't figure out where the Council would be able to take \$450,000 from the Budget to pay cash for the Roads Program. He also noted that the Town had ended up paying a lot more for the Oyster River High School because it waited.

There was discussion that the interest rate for bonding would be 4%. There was also discussion that there would be a 5% increase in the tax rate if the Town paid cash for the Roads Program now.

Chair Carroll asked if any of the items in the Roads Program for 2011 could be paid for without bonding.

Councilor Clark said with most of these items, spreading the cost out over time could be justified.

Councilor Stanhope said money wasn't going to be cheaper in the future than it was now, and said the Town would be paying the money back with some grossly inflated dollars. He

suggested that doing the Smith Chapel roof with slate and restoring the windows could perhaps be paid for by bonding, and said he didn't think they could keep postponing some of these things.

Councilor Gooze provided details on why he agreed with this.

Administrator Selig provided details on the Town's ability to bond, noting that the limit was 3% of the Town's total valuation which meant the Town could bond up to \$26 million. He said the Town currently had \$3.9 million outstanding, which was 15% of what it could bond, and was generally much lower than was the case in surrounding towns.

There was further discussion on the idea of bonding the improvements needed for Smith Chapel. Administrator Selig said if the Council was willing to bond the full cost of the improvements that would be tremendous because he did not think the project could otherwise be done now. He said if the Town was going to have this facility, it should be maintained.

Councilor Stanhope noted that the Town had spent millions to save forestlands and grasslands, and he then spoke about the historical significance of Smith Chapel.

Councilor Mower noted that there had been leveraging of the conservation land purchases, but also said she believed that the Master Plan Chapter on Environmental and Cultural Resources should give greater weight to the consideration of the Town's historic resources.

Administrator Selig noted that the Council had made a decision several years ago to put 100% of land use change taxes toward a conservation fund. He said he was not suggesting revisiting that decision, but said the Town had as a result handicapped itself slightly.

Councilor Clark said conserving land had also taking a lot of the Town's taxable land off of the tax rolls.

Administrator Selig said over time, undeveloped land cost the Town less than developed land, but also didn't pay the taxes.

Councilor Mower said a difficult aspect of making a decision on Smith Chapel was that they were not looking at the larger picture of which historic structures the Town valued and could afford to preserve, and which it couldn't. She said it was difficult to consider them one at a time, without a plan.

Chair Carroll asked Councilors for their perspectives on Councilor Stanhope's idea of investing more in Smith Chapel this year without affecting the budget, by bonding.

Councilor Clark said he agreed with Councilor Mower that this was about priorities. He said one could rationalize borrowing money for something, but said in a world of priorities, there were many that might come up ahead of doing work on Smith Chapel. He said the full context of the Budget needed to be considered.

Councilor Mower said it would be wonderful to have an updated Master Plan now for this discussion.

Administrator Selig noted that all of the Town buildings were considered in developing the Budget. He said Smith Chapel was being treated the way the others were, and he provided details on the approach being taken.

Councilor Gooze said there was a difference between Smith Chapel and the police station. But he said he wasn't sure he would want to have that cost down the line.

Councilor Stanhope they would either fix the chapel or not. He noted that it was an historic structure, and also said looking at it from an economic perspective, it could be a wedding venue so could bring people to Town who might then go to local hotels and restaurants.

Councilor Gooze said the approach proposed now was essentially to put a band aid on the building, in hopes that the economy would turn around.

Councilor Mower said the Council could make a decision that it valued the historic structures in Durham in part as an economic benefit to the Town, and could promote the historic district, which could be extended to include Smith Chapel. But she said the Council hadn't really discussed this.

Councilor Sievert said the idea was interesting, but also noted that Wagon Hill had huge value to draw people to Durham, yet the Town wasn't spending money there.

Administrator Selig said he wasn't convinced regarding what Smith Chapel meant to the community.

Chair Carroll provided details on the fundraising issues involved, including the cost involved in doing a grant application to get funding for the project.

Councilor Smith asked what the Council wanted to do about the Roads Program.

Councilor Mower noted that the Council hadn't heard from anyone who thought it was a good idea to bond the Roads Program, but had heard from residents who thought the idea was appalling.

Councilor Niman said if they didn't bond, the question was where the money would be found.

Councilor Mower said they could raise taxes, and was simply saying that this was a choice.

Councilor Niman said last year, there had been a 0% tax increase, but then the Council decided to add another police officer, which resulted in a 1.6 % increase. But he said with revenues down, the property base down, this then became an 8% tax increase. He said he was nervous that they were starting with 1.6% tax increase, and worried about what would happen if they couldn't bond the Roads Program, and State funding to towns decreased.

He said his guess was that people who were horrified at the idea of bonding would be more horrified about a 12% tax increase. He said he therefore felt it was appropriate to bond the Roads Program.

Councilor Gooze said he agreed.

Administrator Selig noted that there were other ideas the Council could discuss to possibly offset the cost of the Roads Program, such as the pay as you throw system, which had been recommended twice by the Integrated Waste Management Committee. But he said the Council hadn't previously thought this idea was acceptable.

Councilor Mower asked if a creative capital program such as the Fire Department was doing could be developed for some roads.

DPW Director Mike Lynch noted that Emerson Road would cost over \$130,000 if \$45,000 wasn't provided for it now. He said the Roads Program represented what DPW felt were the most important needs right now, and provided details on this.

Administrator Selig said he and DPW staff drove the roads each year, and could see those that were starting to fail. He said in 2009, they said they should take a chance, but they didn't say that this year.

Chair Carroll asked Chief Landry to discuss the funding program developed for the Fire Department, and noted that the Council had discussed this last year.

Administrator Selig noted that this approach had come out of using the Kaizen process at the Fire Department. He said the program was developed and proposed last year, but was then deferred. He said they were getting to it now.

Chief Landry first noted that this program wouldn't totally eliminate bonding. He said the plan was to put \$150,000 into a capital reserve fund each year, and said anything left over from his budget would go into it. He provided further details on how the program would work, and said it would be a great investment.

Councilor Gooze noted that the rent for the Fire Department building had increased.

Chair Carroll asked Councilors what they thought about this program.

Councilor Mower said she liked it, and Councilor Sievert noted that he had liked it the previous year.

Administrator Selig acknowledged that the Council had liked the program last year, so it was being brought forward now as the approach to use.

Councilor Gooze asked Mr. Johnson to speak about code enforcement, and the timing of the help he would receive with this.

Mr. Johnson said the plan would be for the part time person to start in January when students came back to UNH, when there would be more monitoring of the neighborhoods and the changes to properties. He said things would pick up again at the end of August. He also said the hope was that some of the students would be drawn out of single family neighborhoods with new student housing developments and the increase in code enforcement.

Chief Kurz provided details on the Police Department's plans to purchase 4 smaller, more fuel efficient cars next year. He noted that the department tried to keep the number of patrol miles down, but said there was always a demand for services. He said the goal with six marked vehicles was to replace 2 each year, but said in the last four years, the department had only bought 3 cars. He said they were taking a bit of a risk by putting money aside this year.

Councilor Mower said she had reviewed the Minutes from last year's Budget discussion, and noted that the cost structure increased \$400,000-500,000 each year with nothing new added.

Ms. Jablonski said the major driver of this was salaries, with cost of living increases, retirement costs, health insurance costs, etc. She said there was also energy costs, and other things the Town had little control over.

Administrator Selig noted that for the last two years, there had been no pay increases for salaried staff other than for a library employee. He said the Budget proposal for 2011 included a 2% increase which was reflective of collective bargaining agreements, and the Town's non-unionized employees. He said it also reflected market adjustments that would be done in 2011, and he provided details on this. He said they would make minimal salary adjustments as appropriate.

Councilor Cote said he was very concerned about the overtime budget for the Fire Department. He said he realized this had been discussed in previous years, and asked what was being done to contain this. He said he realized that some of the variables involved were not containable.

Chief Landry provided details on approaches and new ideas the Fire Department was using to try to contain costs. He said he felt the overtime numbers in the Budget were real numbers, and said a lot of time was spent considering this.

Councilor Cote asked what the major factor was that was driving overtime costs.

Chief Landry said it was vacation time, sick time, and personal time. He said the department was lucky that there hadn't been any long term injuries this year.

Councilor Niman asked how many days on average a firefighter was sick during the course of the year and how much that was of the \$244,000 in overtime that had been budgeted, as compared to how much of this money was for training. He also asked how much overtime coverage was for vacations.

Chief Landry said he would get this information for the Council.

Councilor Mower MOVED to extend the meeting beyond the 10:30 pm adjournment time. Councilor Smith SECONDED the motion, and it PASSED unanimously 9-0.

Councilor Gooze said there needed to be a discussion with the Library trustees regarding the bonding number in the CIP.

Councilor Mower asked if the Council could get clarification on the expectations of some residents as to what a new Library would cost them. She said she had never been under the impression that all the funds for the new library would be raised by the Trustees, and that the operating costs would go through the General Fund.

Administrator Selig said some people claimed that when the Town divested itself from the UNH library 15-16 years ago, a promise was made that doing this would not wind up costing the Town more than it had been paying. He said members of the Library Board of Trustees were adamant that this was never promised.

He said another issue over the past several years was what percentage of the new Library cost would be paid for with fundraising, and what percentage would be paid for with bonding the construction of a new facility. He said there hadn't been resolution of this issue yet.

He spoke further on this, and said the Council should be thinking about what level of bonding it was willing to support. He said the Trustees had consistently said they couldn't raise the full amount with fundraising, and had said the Town would have to support a substantial amount of it. But he said the dollar amount wasn't known.

Councilor Gooze said going into the Budget for 2011, there was nothing regarding the Library. But he said people had to keep in mind that something on this would be coming along.

Councilor Mower asked if anything was being done to influence the ranking of the Morgan Way/Route 4 project by the State.

There was brief discussion on this.

Councilor Smith noted that in the CIP, there were a great number of items to be bonded over the next decade, including the library, the fire station, Technology Drive infrastructure improvements, road resurfacing, and the Spruce Hole well. He asked how much bond indebtedness this would come to if these projects were all added up.

Councilor Smith noted that in the rationale for the Spruce Hole project in the CIP, the word "customers" was used. He questioned the idea of calling citizens who relied on Town infrastructure customers.

Administrator Selig said he disagreed, and said the water users were paying money for a service, so it behooved the Town to think of them as customers. He said it was an appropriate mindset when staff interacted with the water users to remember that they were serving them.

Councilor Smith said he didn't see them as customers, and noted that in some cases residents had been required to pay into the system.

Chair Carroll noted that the Council would meet again on November 29th, and asked for suggestions on how to proceed now in order to move the deliberations along.

Councilor Mower said she hadn't seen any suggestions for a change, addition, or deletion to the Budget.

Councilor Gooze noted that the idea of bonding the work needed on Smith Chapel had been proposed.

Councilor Niman said he was done with considering the Budget, and didn't think another budget session was needed. He said the Council should be prepared to move to approve the Budget at its next meeting.

Chair Carroll said there was one thing she would like to add to the Budget. She suggested that Councilors think through clearly what they thought should be done concerning Councilor Stanhope's proposal regarding Smith Chapel. She said it was a beautiful historic structure that had been neglected, and said there was nothing on the horizon to turn that around. She said a relatively small amount of money was involved.

Councilor Stanhope said he could bring the proposal up within the context of what Councilor Niman had just described.

Councilor Mower asked Ms. Jablonski to calculate the impact of bonding the work on Smith Chapel.

Administrator Selig noted two questions posed at the last meeting, one of which was what the Durham Business Association meant concerning the need for more police presence. He said he had determined that they would like to see more officers on foot in the downtown area from 10 pm to 3 am Thursdays-Saturdays. He noted that Durham had more police officers per capita than any other Town in the State, in cars, on foot, etc., but said they would try to work on any misconceptions concerning this.

He said a second question had been asked was regarding attendance at Parks and Recreation Department programs. He said there had been over 30 programs, which were attended by over 600 community members, but said unique participants weren't distinguished in this data. He spoke further on the data that had been provided, and said it would be looked at further.

Councilors agreed that they would complete the Budget deliberations at the December 6th meeting.

XIV. Adjourn

Councilor Niman MOVED to adjourn the meeting. Councilor Sievert SECONDED the motion, and it PASSED unanimously 9-0.

Adjournment at 10:49 pm.

Victoria Parmele, Minutes taker