

On Wednesday evening, September 22, 2010, the City Council Members met in the Council Chamber.

Present: Mayor Hooper; Council Members Golonka, Weiss, Jarvis, Sherman, Sheridan and Hooper; also City Manager Fraser.

10-229. Call to Order by the Mayor

Mayor Hooper called the meeting to order at 7:00 P.M.

10-230. General Business and Appearances

Ann Gilbert with the Central Vermont New Directions Coalition said their focus on encouraging healthy behavior and decreasing substance abuse in our community. She is proposing they put some smoke free zones in the city's downtown area, specifically some signage on the city benches that are along the sidewalks. They would be something that would say "Thank you for keeping this a smoke free zone" or using internationally universally understood non-smoking signs, something that would indicate they would like to keep smoke from going into business owners' stores and decreasing the butt litter going into the sewers and on the sidewalks. She would ask people to be aware the next time they are walking down the street to see how many cigarette butts are under the benches and maybe this would create less litter and better air quality in our town. A lot of other cities and towns around Vermont are doing something about either keeping playgrounds smoke free or the streets or parks. There is no smoking at the Mountaineer games right now and that might be expanded into other recreational areas around the city. She would like to start with the benches. She presented a proposal to City Council Members.

They are working with the Vermont Department of Health. They have a grant with the Tobacco Control Program so there is money to pay for some sort of signage which could be a round disk or small brass plaque. They would be happy to fund that and work with Public Works or community members to put them on the benches.

10-231. Consideration of the Consent Agenda

Due to staffing levels, September 8th City Council meeting minutes will be presented at the October 13th meeting.

Consideration of approval of payroll and bills.

Payroll Warrant dated August 25, 2010, in the amount of \$246,714.76 and \$23,850.00.

General Fund Warrant dated August 26, 2010, in the amount of \$21,480.

General Fund Warrant dated September 9, 2010, in the amount of \$503,458.61 and \$178,460.20.

General Fund Warrant dated September 10, 2010, in the amount of \$509.84.

Payroll Warrant dated September 16, 2010, in the amount of \$123,144.39 and \$30,015.75.

Consideration of the following permits with the City Council acting as the Liquor Control Commission.

Ratification of a Request to Cater Malt and Vinous Beverages & Spirituous Liquors by Vermont Hospitality Management d/b/a NECI for a reception and dinner at the Hopkins House at National Life on Sunday, September 19, 2010, from 3:30 P.M. to 9:00 P.M. City staff polled Council via e-mail and received the requisite four affirmative votes.

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Consideration of a Request for a Special Event Permit by Vermont Spirits Distilling Company d/b/a Vermont Spirits to sell Malt and Vinous Beverages & Spirituous Liquors on December 11, 2010 in the Montpelier City Hall Auditorium and the Touch of Vermont Holiday Gift Market.

Consideration of a Request for approval for Montpelier Civic Center on Gallison Hill Road to have a Montpelier Palooza Metal Fest on Saturday, September 25, 2010 from 5:00 P.M. to 12:00 P.M.; including a noise variance.

Council was presented with a letter at their September 8, 2010 meeting outlining the event. Council has been provided with a copy of letter notifying adjacent property owners within the 200 feet required boundary.

Consideration of a Request from McGillicuddy's Irish Pub catering services to Cater Malt and Vinous Beverages & Spirituous Liquors on Saturday, September 25, 2010 from 5:00 P.M. to 12:00 P.M. at the Montpelier Palooza Metal Fest. (See above item.)

Consideration of approving the purchase of a new 19,000 lb. GVW Cab & Chassis for replacement of Truck #3 for the Public Works Department.

On September 15, 2010, DPW staff opened and reviewed the singled bid received. It is recommended that this low bid submitted by Gateway Motors be accepted, in the amount of \$28,966, and that the Base Care 72 months/72,000 mile extended warranty be purchased, in the amount of \$2,565. \$47,000 is budgeted in FY 2011 for this replacement truck to include the dump body which is being bid separately.

Recommendation: To accept the low bid of \$31,531 submitted by Gateway Motors of White River Junction, VT for the replacement of the 19,000 FGW Cab and Chassis for the Public Works Department, and authorize the City Manager to make this purchase.

Consideration of the recommendation to the City Council by the Housing Trust Fund Advisory Committee on awarding a deferred loan to Capital City Housing (a subsidiary of Montpelier Housing Authority) for the housing project at 58 Barre Street in the amount of \$105,000.

Recommendation: Discussion and authorization of the use of Housing Trust Fund monies for use on the 58 Barre Street project.

Council Member Hooper said he would like to pull the truck

Council Member Weiss said he would like to pull the Special Events permit as well as the Housing Trust Fund.

Motion was made by Council Member Sheridan, seconded by Council Member Sherman to approve the remainder of the Consent Agenda. The vote was 6-0, motion carried unanimously.

- 10-231(a) Consideration of approving the purchase of a new 19,000 lb. GVW Cab & Chassis for replacement of Truck #3 for the Public Works Department.

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Recommendation: To accept the low bid of \$31,531 submitted by Gateway Motors of White River Junction, VT for the replacement of the 19,000 FGW Cab and Chassis for the Public Works Department, and authorize the City Manager to make this purchase.

Council Member Hooper said the amount that had been allocated for the entire dump truck has left out the truck body and that would be purchased separately. It doesn't mention how much we expect to pay for that.

City Manager Fraser said the budgeted estimate was based on the whole thing.

Motion was made by Council Member Jarvis, seconded by Council Member Sherman to accept the low bid of \$31,531 submitted by Gateway Motors.

Council Member Weiss said he thinks they should reject it. There is a sole bid from one company in the White River area and there is probably only one company in the state of Vermont that could provide that. There isn't going to be much competition. If you already have a vehicle and you are going to add as they propose the dump body as a separate bid. It has to fit this truck. There is only one company that bid extensively and they are also going to end up with getting the dump body. He thinks this should go back for re-bid.

City Manager Fraser said they did solicit bids from everybody. It was publicly advertised. They were the only ones who opted to bid. This is the standard way they purchase equipment. This is actually pretty much the way most public works departments purchase their trucks and we usually get bids from Vermont or New Hampshire. This is our common practice.

Mayor Hooper said she is wondering what the results would be if they went back out to bid. Discussion followed.

Mayor Hooper called for a vote on the motion. The vote was 5-1, with Council Member Weiss voting against the motion.

- 10-231(b) Consideration of a Request for a Special Event Permit by Vermont Spirits Distilling Company d/b/a Vermont Spirits to sell Malt and Vinous Beverages & Spirituous Liquors on December 11, 2010 in the Montpelier City Hall Auditorium and the Touch of Vermont Holiday Gift Market.

Council Member Weiss questioned the request by Vermont Spirits Distilling for special events permit and how that worked with the Council's policy on the use of City Hall.

City Manager Fraser said they are conducting an event using the newly adopted rental policy and basically they are seeking a one-day license to sell.

City Clerk Hoyt said the Special Event Permit is the name used by the Vermont Department of Liquor Control for that type of liquor license.

Motion was made by Council Member Weiss, seconded by Council Member Jarvis to request from Vermont Spirits Distilling Company for a permit. The vote was 6-0, motion carried unanimously.

- 10-231(c) Consideration of the recommendation to the City Council by the Housing Trust Fund Advisory Committee on awarding a deferred loan to Capital City Housing (a subsidiary of Montpelier Housing Authority) for the housing project at 58 Barre Street in the amount of \$105,000.

Recommendation: Discussion and authorization of the use of Housing Trust Fund monies for use on the 58 Barre Street project.

Council Member Weiss said he had a number of questions on this item. They include what benefits to the city will there be for this particular loan which is for 30 years with no interest for apartments. Who pays the utilities, maintenance, custodial fees and insurance if the city owns the building and these folks have a 30 year interest free loan?

Council Member Golonka said the Housing Trust Fund met last week. We only have \$90,000. One of the conditions was to request one of last year's awardees give back \$15,000 they haven't used yet. The \$105,000 is all of the allocations that have been voted in to this date, including FY 2010 and FY 2011. The benefits to this project is that it is highly leveraged. Our dollars are going towards multiple other grants so they will be in partnership with the housing people. The city will own only the Senior Center portion. The rest of it will be the 14 housing units that will be developed on the upper floors which will not be owned by the city and they will pay taxes. There are numerous benefits. The main thing is that it gets two-thirds of the building back on the tax roles and leverages our \$105,000. He felt it met the criteria of the Housing Trust Fund guidelines that we had established over the last couple of years. He supports this project.

Motion was made by Council Member Sheridan, seconded by Council Member Sherman to authorize the use of the use of Housing Trust Fund monies for use on the 58 Barre, Street project in the amount of \$105,000. The vote was 5-1, with Council Member Weiss voting against the motion.

10-232. Appointments

(A) MONTPELIER HISTORIC PRESERVATION COMMISSION

Staff advertised for 3 vacancies.

The following applications were received:

1. Tim Senter
2. Eric Gilbertson
3. James Duggan
4. Emily Donaldson

Recommendation: Opportunity to meet the applicants, discuss appointment; possible appointment of applicants.

Eric Gilbertson said two on the Commission serve both on the Commission and the Design Review Committee so he would like to see some other people serve on the Commission. There were originally five positions on the Commission.

Motion was made by Council Member Sheridan, seconded by Council Member Hooper to appoint all four members to the Montpelier Historic Preservation Commission.

Anthony Otis said they are doing their best due diligence to preserve the historic preservation character of the city of Montpelier. They are happy they are having at least two new members coming on the Commission. By their education and interest they are highly qualified to be on the Commission. They are in the process of looking at the Historic District. They have been putting together some informational pieces that will be coming forward in the near future about historic preservation which will be available for people who have a historic property, whether it is in the district or not, to learn about windows, painting, etc.

Assistant City Manager Hill said this commission was required to be formed in order for the city to be eligible for the certified local government funds. There are four members officially and Margot George led the group for a long time. Then, Anthony Otis, Eric Gilbertson and James Duggan took over and Eric and James' positions expired on September 10th. Eric was suggesting it would be nice to have a five member board.

Council Member Sheridan moved to amend the resolution to allow the membership be 5 instead of 4.

Mayor Hooper called for a vote on the motion to appoint all four members. The vote was 6-0, motion carried unanimously.

(B) DESIGN REVIEW COMMITTEE

Staff advertised the alternate position vacancy created by the resignation of Steven Burkholder.

No applications were received. Staff will continue the advertisement on the web site and run another newspaper advertisement.

(C) MONTPELIER LOAN FUND COMMITTEE

Staff advertised the one vacancy to replace Jeremy Hoff who moved out of town.

One application was received.

Jo Ann Corskie Gibbons

Recommendation: Opportunity to meet the applicant, discuss appointment; possible appointment of applicant.

A copy of the applicant's resume was in the Council packets.

Motion was made by Council Member Sheridan, seconded by Council Member Jarvis to appoint Jo Ann Corskie Gibbons to the Montpelier Loan Fund Committee. The vote was 6-0, motion carried unanimously.

- 10-233. Green Mountain Transit Authority (GMTA) and its local board have been working to develop a Montpelier Circulator route. VTRANS has indicated to GMTA that approximately \$51,000 previously used on the Capital Shuttle could be used on a Montpelier Circulator. This creates a shortfall of the estimated funding needed of \$40,900.

City Council is being asked to commit \$20,000 (prorated amount) for the last half of the fiscal year 2010-2011 for service beginning January 2, 2011. Delay

in commitment would probably result in the implementation being pushed back further into Spring/Summer 2011.

Staff from GMTA will be present.

Recommendation: Discussion with GMTA; recommendation to staff.

Chris Cole, Executive Director and General Manager of the Green Mountain Transit Agency, appeared before the Council with Meredith Burkett who is the CCTA Planning Manager and David Armstrong who does the planning for GMTA. The board at the end of their budget year last year had a small surplus and decided to look at ways they could invest those monies in our communities. The board asked staff to put together a list of projects that Planning Directors and municipal boards had suggested through the years. They put together a list of about 20 projects to fund. The board evaluated the projects and looked at them and looked at costs, populations served potential ridership and a variety of other factors and whittled the list down to a group of approved projects they had been in the process of implementing. One is a shopping shuttle in the Swanton/St. Albans area, a mid day link between Montpelier and Burlington which the customers are raving about, later service on the City Commuter as well as early morning service on a St. Albans circulator.

The biggest proposal to land before the GMTA Board was a project that received the City Council's blessing and support previously which was a circulator for the city of Montpelier. The board approved of this service concept. The next hurdle for the project, because they didn't quite have enough money, was whether they could negotiate with VTRANS and whether they would agree to let them use of the funding that was for the Capital Shuttle to support a year round project. They have agreed and made about \$51,000 available towards this project. The final hurdle is City Council and whether or not they believe this is a project worthy of the city's taxpayer support from the city of Montpelier.

Meredith said the Council received two handouts, one is a timeline and overview of the funding and a second one that includes some schedules and a map. For the Montpelier circulator there would be some seasonal variations. During the winter and spring when the Capital Shuttle is running there would be one Montpelier circulator loop. On the map at the end it is shown as the East Loop and that is what would operate when the Capital Shuttle was operating. That would serve Barre Street, the Co-Op, the College Green area all the way down to Elm Street and it would circulate the city and offers service to a lot of areas that don't currently have service. In the summer there would

also be an extension of that route out to the Montpelier Recreation field and pool. That is the loop that would operate when the Capital Shuttle is running.

In the summer and fall when the Capital Shuttle is not operate the circulator would have two different loops, the East Loop that would be operating when the Capital Shuttle is operating and then a West Loop that somewhat replaces the Capital Shuttle. The West Loop serves National Life, the Department of Labor and State Street so it maintains that connection between National Life and the State House when the Capital Shuttle isn't running. The red route is the Capital Shuttle route and the blue lines are the two loops of the circulator.

These are their initial ideas. If the City of Montpelier is inclined to put funding towards the service they will definitely have the opportunity to work with them. They included some service to Montpelier High School. There is definitely an opportunity for review and changing of the schedules. This is what they thought would be financially feasible with the funding available.

Meredith went through the timeline. If it looks like they want to move forward towards having a ballot item on Town Meeting Day they would have November and December to work with the community and have some public hearings and get feedback on a route design if there were substantial changes from what they proposed tonight. On Town Meeting Day they would hopefully receive approval for a local match for FY'12. Their fiscal year begins July 1st. They would hold more public hearings after the funding piece has come through just to make sure they have all of the pieces the community is interested in. They always have the GMTA Board approve new service so that is always a step in their process.

As designed the service costs about \$169,000. Within the GMTA budget there is a current surplus of \$77,000 which would be available every year, and then there is the \$51,000 the state has made available from the Capital Shuttle funding that GMTA receives every year. That leaves a funding deficit of \$40,900 in order to implement the service as they have presented it. If the city says the service has to run until seven o'clock at night, the cost would increase. Or, if there are places where they might trim an hour off the schedule they could also look at that to slightly decrease the cost.

Mayor Hooper said unlike what their agenda says about finding some funding in this budget what we are looking for is testing the city's interest in putting this in front of the voters as part of the budgeting process on Town Meeting Day.

Mr. Cole said that is correct. They are responding to their board's request to do the planning and ascertain what the costs would be and come up with a

proposed service. This was something that the GMTA Board thought was one of the more viable services they presented to them. This is the final stage and whether or not this is something the city wants to support financially is really why they are here.

Council Member Sherman said she receives calls about shuttle service and circulator service all of the time and the city really needs this service. We have talked about parking problems, traffic problems, and if people could ride the circulator it would relieve a lot of that, especially as the weather starts to get bad and some people prefer not to drive. It is a great opportunity for the city. Originally, the memo had talked about possibly starting it in January. She understands that Town Meeting approval is important but that would mean it would start in July.

Mr. Cole said these things are often a balance between the eagerness to start the service and to insure its long term sustainability. It is how this Council wants to present this to the voters, whether you want to include it in the regular budget or a separate line item, however you feel you are going to get the best representative decision from the local community as to how they support public transit and this particular initiative. They felt as staff that it would be more prudent to wait for the voters to weigh in before they commit the city's dollars or their dollars to anything prior to that vote.

Council Member Golonka said last year Montpelier included in the budget \$29,371. The request for FY'12 is going to be \$69,000.

Mr. Cole replied that is correct.

Council Member Golonka said they are talking about a huge increase. He understands Nancy's concern about starting early but he thinks if they started before having voter discussion on this would be deceptive for their vote they had last March. He wouldn't support starting on January 1. Before he commits to this he needs to see what the whole budget process looks like coming up in the next couple of months because that is a huge increase. We are talking about a really large increase in the scope of services for Montpelier and GMTA, and he doesn't know if they will have the dollars this year to do that.

Mr. Cole said it is not their place or position to intrude upon the priorities of the city of Montpelier. They are just providing the Council with information. They have funding available in their budget and a board that believes this is a service that would be viable and beneficial to the community. They have done what their board has asked them to do, which is to put together a package that

makes sense and can work. The question about what you pay for your GMTA service and how this would double it is more a reflection of the fact that they may be underpaying for the service you receive from GMTA in comparison to other local community support for public transportation in our service area. The city is at about nine percent in terms of the operating costs. CCTA communities are around twenty-four percent and other GMTA communities are higher than the nine percent. At some point if the City of Montpelier does decide to join CCTA because they did have the charter change take effect there would have to be some discussion as to how do we equitably receive local funding from all of the communities and what is a local equitable share. That is a conversation for a later day.

Mayor Hooper asked if this was in response to a request the Council made some time ago.

Mr. Cole said this service ended up on their radar screen by a request from the City Council saying can we ever have a bus service that circulates around our community and ties our community together with the downtown. We have people who are transit dependent in our community and don't have access to the downtown and we would like to have this service. That point in time has come. Meredith said there were no funds provided from CMAC last year in the entire state of Vermont for new public transportation services. There were no new public transportation services funded last year. There won't be any new public transportation services for the public in the crystal ball with what the Governor is going to produce as a budget. This will be the last new service that they will plan for awhile. If the City of Montpelier doesn't want to take this step and this isn't a public service your Council feels it can financially support right now they will go back to the drawing board and figure out where they can put the funds they have available to another use.

Council Member Sherman said in the memo there was discussion about possible partners and businesses in the city contributing. Has GMTA talked to them or should the city talk to them?

Mr. Cole replied the city. From his experience most businesses already feel they are paying taxes through their sales tax or a property tax and they need to see specific value tailored to them to increase their funds. He has had those conversations, and unless it is specifically tailored to them and filling a specific need, which is generally about parking issues, then they have been successful.

Council Member Weiss said for \$168,000 what do they figure they need in terms of ridership?

Meredith said they are estimating around 75 to 80 passengers per day in the first year. Historically, ridership gets filled pretty slowly. It takes a few years for routes to mature. That is around 20,000 to 21,000 passengers in the first year on this service. That is separate from the Capital Shuttle ridership.

Council Member Weiss asked what happens if they don't reach their 75 to 80.

Meredith said the CMAC funding they usually use to start routes. Those are three year demonstration grants. That is done intentionally because it does take about three years for a route to come to maturity. They don't pull the plug on things immediately and try to figure out what is going on and try to make it successful.

Council Member Weiss said they are basically asking the taxpayers for a \$40,000 commitment for three consecutive years.

Meredith said no, not specifically for three years. She is just trying to give an example of how long it takes for routes to mature. If no one is riding obviously they will reassess. If it is slightly under their projections they would probably give it more time. They aren't asking for a specific three-year commitment. That is not necessary for this type of situation.

Planning & Development Director Hallsmith said she would like to speak to the public process we have had around this same question over the last three years. They had a major Town Meeting one year around transportation and at the Town Meeting and the subsequent survey the people who participated, which included a lot of downtown businesses, strongly supported transit with remote parking as an alternative for the city. After that they developed a survey where they contacted a lot of the major employers in town and there were hundreds of responses to the survey when we were asking them where they would like the service, what kind of service they would like, where they came from, where they are going, and the response was overwhelmingly supportive of having new routes through the community. There was a strong preference for routes that would be able to be diverted off some kind of standing route so you weren't necessarily stuck walking down a steep hill. Every time we have asked the residents in the city what they want they come back very strongly in favor of new transit routes in the community.

Meredith said this route would be a deviated fixed route so it would offer a limited number of deviations per trip.

Council Member Jarvis said she wanted to let people know who weren't at the round table discussion they had in May about the Montpelier Senior Citizens

Center. There were really two main issues that were highlighted. One was nutrition and the second was transportation. Looking at this map and seeing it would go by the Senior Center and by Heaton Woods through downtown is very exciting and it could also solve a lot of parking issues they have at the Senior Center, too. She is excited about this proposal.

Elizabeth Dodge, a member of the Senior Center Advisory Board, said it is exciting to see that the Senior Center is going to have a stop. It is very important for them. Not a day goes by without somebody having said we need to be able to have transportation. It's important this has been proposed.

Mayor Hooper said she is curious about the St. Albans Circulator. Who is it serving? She is also interested in whether or not school children use the circulator and if in fact that could be used as a substitute for buses and could free up a pot of money.

Meredith said in St. Albans it serves a lot of housing complexes and a lot of senior housing, and has a stop at the hospital. The average daily ridership has gone up quite dramatically since they started operation in St. Albans. It is about 700 a month. It is a Monday through Saturday service. Chris said they are adding some earlier AM shifts so they are capturing more of a commuter market on that as well for people working in St. Albans. It started out primarily as a service for seniors in St. Albans to get to the grocery stores.

Mr. Cole said it serves the Franklin County Senior Center which is a big destination for a lot of the St. Albans seniors. The bus deviates to the Senior Center so it will deviate to peoples' homes and pick them up if they are within a quarter mile of the route. Franklin County Senior Center actually saves a lot of funds in transportation costs that they previously used to spend because the Senior Center wasn't on this route previously. They did an examination of what the trip generators were in St. Albans and they included the deviations to the Senior Center. It goes to the shopping area, Shaw's and Price Chopper. It serves the hospital. It serves the Park and Ride Lot so people can park at the lot and then take the shuttle into downtown St. Albans. It serves a variety of needs. For school kids they have recently taken the deadhead portion of a commuter bus. There is a commuter bus that goes from Alburg to the Georgia Industrial Park and then that bus would turn around and go home to GMTA. Now it stays in Georgia for a little bit and then gets packed full of kids from Georgia who are going to BFA in St. Albans to school.

They do use the public transportation system in a lot of their communities to help municipalities with busing issues. He doesn't know that it would open up

another pot of money or how it would relate to the municipal budget. He doesn't know what their busing situation is in Montpelier.

City Manager Fraser said it would make it easier for the middle school and high school students.

Council Member Sheridan said he is interested in what deviation means. There are a lot of neighborhoods this won't mean anything to. He is thinking about the whole Terrace Street area which is a huge neighborhood. Beyond the Econo Lodge there is a huge neighborhood. Berlin Street has a huge neighborhood. Towne Hill and Murray Hill are large neighborhoods and this isn't affecting any of them. He can see where it might save some parking at the Senior Center, but he doesn't think this is going to do much for the parking in the city as a whole because most of the outlying areas can't get to this. If he calls and says he wants a trip up Deerfield Drive, how far do they deviate off the route?

Mr. Cole replied a quarter of a mile. They could serve all of the areas he is asking them to serve but it basically comes down to time and money.

Council Member Sheridan said he is trying to figure out whether this is going to make that much of a difference because this is only in a small area of the city.

Assistant City Manager Hill said the Capital Shuttle deviates to Redstone which serves lower Terrace Street.

Council Member Golonka said District 1 isn't covered at all, and that is the Terrace Street neighborhood. Even the Meadows aren't really covered. There are serious flaws in the map if we are going to support this for a citywide effort. What are we really buying here? If we really want to do a citywide circulator shuttle we have to address the areas that Jim is talking about.

Mr. Cole said they are happy to engage in that process to add those neighborhoods to the route and tweak it. Right now Meredith has this planned for a service to start at Shaw's in the morning at 6:55 and ends at 5:55 P.M. There are half hour frequencies all day long except there is a break in service from 9:20 to 10:55 A.M. and then another break in service from 1:20 to 2:55 P.M. Those were based on funding considerations. They could turn this into an hourly service and cut everything in half but also cut the convenience down, but the thing he has learned is that bad transit really doesn't work so then you have to question the initial investment you are making on hourly service and what that is really buying you. If you are just looking at expanding the service area and doubling it they could turn this into an hourly service and broaden the

reach. Then, you would be offering more opportunity for people at a less convenient service and maybe they will generate the same level of ridership that you would from a more convenient service from a smaller geographic area. Those are really decisions by the local community as to what kind of service you want to have. They always try to put forth the best transit service they can put forth that offers a convenient service for the community, but if the decision is that as a local community you would rather serve more community members and degrade the service that is fine too. There are trade offs that you make in these discussions.

Council Member Sheridan said a quarter of a mile isn't very far but he wonders if they could put something together that cuts it back an hour and see what that expanded reach is. When he saw the map he was disappointed because this really doesn't go out beyond the city much at all. A lot of these areas are walkable to the downtown. He knows they aren't for people with walking issues but he was thinking about something with a broader reach. Having it every half hour he doesn't think there will be that many riders as opposed to hourly. It hits a small area for a lot of money and he would rather see an hour wait and see it broaden the area, and then find out what the quarter mile is beyond that. He is more interested in hitting more areas with more time in between than a smaller area with a lot of stops.

Mr. Cole said they are less concerned with whether it is a smaller geographic area at a higher frequency or a broader geographic area with less frequency. They as an organization feel that is the decision of the local community with thorough public process inviting the public to come in and weigh their opinion as to what the community's value is. Public transportation is the essence of democracy in that you are trying to put the most number of riders on the bus and designing a service that appeals to that large community. For some communities it is quality service; for other communities it is broad geographic reach. Each community is different. The Town of Colchester, which has no CCTA public service, struggle with joining them because they want to have service in their entire community before they join us. Then, when they look at the bill for what that ideal service would be they say they can't pay that. At some point you actually have to start building the service you want to have and start making incremental investments to get the type of system you eventually want.

Council Member Sheridan said it isn't totally the money that scares him. This is just too narrowly defined. How long would it take them to show the Council what an hour would do?

Mr. Cole replied a couple of weeks.

Council Member Sheridan said he would really like to see that and make a decision as to whether that is a better fit for the city than this because right now he isn't sure where that would reach.

City Manager Fraser said there are a couple of process questions. One is we are talking about a vote at Town Meeting for service that wouldn't begin until July 1 and isn't a specific state grant. GMTA and the city have a lot of flexibility to look at different route options between now and the time it might be implemented. Is that correct?

Mr. Cole replied that is correct.

City Manager Fraser said that while he also understands the notion that we don't like to mess with routes too much when you start them because you want to build a reliability it strikes him there would be some opportunity to tweak the route if one stop really wasn't working. Maybe there could be half hour times for peak times and an hour for the rest of the time to get more area included. He wants to be sure that we have the flexibility to design this and it isn't like we are stuck with the state approving this.

Mr. Cole said this would be a decision between the GMTA Board and the City of Montpelier. With respect to additional maps they are happy to take additional looks at them.

Mayor Hooper said there are interesting user issues that happen. The times she has been standing and waiting for a bus in the winter time five minutes matters. If it is too spread out then folks just don't ride the bus because they don't see it and they don't know it is going to be there. She thinks the community process they were suggesting is important. What they are looking for is an expression of interest from the Council in putting this before the voters in March. Between now and when we are making those budget decisions we'll explore it and decide if there are different ways to jiggle the route to make sure we are accommodating as many people as possible. What they are asking for is shall we begin the process of deciding whether or not we are going to put it in front of the voters either as a budget or ballot item. She didn't hear anybody say they didn't want to do that. She heard a number of people ask questions and voice some concerns. Her sense is there are serious concerns about money but there is also serious interest in looking at this with options of expanding the routes and making sure it is the right service for the community.

Mr. Cole said there are a lot of local communities who are facing a lot of funding issues right now. They don't know what the city has to deal with. They want the Council to help them find a process for what would be the best

way to get information to both the Council and the voters so people can make an intelligent decision as to how this fits in with the sweep of services that the City of Montpelier provides its community. The one thing he heard tonight is they would like to see a different route with a broader geographic reach at a diminished frequency level of an hour. Is there any information they can provide that would be beneficial to the Council?

Mayor Hooper said whatever issues come up tonight that the Board and the city's representative on the board would work with the Planning Department to figure out how to reach out into the community and meet the needs of the community. She is passing this to Gwen to help orchestrate the process. It seems like a reasonable planning function and they have the knowledge of making contact with the community.

Mr. Cole said that is great on a staff to staff level and they can put together a service that makes sense from their local knowledge. He doesn't think they are ready to broaden that exercise until the community has voted on it.

Council Member Weiss said they were kind enough to estimate on a current route how many passengers they would have every day. Could they provide an estimate if they go to an hour?

Meredith replied they could do that.

Mayor Hooper said she is assuming that there is some sort of theory between demographics and ridership. One of the areas she has often heard from people is going out Northfield Street where there is a lot of density and probably an older population because they are all condominiums and maybe going up to Westview Meadows because they run their own bus but maybe they would like to get rid of a bus and contribute to this. It is going to be a while before Community College is offering classes out at the end of Elm Street. NECI is also another big user. She thinks this is fabulous and appreciates their having worked hard to make this happen. One of the reasons she is very intrigued by this is because she is assuming when they redo our zoning that we may be looking at parking requirements differently so this could fit nicely with that.

Mayor Hooper said she neglected to mention there is an add on item for a consideration of a request to look at solar panels to be installed on city land. She moved on to the charter changes and the district heat update.

Conduct First Public Hearing on proposed charter changes.

On September 8th the City Council file proposed charter changes with the City Clerk at least 10 days prior to the first public hearing as required by statute.

By statute, the first public hearing must be held at least 30 days prior to the date when the charter changes will be voted upon. In this case, the municipal election has been set for November 2, 2010 – 40 days after the public hearing.

Charter amendments have been proposed for Titles III, V, XI, XII and XIII of the City Charter. Specific language is on file and is attached to the Council agenda.

Proposed charter amendments would provide for appointment of the City Treasurer rather than election, formally change the name of the Zoning Board of Adjustment to the Development Review Board, eliminate the Board of Auditors, authorize the city to operate and sell heat and electricity, authorize creation of an energy assessment district and confirm an earlier vote to merge with Berlin Fire District #1 for the provision of water.

The proposed charter amendments will be addressed in three separate ballot items.

Recommendation: Conduct the public hearing.

10-235. Set Warning for Special City Meeting to be held on November 2, 2010.

Council has filed proposed charge changes and conducted the required first public hearing.

Council needs to adopt final wording for proposed charter changes.

Council needs to approve the official warning for the election.

A draft warning has been provided.

Recommendation: Adopt final charter language as proposed, approve draft warning. Set second hearing for charter changes for October 27, 2010.

10-237. District Heat Update

Receive update from staff.

Recommendation: Discussion and direction to staff.

Agenda Item 10-234, 10-235 and 10-237 were considered together.

Mayor Hooper opened the first public hearing on the City of Montpelier Charter Changes at 8:12 P.M.

City Manager Fraser said the law contemplates two public hearings for charter changes. One is before you adopt the final language and adopt the warning so there is an opportunity to hear from the public to solicit opinion. We have properly filed the language and noticed it. The second public hearing has to be within 10 days of the vote which is simply for the purpose of informing the public about the vote. If you want to make any changes to any of the ballot or

charter language the Council may do that tonight. City Attorney Paul Giuliani is here to discuss the Fire District merger and Gwen is present to discuss the energy issue charter changes. In the October hearing he was planning to do a full discussion of the duties and functions of the Treasurer and why this is being proposed. The thinking is that the Treasurer's job has grown significantly more complex over time and handles close to \$20 million worth of the city's money and we need some assurance that the person in that position knows what they are doing as our present Treasurer does. They also hope to merge some of those functions with the Finance Department.

The Zoning Board of Adjustment to the Development Review Board is a change that has already been made by resolution and this would simply change the Charter to reflect that. With regard to the Board of Auditors many years ago the city moved to hiring a professional auditing firm and for the last several years we have had either one or no members of an elected Board of Auditors so it has been a dormant group. It's not an attempt to eliminate the audit functions but simply have a dormant non-functioning board be taken out of the Charter and continue with the a professional audit system.

City Attorney Paul Giuliani said the proposed charter amendment for the merger of the Berlin Fire District #1 truly is a housekeeping measure. The City of Montpelier and Berlin Fire District #1 have voted in favor of this merger. They have gone to the Legislature to get the merger approved. Normally they wouldn't have to, but in this case because there were some residual provisions in the plan of merger, namely the City of Montpelier operating within the Town of Berlin, the consensus was and statute requires that we go to the Legislature and get that relationship confirmed. For a variety of reasons that measure got stalled in the Legislature. The City Manager, Mayor and he went over to the Municipal Corporations Committee last January and that committee suggested very strongly that we get some kind of confirmatory vote and as the city is proceeding with its confirmatory vote on a parallel track the Berlin Fire

District is doing the same thing and hopefully November 2nd both municipalities will confirm the merger. It is important to keep in mind that they are not asking either community to approve the merger. The merger has already been effective. The water system that the Berlin Fire District built and operated for many years is fully integrated into the Montpelier system. Dr. Keaton who is indistinguishable from the Fire District is sitting on some money he wants to turn over to the city but doesn't feel right to do so until the Legislature confirms the merger. It truly is a housekeeping matter. The approval of the amendment won't affect anything substantive other than just confirm and cement the relationship between the two communities. He hopes it isn't controversial and he can't imagine anyone objecting to it.

City Manager Fraser said that question that may arise is if it is only confirming what has happened, why are we doing it? The city has an inter-local agreement presently, and has for a number of years, with the Berlin Fire District to take over full operation and management of this district. We do that and already maintain all of their lines. We have been operating that fire district for a period of time but it is still by agreement with another entity. This would basically dissolve the other entity and the city would own these lines within the system and it would be part of the City of Montpelier's water system. That is really the substantive change. It would no longer be by long term agreement but actually be just one system. That is what requires legislative approval.

Attorney Giuliani said the Berlin Fire District years ago on two occasions issued bonds to finance improvements in the system. Both bonds have been paid off so the city is assuming no liability and no indebtedness with this at all. All it is receiving is assets.

Council Member Golonka said in part of the charter changes for public indebtedness with regards to the District Energy Plant, is there a provision in there with regards to revenue bonds? Is there a way to protect us in that situation in the charter language?

Attorney Giuliani said as he understands the concept this plant will be built and there will be some kind of a contractual relationship with the State of Vermont to purchase surplus or excess energy. The city will finance the construction, design and permitting of this plant. The Council really needs to know up front that the financing of this enterprise is not going to be for the faint of heart. To paraphrase Vice President Biden, it is going to be a really big deal. The reason for that is that the city has only two options or alternatives to financing a set of improvements like this. One is general obligation bonds and the other is revenue bonds, and each has its own characteristic and own positives and negatives. The general obligation bond obviously is backed by the full faith

and credit of the city and the full taxing power of the city stands behind that obligation. The revenue bond is secured only by a pledge of the net revenues of the enterprise. Regardless of which alternative is ultimately selected, for the city to proceed with this enterprise there is going to have to be some legislative authorizations and very serious statutory changes to allow the city to go forward. Revenue bonds are very, very rare in Vermont. They are used almost exclusively for financing municipal electrical plants that are regulated by the Public Service Board. The rate of return is essentially guaranteed by the Public Service Board so the investor knows that there is a set rate of return that is billed through the rates. This type of enterprise doesn't have that detection. The investor buying revenue bonds in the city of Montpelier is going to put the city through hoops to make sure that the pledge is as secure as it can be. That is contrasted with the general obligation bond which is like financing a fire truck or a school building; that is pretty easy. The taxing authority stands as security behind the bond even though everyone expects that the revenue from the project will pay for it. There is really nothing in the existing statute that deals with revenue bond financing that's available to enhance the security of that obligation. To get that kind of protection the city would have to obtain some kind of a credit enhancement, either it be a letter of credit, bond insurance, some external vehicle to secure that obligation. One of the biggest pieces of the financing, regardless of whether it is revenue bonds or general obligation bonds, the investor is going to insist on some kind of binding covenant driven long term commitment on the part of the State of Vermont to purchase power and energy from this facility. He thinks realistically they will expect the city to generate enough revenue to service that debt on its own is provably unrealistic. That is a big mouthful to swallow so the investor is going to insist on some kind of commitment on the part of the state. Aside from that, there really is not a lot that you could ask the Legislature for in the form of additional security or something that is beyond the existing revenue bond statute. It really is a numbers game and a security analysis as to the viability and sale ability of this type of obligation. Vermont municipalities have a very limited track record in issuing revenue backed debt. There have never been any defaults. The experience in Vermont has been exclusively municipal electric plants and there is a whole statutory regulatory rate framework in back of that kind of debt which doesn't exist for something like this.

Council Member Golonka said the question goes back to the charter changes that they are proposing in regards to indebtedness.

Attorney Giuliani said the City Manager asked him to look at the first set of proposed amendments and compress them into something more shorthand. The best they can do in a charter amendment like this is to seek from the Legislature the authority to incur debt or otherwise acquire capital assets by any

means allowed by law. He is not aware of any way they could guild that lily with something else they could ask the Legislature for with revenue bonds.

City Manager Fraser said the proposed language basically took our existing charter authority for water sewer and just added this to it.

Mayor Hooper said all this proposed charter change accomplishes is enabling language. We don't have bonding authority on the ballot. We aren't actually making commitment through this charter change. We are just creating the opportunity so if in the future we choose to go down this road we have the ability. It isn't a binding commitment but creating an opportunity.

Mayor Hooper said they have moved into the third Article on the proposed changes to our Charter. They will do the District Heat presentation along with the Charter revisions. We are still conducting the public hearing on the proposed charter changes but as a part of explaining that we are also going to do a review of the district heating system.

Planning & Development Director Hallsmith and Harold Garabedian did a power point presentation updating the council on the district heat project.

Mr. Garabedian said the last time they were at the Council he was asked to give an overview of what the charter changes might enable in the future. There are really two elements to it. One is the district heat plant. The other is what is called the Clean Energy Assessment District or program. The district heat plant has been discussed for quite some time in this community. The Clean Energy Assessment Program is something that has come along more recently and it is something that has taken over the nation. It is quite enabling in terms of how we can really change the way we use energy in buildings.

Slides of the presentation will be attached to the minutes. Council asked questions during the presentation

Mayor Hooper closed the public hearing at 9:45 P.M.

Motion was made by Council Member Sheridan, seconded by Council Member Hooper to adopt final charter language as proposed, approve the draft warning and set the second hearing on charter changes for October 27, 2010. The vote was 6-0, motion carried unanimously.

10-243. Consideration of approving a request from the Montpelier Energy

Team to consider procurement of a set of solar panels installed on unshaded city-owned land.

The existing proposal, from All Earth Renewables (AER): a set of 10 solar panels providing 81,000 kwh/yr., just over 3% of all city usage and enough to power 45% of City Hall. Green Mountain Power would measure the power and credit it to any account/s the city chooses. The cumulative net cost over the first five years will be small, between \$800 to \$2,500 depending on annual rate increases.

Recommendation: Discussion and direction to staff.

Ken Jones and Barry McPhee appeared before the council for this agenda item.

Ken Jones, a member of the Montpelier Energy Team, said earlier in the summer the City Council agreed to submit an application for a Certificate of Public Good with the Public Service Board to at least allow the possibility of solar panels being installed up at the water treatment plant. It is his understanding that the Public Service Board agreed to that so that opens the possibility of having a solar facility there. At the time the reason for pushing that forward was there was an organization called All Earth Renewables that had a specific proposal in mind for the types of solar trackers that would be there and some financial information about how that would go forth.

The price of electricity right now for the City of Montpelier is about 13 cents per kwh. If you were to buy solar electricity as a regular consumer right now it cost about 30 cents per kwh. There are ways to reduce that cost. One of the very specific ways is to use tax credits, and in fact the use of tax credits and the ability to accelerate the depreciation of your solar panels that allows firms like All Earth Renewables to provide a lower cost product. They would own it for five years. We would buy electricity from them at the time at 19 cents per kwh recognizing that it costs us currently 13 cents per kwh but we being the city would also be able to enter into an agreement with Green Mountain Power to net meter that electricity, and in doing that would get an incentive payment from Green Mountain Power of 6 cents per kwh so it would be a wash for five years. It would be a wash with some small capital costs for the initial installation. That was a very specific proposal and we now definitely understand that it probably is not a wise choice to put before you that you agree to that single proposal because it would be a solar source contract. It is those numbers which lead us to our ideas for where they are now, which is because we have a Certificate of Public Good for solar panels being installed at the water treatment plant, and because the financing exists in general for entities to purchase solar panels and use solar panels for five years, get a federal

tax credit and accelerate the depreciation to get electricity at this 20 cents per kwh, it may be a very worthwhile time for the city to pursue a project by putting out an RFP.

He has really talked about the first five years. Not coincidentally, that is how long a business entity has to own solar panels to get the tax credits and then to be honest they have that much less interest in owning the solar panels. In the case of All Earth Renewables they would have sold the solar panels to the city for a 70 percent discount in their initial price in which case the city would have entire ownership and would be able to generate electricity and either through net metering or other ways reduce their other electricity costs.

Where they are again now is posing this general question about whether the city feels it is a good time to pursue the purchase or use of solar panels at the water treatment facility. Pursuing the specific All Earth Renewables proposal at this time would be not appropriate.

That is an update of where the initial proposal was. A thought they would put before the Council is whether this is a good time to put out an RFP for purchasing solar which is consistent with the general direction that the Master Plan talked about in terms of moving to more renewable generation of electricity for the city.

Attorney Paul Giuliani said the RFP to him makes a lot of sense. The only reason he raised the validity issue is because the Legislature a few years ago authorized municipalities to enter into lease/purchase/financing agreements with non-appropriation clauses. The way that statute has been read is that is probably the exclusive way to get into a multi year contract. Can a municipality by its board bind the city to a stream of payments over a term of five years without voter approval? That is a very open question, and he thinks the answer is no. The Legislature recognizing that said not to impede progress and to tie any municipality's hands the way to deal with these long term commitments is to structure them as capital financing leases with non-appropriation clauses. They have had a lot of use in Vermont, even before the statute was enacted. His suggestion would be that if the Council wants to go forward with an RFP he would urge that there be elements of the proposal that whatever comes back to the Council be structured as close as possible to a capital lease financing agreement with a non-appropriation clause. That obviates all of these concerns. It just vanishes at that point and we don't have to worry about binding commitments over the next five years.

Council Member Hooper said one of the benefits here is the tax credits which don't accrue to the municipality if we own it. Under a lease agreement it would still be whoever we are contracting with that is the owner.

Attorney Giuliani replied that is right and that is the heart of the lease. With the financing the ownership has to stay with the vendor. That is not displaced at all. There is no negative effect to the vendor.

Mayor Hooper asked if they could give it to us at the end of the period so we could take ownership.

Attorney Giuliani said yes, absolutely.

Mayor Hooper said the policy question before the Council is whether or not it makes sense to pursue this option of looking at solar at the water plant.

City Manager Fraser said when they saw this proposal before his concerns were that as a single source vendor they didn't know what the other options were. There certainly were some questions about the cost at the end of the five-year period. Did that make sense, especially if they took it away? We have invested in solar at the waste water plant. If there is a way for the city to affordably get into providing solar cheaper energy at any of our plants or buildings why wouldn't we look at it? He is much more comfortable after seeing what is out there. Had that group not been there knocking at our door we probably wouldn't have filed the application and not be sitting in the position we are.

Council Member Hooper asked how there came to be a Certificate of Public Good for the installation of the solar panels at the water plant.

Ken Jones said the reason there was a rush on that was that All Earth Renewables was also hoping to get a state tax credit and a state tax credit requires a Certificate of Public Good to be applied for before July 15th. They did not get the state tax credit.

Barry McPhee said the Certificate of Public Good application had to be in.

Mayor Hooper said the question is, shall we pursue this?

Motion was made by Council Member Jarvis, seconded by Council Member Hooper to authorize the Energy Advisory Committee to draft an RFP for procurement of solar panels through a capital lease with a non-appropriation

clause and work with Attorney Giuliani as well. The vote was 5-0, with Council Member Weiss abstaining.

Council Member Weiss explained that right now he is serving on the committee and would prefer at this point to abstain so he remains neutral on both sides.

10-236. Discussion Regarding Preparation for the Upcoming FY 2012 Budget

- Review Draft of Budget Schedule
- Review Draft of Council Funding Policy for Outside Service Agencies.

Recommendation: Review Budget Schedule and Outside Agencies Policy. Discuss budget process. Recommendations to Staff.

City Manager Fraser said Finance Director Gallup will go through some of the highlights of where we stand. Our schedule has been e-mailed to Council Members. The survey and background information she will be referring to have been sent to the Council.

The schedule is basically the same process we had. The key question for the Council is when we get into December and that is when you start seeing the budget. Everything prior to December 1 is really the staff's schedule for developing information and the Capital Committee. In years past we have had a joint meeting with the School Board really to hear each other's budget presentations and have a chance to talk. When we don't do that do we grow more distant? They are fellow citizens and have been elected to do a job and we should connect with them at least a couple of times a year. Assuming they have the budget ready by December 1st we are suggesting we have a joint meeting. In years past they have done it at the school since they come here in March. He hasn't yet talked to the Superintendent of Schools about this so he doesn't know how he feels about it. He did speak to the Chair of the School Board and he thought it was a good idea and is anxious to have a better dialogue with the city.

More importantly, in the last couple of years the way the calendar has fallen, there has been the one Saturday meeting and two Wednesday meetings and then run into the Christmas holidays. This year the way the calendar falls we could in theory have a third Wednesday meeting on December 22nd. We also

have a first meeting in January before our public hearings. On some of the Wednesday meetings there will have to be regular Council work as well.

Council Member Sheridan said he would like to comment on the first budget meeting with the school. They have never amounted to anything but another meeting as far as he is concerned. They don't want the Council telling them what to do with the School budget any more than we want them telling us what to do with ours. They haven't come for the last three years and have sent the Superintendent.

Mayor Hooper said the point of that is not to tell them what to do or for them to tell us what to do but to understand what the mutual pressures are that each of us see and to understand what each of us are going to be asking the community to consider and how we work together to represent the needs of the community. How can we make that happen in meeting the needs of the community?

Council Member Golonka said he is in favor of having a joint meeting, but he isn't in favor of having a joint budget presentation at this point. It is better to present an agenda with joint concerns.

Council Member Sherman said it is important to hear their budget and about their increases and special needs. They don't need a full presentation but it is good to have a summary.

Mayor Hooper said she is hearing an interest in having a meeting with the School Board about what their pressures are. We have a new Superintendent who folks have not met and that would be nice to put a face to him. She has on her list recreation and they should know at the beginning of their process what the Council's concerns are. She also has concerns about the facility and there are interesting questions around management, maintenance, long term plans, what their capital needs are, etc. There should be a public conversation.

City Manager Fraser said they should hear about the status of the merger because that affects our thinking about buildings.

Mayor Hooper said there seems to be consensus about having a joint meeting.

City Manager Fraser said they were also thinking about doing something a little bit different this year. You will notice on November 17th we would like to have some of the department reports presented at that meeting. They usually spend a lot of time with the police budget and getting the annual update on crime and

statistics and obviously those all relate to their budget. It is also the kind of thing that might be interesting to the general viewing public.

Mayor Hooper said she has found the performance discussions really interesting and have felt less pressured than when they are talking about budget. They rarely talk with the department heads about the big global picture. Mayor Hooper asked about the outside agency budgets.

Finance Director Gallup said she has been receiving a lot of calls and they are reminding her that the city was going to keep the policy for an additional two years so this would be the last year. If you make a written request and not new, but equal or less than the funding in last year's budget FY'11 city general fund budget it will be included in the FY'12 budget. Also if they were approved last year by ballot they would also be in the FY'12 budget. The new requests need to file a petition and their 501(c)(3). She added that Vermont Trail will not be asking for more money. The Kellogg-Hubbard Library had their budget on as a ballot item last year.

Council Member Golonka asked if they could add to the policy that we pay them in four quarterly increments after each tax payment comes in for anything over \$10,000.

Finance Director Gallup said for anything over \$10,000 she makes two payments now. Regarding cash flow the school and construction projects are what really push us one way or the other.

Mayor Hooper said to focus on the Library. The Library is the only really significant amount and Sandy already has a method for managing that. We can tell the Library that we are going to pay them in increments over time. Think about the workload and the possibility for making mistakes.

Finance Director Gallup said the agencies change. She said at this time of the year she sits down and does background to start the budget. She said there is some good news. She has property tax increases over five years with last year being complicated by the reappraisal. The small tax increase is what was voted on for some additional outside agencies and the new tax exemption for the veterans. Every one percent increase on the tax rate will add .9 cents to the current tax rate and raises an additional \$75,000 on the new grand lists. A one cent increase in the tax rate raises an additional \$82,800.

Looking at the capital improvement plan this year we have for the last two years funded it at the \$1,000,070, but they have been talking about new strategies for funding the capital improvements that we would like to see.

Equipment goes down every year. For transfer revenue there are limited opportunities. Property taxes, the Assessor believes the city's grand list will not see significant growth in the next year. They will have the voters' response to their tax bills with the new reappraisal values that may factor in this year's budget approval process.

In 2009 the Council's Revenue Committee recommended changing the way the city administers the business property tax but we haven't changed that yet.

For FY'11, which is the year we are in now, Montpelier had the tenth highest municipal tax rate in the state. It was 13 the previous year, and when you add in the education tax rates the total for Montpelier is the eighth highest as compared to the 11th highest the previous year so that is a bit of a challenge.

The amount of delinquent property taxes has not changed substantially. Although they saw an increase in delinquent water and sewer fees in FY'09 and FY'10 the delinquent fees were \$35,000 less.

The better news on page 3 is that state pilot is 7% of our general fund revenues, and that is an important number.

Fees charged for services are \$652,000 which is 6% of the general fund revenue and ambulance charges have been very strong.

She added a new category of grant revenue because it is a substantial part of their world in finance. For FY'10 Montpelier's general fund received a COPS grant of \$78,000; fire grants of \$23,000; state highway grants of \$25,000 and community justice grants of \$108,000. When you look at the federal and stimulus grants for the capital improvement projects it was \$424,000 for last year. The REACH grant was \$174,000; District Energy is just firing up with a small amount of \$14,000. Federal grants were \$766,000. That does not include the \$940,000 that the Route 2/Route 302 Roundabout received. We are definitely getting more federal money than we have had in the past. There were 50 grants last year.

For salaries and wages as they look to the new year only the Fire Union is settled with cost of living increases at 3.5 percent. The Police and DPW Union contracts will have to be negotiated. Many of the union employees will be moving on the step scales so increases will be higher than the cost of living adjustments. A one percent increase in salaries is \$42,000 in the general fund which is .61 cents on our new tax rate with the new grand list.

Health insurance – in July of 2010 the city enrolled all of the eligible employees into a high deductible insurance plan with an HRA, which is a health reimbursement arrangement. The projected savings in this health insurance cost was \$200,000. We are in the 9th month and are on track. It is a good program although there have been a lot of bumps in the road.

Looking ahead to 2011 the Vermont League of Cities and Towns Health Trust reports it experienced very high claims this year. That is in our municipal group and not Montpelier specifically. The medical trend, which is the increase in cost for medical services, in Vermont Cigna has said is 13 percent. With that in mind it looks like our renewable rate may be around 17 percent.

Mayor Hooper said Blue Cross said their medical claims were down.

Finance Director Gallup said what that means in dollars is that \$97,000 citywide extra dollars for health insurance and the general fund share is \$70,000.

Regarding energy costs the city had energy conservation a few years ago and in our second year of the audit on our energy savings we saved \$88,000 which is more than the \$61,000 guaranteed. We also installed solar panels at the wastewater treatment plant and energy produced will be applied to the treatment plant's electrical use.

For reappraisal for the last three years we have put in \$70,000 as a line item for reappraisal. We won't have to do that in FY'12 because it is completed.

Council Member Hooper asked if the state gives the city funding towards the reappraisal.

Finance Director Gallup replied about \$27,000.

Council Member Hooper asked if that should be enough to do our reappraisal if one needs to be done in five years.

Finance Director Gallup said we hope, but because we had an issue with the reappraisal we had to handle it a little differently.

City Manager Fraser said the Reappraisal Committee was interested in discussing the formality and learning about the realities of rolling the appraisal over. You don't change the values but you keep up with the inspections all of the time. The real cost of doing the reappraisal was all of the inspections.

Finance Director Gallup said with the fire at 58 Barre Street in December 2009 it closed down the building and the operating costs. Because the building will be unoccupied in all of this fiscal year and perhaps half of next year we will have some utility cost savings of approximately \$150,000. The city expects to receive between \$990,000 and \$1,196,000 from VLCT for damages to the building and related costs.

She said she had been sifting through the fund balance at year ended June 30th and it looks as though the fund balance will be maintaining a responsible level and the FY'10 will increase it to about \$190,000 of unrestricted fund balance. At the end of FY'09 we were at 6 percent of revenues and 11 percent is the target they have been looking at for a few years. FY'10 may increase that fund balance so they will be back to the 8 percent. In FY'11 the Council did approve using \$24,000 of the fund balance to restore the community enhancement programs.

Council Member Sherman wanted to make sure the memo to the agencies will have Sandy's name and phone number be on it, so they will have someone to call.

10-238. Council Reports.

Council Member Sherman reported it is good to see progress on the Turntable Park. It looks like it will be done before it snows. There is interesting news about the Carr Lot and we seem to be moving ahead with that.

City Manager Fraser said we asked for and did receive from Federal Highway the process that we need to go through for our FONSI. We have been told by the Federal Highway Administration what they will approve and it will be easier to get the federal highway funds. We are solid with FEMA until their final mapping is done. We just need to get the confirmation that it is going to be a categorical exclusion process with the Federal Highway. Once we get an appraisal of the property we start negotiating with the property owners.

Council Member Sherman asked if the site designs were still valid.

City Manager Fraser said they have been talking about taking a look at the money and have another public meeting about it to find out what peoples' priorities are. There are issues about how we will handle upper floors.

Council Member Sherman said it was good to see the community arts grants announced in the newspaper.

Council Member Jarvis said she has had several people comment to her about the good work that the Department of Public Works is doing at the intersection of School and Main, especially in terms of the Unitarian Church taking the summer off so they had their first fall service schedule and Public Works stayed really late the night before in order to make sure the building was accessible. The congregation as a whole is very thankful for that. She has also heard concerns from Union Elementary School parents about some trees that had to be taken down when the slope stabilization was done. There is some concern about the lack of shade on the playground. She was quite distressed to see in the newspaper about Berlin going ahead with their well water decision because of her concerns how it might impact the city but also just as a decision process. It seemed like their decision was they have already spent all of this money and now we have to do it.

Council Member Hooper said the Department of Public Works has done some excellent work on Main Street. He would like to apologize to Todd for saying earlier that you could lose water and sewer for a few days. EC Fiber is a little upset because another Tim Nulty project in Minnesota got funded for \$80 million. It is the same general plan with the same scope. Bernie Sanders is going to be talking at VTC with VTel about their amazing plan to bring wireless towers to most of Vermont and then fiber to their existing customers, and that is all federal money. He thinks that is not the best way to wire the state.

Council Member Sheridan said he has commended the Public Works people about the positive comments he has received on Cherry Avenue, Pleasant Street and Isabel Circle. They have said the crews were real respectful and did a good job, especially on Cherry Avenue. Cherry Avenue is one of our steeper streets in the city and they got it done in a day or two. The Senior Center committees are meeting and things are moving forward on so many fronts. There is an agreement with REACH on the use of one of their people to help on the capital campaign.

We had the outside agencies come in and say they wanted to partner up. There is the first offer where Meals on Wheels has a grant to put in a freezer and there is no place to put in a freezer. They are willing to turn the grant over to the city to put in extra freezer space in the Senior Center that they can use. That is a perfect way to collaborate. We are the only Meals on Wheels Program in the state that has a waiting list and we should make a vow to get rid of that, and there are only three people on the waiting list.

City Clerk-Treasurer Hoyt reminded everyone there will be BCA meetings on this Saturday starting at 8:30 A.M. and Thursdays after that for several weeks. The first installment of property taxes will be due on Friday, October 1st.

10-241. Status Reports by the City Manager.

The Senior Center project is coming together nicely and we are having a lot of funds awarded. There is a community development grant which is due tomorrow and it is for a good chunk of money and creates the framework for all of the funding. The grant calls for approximately \$166,000 to be fund raised through the capital campaign. The feedback they received from the Community Development Program was it is great you are going to do that but before they award a grant they need something more solid. Is the city willing to back that? More importantly, we are saving \$150,000 in not running that building and he thinks they could say they are taking the savings from not running the building and cut back on the fund raising. It doesn't mean we will pay it out. It means anything they fall short of we will make up the difference. We need to submit a budget and they need to know it is good money.

Council Member Weiss reported it was in *The World* newspaper this week the U.S. Department of Agriculture has called for an impact hearing on the 58 Barre Street proposal. It has been publicly advertised.

City Manager Fraser said that may be because the Rural Development is putting in \$875,000 for the project. The Community Development loan they are talking about will be \$280,000. In terms of funding we are showing \$851,000 in insurance and are expecting another \$140,000 and possibly another \$340,000. He thinks the identification of sources is fine.

The downtown redesignation is due for discussion on Monday and we have approved that. There are a couple of issues regarding our compliance with the water and sewer so he doesn't know if there will be contingent approval or delayed approval. Part of the process involved is the state saying we are fully compliant with all of the regulations. With the water they are continuing to note the raw water connections they have been talking about for 10 years.

On sewer it has to do with the calculation of our BOD versus our CBOD and the affect of nitration. When we received our new permit we and the state agreed upon and reached an amended level because of our process that are appropriate for us. They are regularly meeting that and the state approved it. If you recall, that permit has been appealed with the Supreme Court so technically we are operating under our old permit.

With regards to the Town of Berlin and water there have been some communication with Berlin and they have asked to meet with us regarding the article in the paper.

They reached tentative agreement with the Police Union last night without the extra. They will have to take it to the Union for a vote. That is good news for contracts that will start July 1st and end June 30th. That also included health insurance rates.

They have just completed the Master Plan and the next step is the zoning. The suggestion is on our October 27th meeting we will invite the Planning Commission here for a workshop to talk about the process for the zoning. How are they going to do it? How frequently should we have check-ins? How are we going to communicate? On November 8th would be a normal Planning Commission night there would be a version of the All Board meeting and invite some members of the public. What don't you like about the present zoning? What would they like to see? Talk about some of the newer ideas and get reaction from people. The DRB might say they have been struggling with a provision of a zoning ordinance and trying to interpret it and a developer might say what is difficult.

He attended the Vermont Town and City Manager Association Conference on Friday. Jim Barlow from the League of Cities and Towns did a good session on public records and open meeting law but mainly focused on public records. He suggested getting Barre City, Barre Town and Central Vermont communities together as a group and do a presentation and everyone would have a chance to ask questions.

Probably being the League of Cities and Towns' most favorite customer the city received notice today from a law firm representing Wade Walker and Walker Motors basically saying all of the city's roundabout and road projects resulted in significant big business losses and they may pursue a claim for up to \$1.9 million. The city sent it to their insurer and city attorney. At this point it isn't litigation but staking a claim. At this point we shouldn't say much. We haven't received any legal advice about how to proceed.

Council Member Sheridan told the City Manager he had done a good job with the negotiations with the police.

Adjournment:

After motion was duly made and seconded by Council Members Sheridan and Jarvis, the council meeting adjourned at 11:23 P.M.

Transcribed by Joan Clack

Attest: _____
Charlotte L. Hoyt, City Clerk