

Minutes of the Montpelier City Council Meeting

April 18, 2012

City Council Chambers, Montpelier City Hall

In attendance: Mayor John Hollar, City Councilors Andy Hooper, Thierry Guerlain, Alan Weiss, Angela Timpone, Sarah Jarvis and Tom Golonka and City Manager Bill Fraser. City Clerk John Odum acted as Secretary of the Meeting.

The Mayor called the meeting to order at 6:58 PM

12-108/12-109 As there were no items for the Council under General Business, the Mayor moved the Council's attention immediately to item 3, consideration of the Consent Agenda. The Mayor indicated that there were two items to add: approving the bid for the bike path repair and to approve the annual financial plan for town highways. He also indicated that item b (the declaration of intent to reimburse certain expenditures relating to the Carr Lot from the proceeds of indebtedness) would be removed at the request of Councilor Weiss (this item was tabled at the previous meeting).

The City Clerk took a moment to make a correction (a reference to Planning Director Hallsmith was written with Councilor Weiss's name) and explain an apparent redundancy in liquor license renewals.

Councilor Jarvis moved the new Consent Agenda be approved with the Clerk's corrections. Councilor Timpone seconded. The motion passed unanimously.

12-110 The Mayor directed the Council to Item 4, the second part of a two part hearing considering six amendments to the city's Code of Ordinances in regards to parking. Public Works Assistant Director Tom McCardle addressed the amended proposal which eliminated the Liberty Street change. Other changes were made in response to Council and public concerns expressed at the previous public hearing. He also indicated he had reached out to residents in the Redstone area.

The changes in the Bailey/Clarendon avenue area were changed with feedback from residents (McCardle noted help from Betty Woods and "Mr. Atkins."), resulting in a proposal that eliminates parking on the south side, and allowing parking on the north, where the sidewalk is, in a combination of year-round and seasonal parking restrictions.

McCardle moved on to another proposal which had met with concerns from the Council. The sight distance for traffic turning onto College Street from Arsenal was remeasured. He noted that the department's recommendations for changes have to be based on professional standards and guidelines, which some of the Council's preferences and concerns (particularly Councilor Guerlain's and Mayor Hollar's) regarding the number of parking spaces to be removed

did not conform to. McCardle did remind the Council that it was free to make changes without being bound by the same standards and guidelines.

The College/Arsenal proposal, along with the remaining proposed parking changes (on the Barre-Nelson Street intersection, State Street, and Towne Hill Road) were forwarded for 2nd reading approval without change. Director McCardle reminded the Council that the owner of Jan's Beauty Boutique on the Barre-Nelson Street corner had requested that the city propose parking time restrictions on the remaining available spaces in front of the business. At Mayor Hollar's question, McCardle indicated he would be returning to the Council with such a proposal at some later date.

Councilor Guerlain moved that the modified proposals offered for second reading be adopted, but with only one parking space removed from the south corner of College and Arsenal Streets, rather than two. Councilor Timpone seconded. The motion passed unanimously at 7:10 PM.

- 12.109 b) At 7:11 PM, Councilor Jarvis moved that the Declaration of Intent to reimburse, placed on the table at the previous meeting, be taken off the table. Councilor Hooper seconded, and it was unanimously agreed to. Councilor Jarvis then moved that the item be approved, with a second by Councilor Timpone.

Mayor Hollar called for discussion. Councilor Weiss indicated he had spoken with Attorney Paul Giuliani who felt the item was an Internal Revenue Code responsibility which he believes is archaic.

Councilor Weiss then inquired as to what capital expenditures is the city hoping to recover and in what amount. City Manager Fraser indicated there could be engineering or other costs relating to the project that could be incurred before the bond funds become available. After Weiss received clarification on the process of paying for such expenses, he asked whether it was considered part of applicable pre-bond expenditures to reimburse city employees time. Fraser indicated that it typically was not.

With no further discussion, Mayor Hollar called for the vote. The motion to approve passed unanimously at 7:15 PM.

- 12-111. The Mayor directed the meeting to Item 5, the consideration of the update and project plan for the District Heat project. City Manager Fraser opened with a Power Point presentation reviewing the scope of the original plan as well as the proposed modifications, and what other modifications may look like and cost. The presentation also reviewed funding sources and gave a perspective on what the different approaches, discussed the last time the matter came before the Council, would mean financially for the city, given the available project balance of \$4.038 million.

Fraser noted in his presentation that the option the City wished to pursue (removing the High School from the initial project and bringing in commitments from private customers downtown,

including adding an extension to include Union Mutual) would leave \$626,000 in a hedge/contingency fund. He also reviewed projected costs and profits on the project going into future years.

Fraser reviewed the list of private and non-city public interests who have agreed in principle, or have made firm commitments to participate in the system (letters of intent and commitment from these entities were included with the agenda), noting that not all bodies have been worked with comprehensively enough to create that commitment.

Fraser reviewed the costs, sources of revenue, and projections – including where early payments will come from (Clean Energy Development Fund rather than property tax bond money). Fraser would like to include a loan or grant program for smaller properties to connect. A phased implementation of the overall deployment system could also be appropriate to bring in other areas. No final project should exceed budget or projections. In August or September, bids should be ready for review, at which time the Council could choose to move forward or not.

Councilor Hooper inquired as to when the system would “break even,” creating a brief exchange between Hooper, Fraser, and Councilor Golonka over the target of the question, given past reports on the original deployment model. Fraser indicated the first year projected surplus covers the deficit in the first several years. At the Mayor’s request, the City Manager explained the projections in detail, noting that the project is “cash positive” (assuming only five customers) from year one. Hooper further inquired about assumptions in the change in cost of fuel, which lead to a clarification about the nature of charges to customers.

At the Mayor’s suggestion, the City Manager laid out how the project model as presented represented no financial risk to taxpayers. The City Manager explained the financial commitments, indicating there were no major risks that he could think of. He also indicated that the city was not committed to further payments to the state on the project if it did not move forward.

Councilor Golonka asked about the letters of commitment from potential customers. Making particular note of Union Mutual and Vermont Mutual, he asked (and expressed concern) about incentives that have been or could be offered to business to participate. City Manager Fraser indicated the city was not in a financial position to make offers, and would not do so in any event. He further explained that committed potential customers would pay the full costs of connecting to the system, with the exception of Union Mutual which requires the construction of a new segment (which would also pay itself off).

Councilor Golonka and City Manager Fraser’s exchange continued. Golonka noted that the new commitments from private customers was new revenue in the model, and he and Fraser clarified the financial distinctions between the new model and the previous one with the high school, as well as the basis for some of the user-related costs the city was expecting to pay into the system.

Councilor Guerlain asked if Union Elementary would need expensive upgrades to participate in the system. The City Manager indicated he did not know particulars, but that he understood there were connection issues. Guerlain expressed concern about the school being able to afford that, while Fraser expressed his understanding that the Union system was in need of major renovations regardless, and that the project could be rolled out in phases, allowing the school to be brought in at a later point in the construction of the project. Fraser acknowledged the school's budget could be an issue.

Councilor Guerlain asked about what a discrepancy in the power point presentation. Fraser explained the user number assumptions underlying the distinction.

The Mayor opened up the floor to the public for comments. Several citizens rose to speak.

Side Judge Barney Bloom affirmed the intent of the County Courthouse to participate in the project, and reminded Councilors of the necessity of creating long term solutions that may not yield substantial payoffs in the short run

Bill Brown of 33 Foster Street supported the City Manager's roadmap for moving forward, noting the effects of climate change, wars for control of oil resources, and oil price volatility.

Jack McCullough, the Housing Task Force Chair, also urged approval of the City Manager's plan, noting the project's environmental benefits and suggesting it could support economic development and the potential to develop space above Aubuchon as housing.

Johanna Miller shared her support for the project, citing her membership in the Montpelier Energy Committee, her professional role in coordinating Energy Committees statewide, and her role as parent looking towards her child's future. She also shared an anecdote to illustrate her concern that many are becoming dangerously cynical about efforts to fight climate change, and further noted the strong support the project received at the ballot box

Harris Webster of Cityside Drive observed that energy projects have risks and take a long time, and that district heat was worth the risks.

Barry McPhee - a member of the Energy Advisory Committee – wanted to address his comments to councilors leaning against the project and asked for clarification that the vote to continue at this point was low risk to the city (Councilor Timpone replied that the vote was “no risk”). He noted that the project would reduce heating costs and provide cost stability to customers.

Tino O'Brien of Clarendon Avenue noted he was on the initial volunteer committee to develop the district heat project, and wants to see the “low-risk” scenario laid out by the City Manager go forward

Councilor Jarvis moved that the City Council “authorize the City Manager to proceed with the District Heat project, including final design work, as per the plan outlined in the Manager's memo dated 4/13/12, and direct the City Manager to review bid estimates and overall project

status with City Council prior to releasing bid requests.” Councilor Timpone seconded. The mayor called for discussion.

Councilor Weiss asked for clarification on the scope of the vote. City Manager Fraser indicated that this vote authorized development of the new model, but that final bids with firm costs would be returned to the Council before going forward, at which time the Council would have the opportunity to step away from the project entirely. He also confirmed that he was obliged by the motion on the floor to return to the Council with design details before releasing an RFP for the work.

Councilor Golonka commented that since there was no risk of losing any money with a vote in favor of the project, he was comfortable supporting the motion to provide direction for the next couple months leading into the next Council meeting where the costs and benefits of continuing to move forward can be discussed by the Council. He noted he was not impressed by the “Letter of Intent” from potential customers, but very impressed by the “Letters of Commitment.”

Mayor Hollar noted that he had been a supporter of the project in the past, but felt it had clear problems when he came to office. He went on to speak supportively of it and joined Councilor Timpone in applauding the City Manager for pulling it all together.

City Manager Fraser recognized the contributions of Harold Garabedian, Ken Russell, and Gwendolyn Hallsmith

Councilor Guerlain called the revised plan a good step forward.

At 8:09 PM. the motion passed 5-1, with Councilor Hooper opposed.

- 12-112. Councilor Weiss reported that area towns have committed about \$40,000 towards the next stage in regional emergency dispatching services. Next stage is working on wording for an RFP that presents a fair formula for all parties. Secondly, Weiss noted a bequest left by former Montpelier Mayor Sheridan that is used for a scholarship fund, eligible for Montpelier and U32 High School students. Applications are due May 7.

Councilor Guerlain reported that he and Councilor Timpone met with GMTA representatives and determined that the circulator bus has 13,700 boardings annually, and that Montpelier’s cost per fare was \$2.92. Timpone noted that this route was doing better than any other.

- 12-113. Mayor Hollar clarified the format of the next discussion on goals and priorities and asked councilors to consider the topics they’d like discussed.

- 12-115/116. City Manager Fraser noted the possibility of high rains for the coming weekend and stated that his team was prepared for any potential flooding.

At 8:20 PM, Councilor Jarvis moved for adjournment. Councilor Timpone seconded. The motion was approved unanimously.