

On Wednesday evening, December 16, 2009, the City Council Members met in the Council Chamber.

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

Call to Order by the Mayor:

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

09-328. General Business and Appearances

Doug Zorzi said he had a follow up question to the unfortunate event at 58 Barre Street.

Mayor Hooper said she was planning to ask the City Manager to provide the Council with an update on what happened, what we have done and our immediate plans.

09-334. Discussion of the Tax Increment Finance District (TIF) Request for Proposal.

Council Members approved sending out the Request for Proposals; one proposal was received in the amount of \$50,000.

Recommendation: Following an update from staff, possible direction to staff.

Planning & Development Director Hallsmith said the city issued an RFP for a consultant to prepare a Tax Increment Financing District for the City. They received one proposal. The proposal's value is \$50,000 but the proposal does not address all of the points we asked them to address. Some of the unaddressed points that are not included in the cost proposals can be expensive because it is the point where we are defending the methodology, the district lines and calculations in front of the state in preparing the application. The \$50,000 in this proposal does not represent getting us to the finish line. She would recommend they reject the proposal because it is nonresponsive.

Mayor Hooper said reject it and ask the City Manager to come up with a different strategy for figuring out how to get us a TIF application.

Council Member Jarvis asked if they might not get the same response again. Their issue is we haven't figured out what we want.

Planning & Development Director Hallsmith said they say that in the proposal but she didn't receive any questions from this consulting firm. They made the assumption that we didn't have any projects when we have the District Energy project moving along and it has some costs attached to it. There is the Sabin's Pasture project that is moving along. She thinks they made the wrong assumption about where we are with it. The other thing to consider is that on this RFP they didn't make a big effort to look out of state for consultants. They tried to find consultants within Vermont who had the type of experience that would be required for a TIF application. There aren't that many. TIFs are not that common in Vermont so there are not that many consultants that have prepared them yet. One alternative might be to look out of state. Another alternative might be to flush out some more of the projects that we are considering so whoever responds understands we are further along than it seemed.

Mayor Hooper said she doesn't think they are asking the staff to just reissue the RFP. In fact, we need to rethink the strategy.

Motion was made by Council Member Golonka, seconded by Council Member Weiss to reject the proposal and revert it back to the Planning Department. The vote was 6-0, motion carried unanimously.

09-329. Consideration of the Consent Agenda:

Consideration of becoming the Liquor Control Commission for the purpose of receiving the following:

Approval of Payroll & Bills:

There weren't any consent agenda items for consideration.

09-330. Finalize and approve the City Council's Budget for presentation at the Public Hearings in January, 2010.

Council Members held their all-day Budget Workshop on Saturday, December 12th. As a result, they now want to finalize and approve their budget, following further discussion on ...

- Senior Center
- Streets
- Water/Sewer
- Capital Plan
- 58 Barre Street
- City Hall

Recommendation: Receive any further input from representatives of the departments overseeing these budgets; discussion; direction to staff for finalizing the City Council's FY '11 Budget.

Mayor Hooper said she wanted to say publicly what they have all been thinking which is how fabulous it is that our Fire Department was there and able to knock down the fire because they could be having a very different conversation. The Department of Public Works has been in muddy deep trenches for many long cold hours in the dark dealing with a series of water breaks. Before that our Police Department and ambulance service had a difficult Friday night. Thank you to the public employees for everything they do for the city. She asked City Manager Fraser to give an update on the 58 Barre Street fire.

City Manager Fraser affirmed that the city has great employees who pull through time and time again for the city. There was a fire at the Senior Center the other night that started in the craft room from an undetermined cause and not suspicious. The major damage was limited primarily to those two rooms and the floor above, which is the false floor that was added to fill in the gaps of the old gymnasium. They are trying to figure out if that whole floor needs to be taken out and replaced or just a section. As we talk about the future use of the building he wonders if it is strategic to take out the whole floor given the range of options and the cost. The Fire Department did a great job and they were very fortunate that almost all of the doors in the building were closed to help minimize the spread. It is amazing to him how good a condition the rest of the building is. You go up to the third floor where the Recreation Department's offices used to be and with some vacuuming, dusting and air freshening it could be fine, although the building is full of ash, soot and fire smell. As they continue to do more in that building, particularly on that floor, there is going to be loud noise and more cement dust. There is the possibility of asbestos in it as well. That is a factor they need to consider. They made the decision to ask everyone who occupies the building, the Senior Citizens Center, ITU, Onion River Exchange,

Community Connections and Adult Basic Education to vacate the premises. That building will be closed for a number of months, and perhaps longer as they decide what to do with it. They are actively

seeking to relocate the Senior Citizens Center to other quarters. They are evaluating and talking with the insurance company and trying to figure out what to do. The building was boarded up yesterday, secured and locked. The electricity and plumbing has been cut off to most of the building, except the front section. The heat is running to keep the pipes from bursting.

Mayor Hooper said they have been in touch with all of the tenants and particularly working closely with the Senior Center to figure out how to provide them services. They have received calls asking how they can help and offering services. One of the sad things that happened was the seniors were planning their holiday meal on the day of the fire, and obviously that didn't happen. There was a call from U-32 offering to host a meal for them and we also had a call from NECI who will be hosting the holiday meal for the seniors up at Dewey Hall on Monday from 11:00 A.M. to Noon.

Assistant City Manager Hill said late this afternoon she received a call from the VFW and they wanted to host the holiday dinner. She explained about NECI so they are going to be working on providing a New Year's dinner for the seniors sometime during the first couple of weeks of January. They have also had a lot of different calls from the Jacobs family, Matt Lumsden, and people who own properties and are willing to try to work with the city as we need to relocate people.

Council Member Weiss said once the rehabilitation of the building starts does the city have a responsibility to bring the building up to code.

City Manager Fraser replied it depends on how extensive the renovations are. They certainly have to upgrade the fire alarms. If they were to put the building back to where it was and use it similarly to what it was used for, a large part of the building would not require a lot of extensive repair. The former superintendent's office on the second floor is pretty much not touched. They all need to be cleaned and disinfected, but there is no damage. On the whole third floor there is no damage. The damage is really limited to the Senior Center itself and that floor. They wouldn't have to gut the building from top to bottom.

The Council moved on to discussing the FY'2011 budget.

Senior Center:

City Manager Fraser said their biggest concern initially was the budget as a whole. The budget starts July 1 so we need to put it back the way it was by July 1st. It might not be that different because we are dealing with unknowns. Even if the building is out of commission obviously the budget is in the red. We are budgeting \$108,000 in building and operating expenses.

Assistant City Manager Hill said if you look at the proposed budget for July 1 there is a reduction proposed in food services. They had made the decision that the Thursday meal does not have the attendance to keep it going. The Program Director recommended they only serve the Tuesday meal, which is a big change. Within a year it has gone from three meals down to a proposal for one meal. The churches around town are providing a great service and every day there is a free meal around town for seniors and others to attend and they are taking advantage of that. The Tuesday meal comes with the social activities and seems to be well attended so their plan is to keep that meal. There was a proposal that would probably cut those costs more but it hasn't been finalized yet so they built the budget as if they still would need to have a cook. Depending on what she can do within the next six months she hopes to reduce that amount even more. Just for a safeguard they are still providing a staff person.

Mayor Hooper asked how many people have a meal there.

Assistant City Manager Hill said for an average week it is about 60 meals. When they have a special event like the holiday meal they limit it to 100. The holiday meals are always full. They were averaging about 20 for the Thursday meal, and some of those were staff members. The existing cook is going to get done at the end of December and has taken a full time job at McDonald's as an assistant manager. She was going to be working with other agencies to find a part-time employee.

Mayor Hooper said that is \$26 per meal. She felt that was expensive.

Assistant City Manager Hill said it is being subsidized.

Finance Director Gallup said things always seem to be moving a bit over there. The cook who is in provided services did provide 8 hours of cleaning, too.

Assistant City Manager Hill said there are 20 hours of cooking and 10 hours of cooking in this budget.

Council Member Golonka inquired why the printing and copying budget tripled over the past three years.

Assistant City Manager Hill said she believes they never adequately did a cost allocation before. The actual last year was \$2,600.

Assistant City Manager Hill said they also anticipated an increase in postage. Overall, what the seniors are interested in is that it is going to require a less amount of money from the taxpayers. Her hope is they can reduce the appropriation greater than that in another year.

Council Member Hooper asked if the administrative management services line, is that her time?

Finance Director Gallup said sewer, water, parking and seniors all have administrative management services. That is her time and it is an allocation that moves money around. It has something to do with the number of employees and what the administrative costs are in the general fund. She put this in this year because she felt that was fair. When people are brought into our allocation system and see copier and paper allocation that is because we allocate our copier expenses in this building to all of the functions based on number of employees. The Senior Center got a copier last year and we told her she had to move her copier expenses out of our allocation copier line into her own line so she put it into the printing line. The copier lease is why the printing went up.

Council Member Weiss said he did not see on the expenditure side any line item for the operation of the bus. How is that going to be paid for?

Finance Director Gallup said internal fleet repairs are \$500. The insurance is covered under the regular property and liability insurance. There are three lines – repairs, fleet fuel and the insurance would be covered under the insurance line. She doesn't have drivers.

Assistant City Manager Hill said she has some volunteers who say they want to learn how to drive the bus. When she picked the bus up she was introduced to Walter, their trainer, and he has agreed to come down and train our people because they are considered members of the organization where they will provide free training. They will charge enough for the trip to cover the cost of the driver, too. That is what they did when they rented the van. Don't anticipate the van going out a lot during the next three months. There is some time to get training done.

Council Member Sheridan said he probably goes to the Senior Center more than the rest of the Council Members. He goes over there pretty much every day of the week, sometimes in the morning and sometimes in the afternoon. He likes talking to different groups over there. He feels it is his duties to get a sense of not only what goes on there but what people feel there so he can report to the Council. He doesn't know that anybody has ever said to him they want to be anywhere else; they all

love it over there. There are people who go there every day and stay there for a good part of the day. He doesn't think anything in the city has the volunteer effort that Senior Center has. It's incredible. He finds himself cleaning up the coffee area. Everybody just chips in and helps. It is one of the best atmospheres he has ever been around. For the people who go there it is a huge social interaction, and for some of them he thinks it is their only social interaction. It is an affordable one and the only one they can afford, and they are with people like themselves and all get along. He just sees the same faces day after day and week after week. It is incredibly important to the city. Even if we don't have it there we need to find a good spot that is comfortable for them. When he looks at what we pay in the city for our kids what we pay for our seniors is miniscule. These are people, many of them, who have paid into this city their entire lives. When we deliberate what to do we need to keep these things in mind, that this is an incredibly important place.

Assistant City Manager Hill said they have been asked to make the programs more cost efficient. They transitioned the bowling program into a per person cost and out of town residents pay 100 percent of that cost while in town residents pay about 50 percent, and the rest is subsidized. They have since added tennis. They have just worked out a new program with First In Fitness where they can use some of the exercise equipment with a medical release from their doctors, and that fee too will be set up on the same basis. They are still working on the swimming program. It is the most expensive program they have and the pool charges by the hour. While they charge the out of town people double what they charge the residents they are subsidizing the entire program substantially.

Mayor Hooper said on the agenda there is 58 Barre Street after the Capital Plan.

City Manager Fraser said they have cut the fuel and electricity there.

Council Member Weiss said the revenue budget shows about \$45,000 in total from the Corry Fund.

Assistant City Manager Hill said they still haven't heard anything regarding that funding.

58 Barre Street:

City Manager Fraser said on page 11 in the expense column last year they plugged in a number based on what we could determine from the schools. The schools had not broken it out specifically because it had been part of the school budget. Their costs were up considerably and now we do have a better understanding about the building. We made some assumptions they would be reducing heat as a result of the work we had authorized and that has not yet been done. We had just taken over this huge piece of infrastructure with no history or support for it from the School Department and the Recreation Department. We realized we didn't have adequate janitorial staff because the school custodians were taking care of it. The Recreation Department has been fabulous when we have asked them to do anything such as mowing the lawn and shovel the snow.

Finance Director Gallup said as far as the effect on the general fund if we take the \$108,000 and what we had for reasonable expenses and subtract what we thought was reasonable rent of \$52,500 that leaves \$56,126. She would ask Todd if he thought that was a reasonable number.

Public Works Director Law said the numbers they came up with were from the past contracts for fuel from the School Department. He walked through the building and turned down the radiators. He asked the same thing of their tenants that when they weren't there to please turn them down. They don't have the programmable thermostats we have here, and he thinks they monitor them fairly closely. Every time he went over to the building there wasn't blasting heat coming out of the building, and actually a few times there was no heat. There are other things they need to work on, especially if we are going to occupy more of the building. The age of the infrastructure is what really brought that number up. The numbers are fairly reasonable and hopefully they can come in a little under.

Mayor Hooper said they are talking about a budget that begins in July when it will be a different building.

Public Works Director Law said these figures were prepared before the fire on Monday.

Council Member Golonka inquired if the insurance policy covers relocation expenses.

Finance Director Gallup said they have coverage for loss of rent as landlords. They believe it is clear that should the seniors move to another place and pay rent the way the League of Cities and Towns would see it is that they would pay the city \$25,000 that we doesn't get. The Senior Citizen Center wouldn't have to pay the city and would pay rental when another space was located. Onion River Exchange is another kind of wild card because they are the city and they aren't the city.

City Manager Fraser said they do have replacement coverage. The estimate is that it will take six months to repair the building to its former state. If we then make a decision to move the seniors out they will only cover us for that period of time.

Finance Director Gallup said the past couple of days we have just been trying to secure the building and getting the basic needs met. There is \$100,000 in contents and that covers what the seniors have downstairs.

Mayor Hooper said the last time they talked about the Senior Center she feels they need to make a decision about how they are going to house the Seniors. We have an obligation here. The fire changes everything and we need to make decisions about whether we are going to renovate to bring people back in, not use that building or put it to a different use. We have an obligation to the seniors of this community to provide them the services we have been providing them. How are we going to do that? In her view let's do it where we are doing it and make our plans around that. This will help the staff figure out a budget.

Council Member Sheridan said he would challenge the Council to find a better spot for the seniors. It really works for them, is close to the center of town and close to City Hall. It's flat and a short walk to where the stores are and a short walk to the bus. He is ready to fix the roof, take the tank out and fix the heating. They have been told it is a structurally sound building. He challenges people to tell him where a better spot for the seniors should be in this city. He has always loved the idea of putting apartments up above, selling them so we put part of the building back on the tax roles and keeping the Senior Center there. That Senior Center can serve there 10 to 12 years until his generation is ready to admit they are seniors. He would like to look into what it would take to get apartments up there. He believes they would rent with no problem at all. There are definitely people who are looking to live downtown in walking distance to things. Unless someone can tell him they have a better spot in mind he is in favor for keeping the Senior Center there.

Council Member Golonka said there are a couple of issues here. The first issue is a temporary location. In terms of coming back he doesn't necessarily have a problem with bringing them back.. What he has an issue with is the ownership structure. He doesn't think the City of Montpelier should be in the property management business. With the building empty right now we should take this as an opportunity to partner with somebody. If we do want to keep them there we could release that space back on a long term basis. He doesn't want to get into a \$3 million renovation of this building without having someone to partner with and without consideration of getting the building back on to the tax role, at least for the portion we aren't using. Using this as an opportunity to issue an RFP process to see who we can partner with using certain contingencies that we are going to have the seniors in the basement with a fixed lease for a certain number of years. With no one in the building right now we have an opportunity to really consider different ownership structures.

City Manager Fraser said to the extent they can express a general outcome, whether it is the Senior Center with housing or other options, that actually gives us a lot of focus on putting together any number of things. One of the questions is are they going to look at all of the various uses or study different options for a Senior Center location. If you look at some of the stuff that Garth Genge prepared he outlined some potential partners and potential scenarios.

Council Member Sheridan said he thinks it is important that they keep the space they have. They just had the wall knocked out between the two rooms upstairs. What they needed was a quiet room to get away from the noise for yoga. If they are going to stay there they need to rent the space they are using now.

Council Member Jarvis said the space could be totally reconfigured. It could be that it doesn't make sense for them to be on the ground floor.

Mayor Hooper said if they give direction to the staff that we want the seniors to stay there and see other uses of that building, such as housing, they can do the sort of analysis of what are their programming needs and how we make this work for the people who need to be there.

Council Member Weiss said on the very last page of the handout it is intriguing because it calls for the formation of a committee which would be nonprofit discussing all of the items and report back to the Council with recommendations.

City Manager Fraser reported these are Garth's suggestions, and they are good ones. That was suggested when the building was functional. One of the issues now is we have this challenge and opportunity to put the building back together, including looking at the basement space itself depending upon where funding comes from and even making that better and more efficient.

Council Member Jarvis said a factor in whether to form this committee is that if the Senior Center was still totally usable and everyone in there as it was that certainly we would have more time to work things out. If we form this committee right now it will slow things way down. What she would love to see is the Council giving direction to staff and possibly even getting an RFP out soon to figure out what our options are and who might be out there to help us. Maybe there is someone who would want to buy the whole building and lease the city back part of it or work with the city to develop the second and third floors.

Council Member Weiss said they had a study and have a great report about the building. What more do we need? What does Council Member Jarvis have in mind for an additional RFP?

Council Member Jarvis said she wants to know who is interested in partnering with the city or taking the project over. That was a specific proposal for the city and what we might do with the building. Do we have someone out there who has the funds and the willingness to do it?

Assistant City Manager Hill said she wanted to make it clear they have had two private developers today call to say they are interested in knowing what we may be wanting to do and be kept informed of any possibilities for a private development.

Council Member Golonka said it would be interesting to hear their input. Say they came back with a proposal for a long term lease for the seniors in the basement with certain development aspects and returning the building back to the tax roles for a portion of it. There could be an interesting project come out of that instead of it just being our Planning Department driving an exact plan. He thinks that opens up the possibilities for some interesting proposals.

Council Member Sherman said it also depends on what our ideas are about how it should be used. He heard Council Member Sheridan say that senior housing is a real high priority.

Council Member Golonka said they could reject it. They could offer our priorities and ideas of what we would like to see but we don't have to limit it or restrict it.

Mayor Hooper said this is a great direction. She is hearing the council would like to put out a request for a proposal that is clear about wanting to have the Senior Center as part of that building. She would suggest for the reasons that Jim has articulated in terms of the value of that location to that population and to our downtown in terms of where a senior center ought to be. That makes sense to her. She would further suggest that a strong preference for housing would be appropriate. We have talked in the past with the downtown advocates about a concern about the gradual erosion of housing in the downtown. It has been great that Jacobs has brought back housing into one of his properties, but the housing trend is still down instead of up. While she can understand that office space can be attractive to a developer in terms of our overall community need and interest she would want to state that as a high preference because they are seeing other office development going on. We can set priorities and establish the policy for the proposal. She is thinking about the Senior Center location there and housing use as her highest priorities. She is always liked the idea of owning the facility that serves our people rather than leasing it just so we control our destiny better. She would rather own City Hall than lease it from somebody. She can appreciate there might be different management structures that would be appropriate, but as long as the city's lease is sustainable she can deal with that.

Council Member Golonka inquired about the argument of returning a section of the property back to the tax roles. \$10,000 a year in taxes is a significant number.

Mayor Hooper said they needed to protect the seniors' interest in that building.

Council Member Sheridan said he doesn't mind hearing about any proposal. His tendency would be towards housing but anything on the table he is willing to listen to. We talked about housing in the Carr Lot and we know that is not going to happen because of the contamination issues. He highly doubts they will get housing in that last building on Stone Cutters Way. Outside of the Land Trust who is doing housing? Housing up on Stonewall Meadows was put off. Who knows what is going to happen in Sabin's Pasture?

Doug Zorzi said he had a couple of concerns that should be followed up before much more discussion is ventured forth. One is a concern for zoning. We all know right now that the Senior Center is a grandfathered use. We know the existing use there would preclude a Senior Center. With the thought process in mind that the Senior Center may be relocated for more than six months, with six months being the critical key link in Montpelier zoning, he questions whether the Senior Center given the destruction of the building and relocating it for more than six months would be allowed to be considered as grandfathered use at that zoned location. He requested that they check that out. Secondly, from a developer's perspective going into rehabilitate that existing building and trying different options to see what works he would urge them to possibly and formally cut to the chase with both of the developers who have expressed interest and informally ask them if the Senior Center remains a component and occupies x percentage of that space is this even doable? He has reservations.

City Manager Fraser said his understand is that the Council wants to seek proposals to redevelop the building keeping the Senior Center in the building. To see what the proposed uses for the upper floors are with a housing preference but not limited to that and see what the various ownership and lease arrangements are.

Council Member Weiss said at the appropriate time he would like each of the proposal writers attend a meeting of the Council to make his or her presentation personally to the Council.

City Manager Fraser said he would certainly keep housing as a preference as well. Not only for lots of practical reasons, but senior housing in particular has a much lower parking requirement. Secondly, we just did have our citizens tell us that affordable housing is one of the very top issues.

Council Member Weiss said someone said it would cost almost a quarter of a million dollars to put housing in upstairs which would make the rentals too high.

City Manager Fraser said he thinks that is part of the reason we were looking for grants and subsidies for affordable housing.

City Hall Maintenance:

Public Works Director Law said this is the first item he is responsible for, which is on page 10. There isn't a substantial amount of change. The biggest one is an increase in salaries and wages. They reallocated some of their staff. There is a \$25,000 increase, but the majority of that is an increase in electricity and heating fuel. They were given the guidance to hold the line across the board. For City Hall maintenance they have done a lot in-house. Professional services and other purchased services this has actually decreased because our custodian is doing more.

Council Member Hooper asked Finance Director Gallup what was the COLA for the upcoming year.

Finance Director Gallup said it depends upon what the bargaining units come up with.

City Manager Fraser said the Department of Public Works' workers are unionized and they are signed for this coming year at 3.25% and the Fire Department is signed at 3.5%; the non-unions of course who aren't unionized are put in the budget at 1.5%. The Police Department has a new bargaining contract coming up.

Public Works Director Law said on page 19 is the budget for streets. This is actually up a little bit by about \$81,000. A lot of that is the cost of living adjustments for the DPW union, staff increases, promotions, etc. Road salt increased because in the past they hadn't budgeted the quantity they had been typically using. They are trying to cut salt usage as much as possible. They have recalibrated their spinners every year and educating our employees to make sure they aren't abusing salt and using it in the quantity that is necessary. That training is very important. Salt is very expensive. They are talking about \$50,000 per ton and they go through about 3,700 or 3,800 tons. They do mix it with sand a lot more than they have in the past. The more sand they put on the more they have to clean up the catch basins in the spring. It offsets the cost of the salt and they will have to figure out what it costs to take it out of the catch basins. There have been no cuts to the staff. They want to make sure they can still provide the necessary services to everybody. Especially during this time of year it is very important to make sure they have the staff to provide safe roads to the traveling public. All of our roads are either high volume traffic or hills.

City Manager Fraser said from Saturday's discussion with Patrick Healy also included in the streets is the restoration of the part-time help from the cemetery.

Public Works Director Law spoke about the VTrans Bridge Structures Program through the Central Vermont Regional Planning Commission. Bridges in Montpelier are inspected as part of the Bridge Inspection Program on a regular basis.

He also spoke about the trash barrel collection process, which was a part of other purchased services.

Fleet Operations:

Public Works Director Law said the biggest expense we have is vehicle and equipment maintenance which is up substantially. One of the residual effects to pushing off purchasing equipment is that it will need more maintenance. They have had some fairly significant snow in the last three years so the equipment has been out there a lot more. Last year our crews had the bays all full and were waiting for

more equipment to come in and be fixed. Realistically, they figured they had to put more money into vehicle and equipment maintenance.

Council Member Jarvis inquired what the sidewalk plow situation was.

Public Works Director Law said they have three running and the bobcat is in reserve. Everything has been operating fairly well. They are high maintenance. They have two fairly new ones and one older one.

He went on to say last year they downsized and cut the stock records clerk to half time. The residual effect of that is they had one citizen get locked in the stump dump that was let out by the Police Department. There have been numerous times with people walking around the building looking for somebody when nobody is there. Our supervisors have been out on the road. The only people they can find in the building are the mechanics so they hope to reinstate her to full time. When somebody calls the DPW garage with water leaks or sewer backed up, nobody is there to answer the phone. If the mechanics are lying underneath the truck they won't be answering the phones very quickly.

City Manager Fraser said the budget does not have a restoration of the position in it. They are just evaluating the priority of it.

Public Works Director Law said the stump dump is another big issue. During the summer the stump dump is heavily used. He doesn't think they want some of the dump trucks coming down to City Hall.

Council Member Sherman said the person who got locked in is eager to get waste wood and Casella has also agreed to give the city a container if he has any wood that is cut so it can be given away free. It's the Neighbor to Neighbor Program. The city actually donated wood from the water shed. Some of the property they owned needed to be thinned. The county forester went up and said there are a few trees and it doesn't make sense to go out to bid so they brought them to the stump dump.

Buildings:

Buildings was actually cut and downsized. That is one of the items that had to take a hit for all of the other necessary things they needed. That covers the garage and maintenance. The solar panels are part of the waste water treatment plant.

Water Fund:

Finance Director Gallup said she had promised some fund balances. On the last page of this section at the very bottom it is called unrestricted net assets. As of June 30, 2008, the water fund was \$281,000 in the negative. They took almost \$400,000 off the FY'09 year, so at the end of June 30, 2009 after adjusting for the VMERS debt we are almost debt even at \$276,765. They are still looking at about \$300,000 negative but it's not much worse.

City Manager Fraser said the good news is that it held its own this year. This budget they proposed does not require any rate adjustment to balance itself. If we wanted to stick to the plan they had devised as far as rate adjustments that any increase in rate would go solely to the debt reduction.

Finance Director Gallup said they contemplated a rate increase. They will need to wait for the FY10 figures. Hopefully, we'll have a good year and that \$300,000 will be less.

Public Works Director Law said the debt is high but the chemical costs have gone up substantially. A lot of the line items are holding the line or decreased, but the big increase is chemical supplies. Fluoride has doubled in price over the last two years from \$15,000 to \$30,000. He said their employees are really trying to hold the line for us.

Water Distribution:

Public Works Director Law said they reallocated some people and reevaluated what their jobs were because with water distribution their other function is also the waste water and sewer collection. They started looking at what their daily functions were and where they were allocated. There was a little savings in the water distribution side which is why the proposed budget goes down a little bit. The reason the actuals are so low is they have at least one employee out for short term disability during this period. That is why the actual FY'09 audit is lower than the proposed budget and the proposed budget in 2010 is higher.

For the equipment proposed there were two small pickup trucks and a van they use for all of the repairs and maintenance which were cut in the budget. The only thing that was added in was a Scada which operates our plants and the pump stations. That is the only thing in the equipment plan for water and sewer. It runs the plant when no one is there, and when someone is there. It is very essential to the operation.

Mayor Hooper asked how the delinquency rate was doing.

Assistant City Manager Hill replied that the water and sewer has a tendency of going up. The delinquent taxes are minimal and quite low. People are more apt to let their water and sewer go because it doesn't have the same indicator to their mortgage company as delinquent taxes, although it has the same affect because it is an automatic tax lien when you don't pay your water and sewer. It is just something people have tended to look to the city as automatic creditors. She doesn't feel it is out of control. She just had a number of major collections.

Water Meter Operations:

Public Works Director Law reported there are no major changes in water meter operations; they are holding the line for the most part.

Sewer Funds:

The revenue numbers for the Sewer Separation and CSO charges are based on our current grand list at the current rate.

Waste Water Treatment:

Public Works Director Law said the lowest drop from 2009 to 2010 was cutting one employee at the waste water treatment plant. There is a modest increase in 2011. The waste water treatment facility employees are now a part of the DPW union and are part of the 3.5% increase. There is a modest increase at the waste water treatment operations.

Council Member Weiss asked if there was any resolution to the State of Vermont versus the City of Montpelier on the Waste Water Treatment operations.

City Manager Fraser replied no.

Under electricity there was a little savings this year. The solar project is underway. There have been some submittals from the contractor. In this budget they will be seeing some of the revenues and savings from the solar panels at the waste water treatment plant. They expanded the project from two buildings to three to add some additional lights. Hopefully, within the next two or three months there will be some solar panels on the building to start recouping some of their money from electrical usage.

Storm Water Management:

Some of it falls under streets. Some other mechanism of funding would be appropriate if we are going to do this full steam. It shows something very modest. There are other hidden costs in the street department with the vector. Even the culverts are done as part of the capital plan so it isn't a full showing of what they do for storm water management.

City Manager Fraser said they are forced to do the work and there are certain storm water maintenance requirements.

Sewer:

Public Works Director Law said there will be an increase in sewer collection which is for salaries because of the reallocation of their employees from what they were previously doing to what their normal job is now. The bottom line is actually lower than the budget year 2010. The equipment they are talking about for the water distribution is the same equipment that is used for sewer; it is split 50/50.

There are a few employees who pump septic tanks. Anyone who is outside of the sewer collection system pays a sewer benefit charge and part of that is they receive their septic tanks pumped. They pump every three years.

Equipment Fund:

Dump truck #3 was fully funded this year so they had to cut that in half to get to the bottom line.

City Manager Fraser said the condition of the truck is bad and does need to be replaced. They will probably be looking at buying one and paying for it over two years.

Council Member Golonka inquired what our equipment reserves were.

Finance Director Gallup said equipment reserves are monies that have been allocated here in previous years and not spent so they are kept for equipment purchases. Sometimes there are multi-year plans on them. The equipment reserve for the general fund has \$50,000 as of the end of 2009, and of that she needs three payments of \$10,998 for a lease payments on a bucket truck because they already borrowed into the future. When they bought the bucket truck it was financed over five years. Even though there is \$50,000 in it but \$33,000 is already allocated.

The \$35,000 vector reserve that is in the general fund is going to be used to pay the general fund's portion of the new vector so the general fund will share in the ownership because we do use it for streets.

Finance Director Gallup said there are park impact fees of \$37,000 which has slowly been building up.

City Manager Fraser said some of that was going to be used for Turntable Park. There is \$28,600 in traffic impact fees.

Public Works Director Law said they are actually looking at improving the "No Right Turn" signals down at the Main, Memorial, Northfield and Berlin Street intersections because they are not visible.

Capital Improvements:

There is the fixed debt and we subtract the difference which creates our annual funding total. Last year the Council approved a capital plan with \$1,070,200. There was \$70,000 over the million level and they maintained that funding level.

The committee's recommendation was for \$70,000 because there was zero money for paving and that there be a separate ballot item for \$200,000 so people would see what the paving issue is. As part of the capital plan the committee asked Tom McArdle and Todd Law to look at all of the lists and tell us the higher priority streets that need to be done in the next few years. They gave a list of streets and their ratings and estimated costs in today's dollars, and it was \$1.1 million to do it all. That is where the \$200,000 figure came from. That was a major concern expressed by citizens in the survey.

Mayor Hooper said paving costs have doubled in the past five years easily.

Public Works Director Law said over the last four years they have gone from about \$65 to \$95; Tom's estimates run \$100 per ton.

Council Member Sherman added that Towne Hill Road isn't on the list at all. They have applied again for a Class II paving grant but they will have two years to use the grant. They kept putting in and had to defer it. The streets in the plan are Class III streets which doesn't include the Class II streets. That is in the capital plan.

City Manager Fraser said if you go to page 1 of the capital plan it shows the \$66,690 that was put in for paving, and that's the street surfacing. They can't always list what streets are because they have to see which streets can be bundled. On the second page it shows the street rehab there is nothing allocated for that. Last year the only street rehab they did was to rehab Marvin Street and paved Corse with an overlay. There are no capital bridge projects proposed for this year. When we get to page 4 there is a retaining wall on Ridge Street. Ridge Street has a serious slopes problem. It was saturated and no structural stability at all so that will make a significant project. On one side of the road the sidewalk is heaved up significantly and the other side is sloping down into a little ravine. The other slopes problem is on Lague Drive which is a very steep embankment. The soil is a little better in that area. They have done some temporary repairs to them so the water didn't further erode the slope but that will be in next year's plan. That is an eminent hazard and people have fallen on the sidewalks because they are so badly heaved. The Granite Street culvert you will see is listed twice. They actually had to take that money to do the major repair up on Elm Street.

Council Member Sherman said while they are still on storm drain linings, she still hears regularly from Paul Olson at the Unitarian Church about a lining for a storm drain that goes through that property. Is that in the budget?

Public Works Director Law replied it is part of the CSO project. That project will start in the spring. It has already been bid. It was part of that large CSO project, and part of that is actually taking a portion of that flow and diverting it down to 144 Main Street because there are some issues at the other end. It actually sits in the streets and ponds. That is what happens in front of Union Elementary School. That project has been on the forefront and it is a substantial project. It is in excess of 30 years old but it is still in fairly good shape and the structural integrity is still there. Where it exits there is deterioration and that is what has concerned everybody.

City Manager Fraser said they had \$50,000 in for the Barre Street Senior Center tank proposal and that is something that could be allocated. If they decommission that tank we still either have to decommission it in place and clean it and bury it in place or have to pull it out. They have talked about at least doing something temporarily with an inside tank or tanks.

Mayor Hooper said she requested in front of City Hall a very attractive sign board that would say City Council meeting tonight or Planning Commission meeting tonight. It's a very important way of informing the public about what is going on inside the building. We are working hard to tell the public about the web casting and other ways about what is going on.

Flood Mitigation:

There is flood mitigation funds as part of the Corps of Engineers and part of our match for the waste water effluent bypass.

Finance Director Gallup said the Council recommended that Cross Vermont Trail Association Recreation Path request will become a ballot item for \$25,000. This was something they talked about two years ago and the Council decided to let them on the ballot without a petition. This goes up Gallison Hill Road.

Public Works Director Law said the Cemetery and Public Works has been working very well together. They have been offering DPW equipment and employees and Kurt has been over there doing some surveying and engineering for them. It's a great relationship. They have worked with the Parks Department in the past also.

City Manager Fraser said he wanted to call the Council Members attention to page 11 in the charts and graphs for the capital plan. The Council set the million dollar limit in part because it was a good number to tie into but it also represented what it took to get all of the projects that were on the books in 1998 done by 2004. They made the commitment at that time and raised the capital plan by \$90,500 per year for six years. They followed that plan and stopped because they hit the goal. When you talk about raising the capital plan it isn't without precedent. The voters wanted to increase the paving and it was a concern they had so that is why it is on the ballot.

Council Member Sheridan said he knows they have two things to discuss. One is the potential for needing an ADA Coordinator and the other is we haven't taken out what we put back in.

Mayor Hooper said before they do that they should check in with what people want to do with the budget. Do we want to wrap it up tonight? Do they want to have another meeting on January 6th?

Council Member Weiss said he would prefer to wait until January 6th and he has a selfish motivation because he is going to deliver to the Manager's Office before Friday a series of thoughts and suggestions where they need to consider cuts they can make in this budget which would readily provide \$50,000 or more for capital improvements. He would like the opportunity to be able to present to the Manager his thoughts for discussion on January 6th.

Mayor Hooper said they haven't talked about the Housing Trust Fund and if they are going to fund that. The Trust Fund is in the budget for \$26,000 and adding back the community enhancements.

Council Member Sheridan said he would suggest they go to inside/outside agencies on page 2. He suggested they take out the Montpelier Arts Grant Program at \$5,000 and take out the Welcome Legislators at \$1,500. That would reduce it down to \$18,000 they need to cut at this point. What we have put back in we haven't taken out. He also suggested pulling the \$26,000 out from the Housing Trust Fund. Jim Libby said he understood his reasoning for pulling it out this year and agreed with it, but he is afraid the Council will never put it back in. Put it back in and let the \$26,000 stay in the budget and if they take out the Arts Grant Program and Welcome Legislators that would mean they would only have to take \$18,000 out of somewhere else.

Mayor Hooper said Council Member Weiss has also said he would like to give the Council a proposal for cuts. Let's discuss the ideas on January 6th.

Council Member Sheridan said he is looking for a possible figure from the City Manager for what an ADA Coordinator might need.

City Manager Fraser said they are looking at and trying to figure out whether they can divvy up some of the functions so we wouldn't have to add one in. For example, Glenn Moore could take care of the building stuff and Tom McArdle for street knowledge. Maybe each department could handle a portion so they wouldn't necessarily have to add a new position.

Council Member Sherman said the Fire Chief indicated there might be a \$5,000 item in his budget.

City Manager Fraser replied he has already used it.

Council Member Sherman said she wanted to speak in favor of the Arts Grant. Those go to a lot of folks who need them and who contribute a lot.

09-331. Report by the City Council

Council Member Jarvis reported on Monday, December 21st, the Citizen Oversight Committee will meet at 5:00 P.M. in Council Chambers.

Council Member Weiss reported that Susan Howland deserved a lot of commendation for a great editorial the Times Argus written about the City of Montpelier.

09-332. Mayor's Report:

Mayor Hooper had nothing to report.

09-333. Report by the City Clerk-Treasurer:

City Clerk Hoyt reported she received a call from the Secretary of State's Office and they have asked Montpelier to be in a pilot program for having the telephone available for the city ballot and they are going to pay the costs.

Status Reports by the City Manager

Agenda Reports by the City Manager:

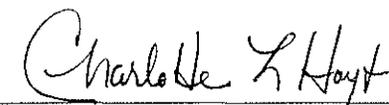
City Manager Fraser said he, Charlotte Hoyt, Sandy Pitonyak and Audra Brown were briefed to start preparing for the web casting. The draft contract is in the attorney's office. He also talked with the Farmer's Market about lease terms so a lease is being drafted. They are talking about action with regard to the individual who trespassed on Berlin Pond. The city is seeking to bring action against him. The cabin has been moved to the proper location.

Adjournment

After motion was duly made and seconded by Council Members Sheridan and Jarvis, the council meeting adjourned at 10:10 P.M.

Transcribed by Joan Clack

Attest:



Charlotte L. Hoyt, City Clerk