

On Wednesday evening, January 4, 2012, the City Council Members met in the Council Chamber.

Present: Mayor Hooper; Council Members Golonka, Jarvis, Sherman, Timpone and Weiss; also City Manager Fraser. Council Member Hooper was absent.

Call to Order by Mayor

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

12-001. General Business and Appearances

John Bloch from 6 Winter Street said they are circulating a petition for placement on the Town Meeting ballot that regards personhood of corporations. He also spoke about the charter change raising by about 100 percent the number of signatures required on a petition to get an item on the ballot. He disagreed with that approach he felt it was an ill-advised move.

12-002. Consideration of the Consent Agenda

- a) Consideration of Minutes from the December 7, 2011 City Council Meeting and the December 21<sup>st</sup>, 2011 Special City Council Meeting.
- b) Ratification of a poll vote taken on December 23<sup>rd</sup> for permission to close Main Street for First Night festivities.
- c) Approval of an extension of the District Energy Project Manager Contract for Harold Garabedian.
- d) Approval of the extension of the REACH Time Banks USA Evaluation and Training Contract.
- e) Approval of the Grant Agreement for the Municipal Planning Grant for the rezoning initiative.

- f) Consideration of becoming the Liquor Control Commission for the purpose of acting on the following:
- 1) Application for a Catering Permit from The Skinny Pancake, Inc. for one of their “Green Drinks” events scheduled to be held on Tuesday, January 10<sup>th</sup>, 2012, from 6:00 to 8:00 P.M. at City Center, 89 Main Street.
- g) Payroll and Bills

General Fund Warrant dated December 28, 2011, in the amount of \$113,367.77 and \$105,115.82.

Payroll Warrant dated January 5, 2012 in the amount of \$124,110.05 and \$27,247.22.

Motion was made by Council Member Sherman, seconded by Council Member Jarvis to approve the consent agenda.

Council Member Weiss asked to remove item c, the energy project; item d) REACH Time banks and item e) relating to the Municipal Planning Grant from the consent agenda.

Mayor Hooper called for a vote on the remainder of the consent agenda. The vote was 5-0, motion carried unanimously.

- 12-002(a) Approval of the Grant Agreement for the Municipal Planning Grant for the rezoning initiative.

Council Member Weiss said he doesn't understand how the Municipal Planning Grant got on the Consent Agenda to begin with. He was reminded on the 26<sup>th</sup> day of October the Council made a motion 4 to 2 in favor that they would approve the submission of the application with the understanding that the Council will have the right to reject the funding if awarded and the Council would meet with the Planning Commission. He thinks the Council has the right to make a determination right now whether or not the conditions have been met. Should we approve the funding in the amount of \$15,000 but the city will have to put in \$3,500 in order to support the project. He was not in favor of going ahead with this.

Mayor Hooper said she recalls they wanted to have a meeting with the Planning Commission. We intend to reorganize our zoning and if we can take advantage of a municipal planning grant to accomplish that it would be unfortunate to not accept money. They have an obligation to talk with the Planning Commission.

Council Member Sherman said she felt they should go ahead and approve the grant because we know what it is being used for.

Motion was made by Council Members Sherman, seconded by Council Member Timpone to approve the grant agreement relating to the Municipal Planning Grant. The vote was 4-1, with Council Member Weiss voting against the motion.

12-002(b) Approval of the extension of the REACH Time Banks USA Evaluation and Training Contract.

Council Member Weiss said this is the second or third time they have approved such an arrangement and he wonders whether or not there has been a formal evaluation made in terms of time banks and the contract they sign with the city to indicate they are performing according to legal expectations.

Planning Director Hallsmith replied there has not been a formal evaluation done but they work very closely with them. They are the city's evaluators. It is their responsibility to provide us with a lot of reports and data on the way the care bank is performing. It is their responsibility also to help us replicate it because it is a federal grant with the idea it could be replicated. It certainly has met her expectations of the program. It is required by the federal government to have an ongoing evaluation function.

Council Member Jarvis moved the extension of the REACH Time bank USA Contract. Council Member Sherman seconded the motion. The vote was 5-0, motion carried unanimously.

12-002(c) Approval of an extension of the District Energy Project Manager Contract for Harold Garabedian.

Council Member Weiss said this is a contract between the city and Harold Garabedian. He has done a marvelous job in the role he has and needs extra time working with the Energy Advisory Committee. According to the

professional fees he can make \$8680 per day. The contract is very clear when you get into the exhibits that if the contract is worth more than \$100,000 there are limitations. If this gentleman were working 200 days at that rate he could be earning \$136,000. Is there a cap on what he can earn or can he earn more than \$100,000 which would set another whole set of condition on the agreement.

Discussion followed on the amount of time expected to be covered with this extension and that the payment was coming from grant money for the project.

Motion was made by Council Member Weiss, seconded by Council Member Sherman to approve the extension of the District Energy Project Manager contract. The vote was 5-0, motion carried unanimously.

12-003. Setting of “approximate times” for the following items.

Council Members set the time to be spent on each agenda item.

12-004. Appointment(s) to Montpelier’s Conservation Commission.

- a) After 10 years of service, Kris Hammer is stepping down; his term is set to expire in February, 2014. Karen Freeman’s term expires on January 22<sup>nd</sup>, 2012.
- b) Staff advertised and as of the deadline, December 29<sup>th</sup>, the only response has been from Karen Freeman who wishes to be reappointed.
- c) Recommendation: Reappoint Karen Freeman to another 3-year term; consider any other applications that might be submitted in the meantime for Kris Hammer’s vacant seat.

Motion was made by Council Member Jarvis, seconded by Council Member Weiss to reappoint Karen Freeman for a three year term and re-advertise for the other vacant seat. The vote was 5-0, motion carried unanimously.

12-005. Opportunity for Paul Carnahan to update the Council on the Blanchard

Block Project; Council will also be asked to consider a request for the use of two parking spaces for this project throughout the summer.

Paul Carnahan, Chair Person of the Montpelier Alive Design Committee said they had a design charet in 2010 to talk about how to improve the appearance of the back of the Blanchard Block. They repaired the sidewalk in which Tim Heney and the city worked on cooperatively. The motivation for that was to have access to the back of Capitol Stationers in the Blanchard Block. The idea that came out was having some sort of pocket park seating area behind the Blanchard Block as another place where people in the downtown can go and congregate. As the sidewalks improved behind the Blanchard Block the idea evolved into what he is presenting tonight which is a temporary seasonal pocket park which would be located over two parking places directly behind Bear Pond Books at the outlet of the alleyway between the Blanchard Block and Tim Heney's building. This would be a platform put out in the spring and picked up in the fall. We would have the benefit of enjoying the space during the warm summer months. He is seeking input from Council Members and they are hoping to apply to the Downtown Transportation grant fund which has a deadline in the middle of January. It is a 50/50 match. They will be using money the city allocated in the capital fund for Montpelier Alive for their match. They will be taking up two parking spaces. This will also go through the city's zoning process.

Mr. Carnahan explained the plan showing benches on two sides along with a small railing. They would like to plant a shade tree in the space. The drawings show a piece of artwork and that is just a concept at this time. There will be planters in addition to the benches.

Council Member Sherman inquired how much the grant was for.

Mr. Carnahan replied it would be \$5,000; the project would be \$10,000. It is a 50/50 match.

Claire Benedict said the merchants are all behind this. They hate to give up parking spots but they think the appeal of this outweighs the loss of the two parking spots, especially since it is seasonal.

The consensus of the council was favorable.

- 12-006. Review of the Recreation Department Budget and wrap-up/approval of the City Council's Proposed Budget for FY'13.

James Surwillo, Brian Murphy Arne McMullen thanked the Council for the time to present their 2013 budget for the Montpelier Recreation Department. Included in the packet is the mission statement, program offerings, some budget information and winter program brochure. The mission of the Montpelier Recreation Department is to provide a variety of quality programs, community events and recreational services in a safe and affordable manner,

and to effectively develop and maintain recreational facilities for all residents of the Montpelier community. One of the things they need to do is provide programs for all ability levels so they work with preschools up to adults. They need to use their facilities to their maximum potential. Many sports are becoming year round. They play soccer in the spring and fall. They are seeing more use of their fields and facilities.

Some of the completed projects is the little league backstop which was long overdue to be replaced, the pavilion at the pool, which will benefit the day camp program as well. The roof on the gym was replaced and the lighting in the recreation building and pool were replaced with the help of Efficiency Vermont. They like to have values behind their programs to promote recreational activity for preschools through seniors. This last year their overall attendance was over 2,500 enrollments for their programs and their special events added another 2,000 plus participants. The ski and skate program had another 1,000 participating. Their attendance at the swimming pool is once again over 10,000; the rec center was over 1,700 and public skating was approximately 1,200 people participating at the Civic Center.

Another one of their goals is reasonable pricing and they always try to promote wellness and fitness through activities. A lot of time goes into the thought process when they are preparing their budget. They know over these last few years that the economy has not been very good to a lot of us and people are struggling. He goes through a four year history of past budgets and the Rec Board reviews the budget as well. Last week they presented a budget to the School Board and they made a motion for them to move forward with the budget he is sharing with the Council.

He shared a copy of the budget with Council Members.

Council Member Golonka said he has asked Bev for the Senior Center nonresident activities that they fully funding them and Montpelier taxpayers aren't subsidizing outside residents. What process does he go through to insure that is the case and how do they measure that? He doesn't see any revenue numbers in the budget.

Recreation Director McMullen said regarding the residents and nonresidents they do have a nonresident rate for most of their programs. The only ones they don't are for the soccer camps in the summer time and the Mountaineers don't do a nonresident rate. If a program isn't covered by the fees they don't run it.

Council Member Golonka said we need to delineate the amount of money that was school work versus recreation department work. He doesn't see any corresponding transfers from the school or from the recreation budget. It is imperative for a taxpayer to see that. Are there opportunities to look at the facility on Barre Street and how we are using it? He sees that as a wasted asset. It is falling apart and no money has been put into it. How does that building fit into the strategic plan?

Recreation Director McMullen replied they are doing things to update it. They put on a new roof and they still run programs in that building. The gym gets utilized quite a bit. They are working on making the building ADA accessible.

Council Member Jarvis asked how necessary it is to have that facility in the condition it is. She is interested in how many other gym facilities in the city are available for other programs.

Recreation Director McMullen said quite often during the day there are groups that use it. Noontime basketball takes place every day. They also use it for their youth basketball programs.

Council Member Jarvis said they have questions about the reserve fund balance. Can they justify having a reserve fund balance when none of the other departments in the city are allowed to have them?

Brian Murphy said they are old facilities. They have a very short season with the pool and short Mountaineer season. They need funds available to fix these items quickly.

Recreation Director McMullen said the schools have a fund balance as well.

Council Member Sherman inquired about the staffing at the Recreation Department.

Recreation Director McMullen replied besides himself there is a program coordinator; two administrative assistants and two maintenance people plus they share a half time maintenance person with the school system. There are 6.5 FTEs.

Mayor Hooper said the department received funding for supporting the subsidized child care during the summer camps. Where would that revenue be?

Recreation Director McMullen replied it would be under outdoor programs. It is around \$30,000 to \$34,000 last summer.

Council Member Weiss asked what budget the School Board asked the Recreation Department to go forward with.

Recreation Director McMullen replied with the 5 percent decrease which would be a \$30,000 reduction in the appropriation.

Council Member Golonka moved that based on the School Board's recommendation we put on the ballot the amount approved by the School Board for this fiscal year. Council Member Timpone seconded the motion. The vote was 5-0, motion carried unanimously.

Assistant City Manager Hill noted that Arne McMullen and his staff have been extremely helpful to the Senior Center and staff. They take care of our walkways.

### **City Budget Discussion:**

City Manager Fraser said after listening to concerns expressed by the public and the Council it might be helpful to take the different budgets and review the new information. He wanted to present a no tax increase budget with a few compromises but hit the Council's goals. He suggested they take three items that had originally been in the outside agencies, the Housing Trust Fund and circulator bus, and put them on the ballot. They used \$149,000 out of the fund balance last year knowing it would create a budget hole for this year. Since then they have adopted a fund balance policy which sets a goal but he suggests they take half of what they used last year and use it for this year. He talked to

the Chair of the Street Lighting Committee and he is going to recommend dropping the street lighting budget by \$7,200.

Council Member Jarvis asked what the city's obligation is to the circulator bus.

City Manager Fraser said they didn't commit to anything. It was put on by petition and passed by the voters. Our policy is that once it has been done and approved it goes into the base budget.

Mayor Hooper said they need to have a conversation about each item. They are now developing the Council's budget and these are Bill's recommendations for cuts. We need to indicate whether we accept it.

Yes on the communications position.

Yes on the HR consulting

Yes on the Citizen Survey

Yes on the emergency training exercise

Yes on the fund balance if we have a 5-year plan

Yes on the street lighting

Yes on the increase in the ambulance revenue

Yes on the Justice Center – Council Member Weiss said no.

We need a little more discussion around the DPW operating expenses

Council Member Jarvis said they should consider not offering dental insurance to employees.

Mayor Hooper said on her list she would remove from funding are the dues for the Central Vermont Economic Development Corporation, Welcome Back Legislators. They have questioned the permitting software. She would remove The Bridge. The Citizen Survey is up for discussion. She understands they are going to receive a petition from the Library which will be for an increase. Maybe they need a library discussion.

Council Member Golonka asked what is too much that someone can ask for legally. Or, do they have some discretion. \$300,000 is a lot when they don't have any input.

City Manager Fraser replied his understanding is that something which is for a municipal purpose like a Library can be legally brought forward. They can't say no.

Mayor Hooper said they have agreed to remove from the original cut list the following: 10 percent of the cemetery, the emergency notification system, GMATA, video archiving, Senior Center, VLCT dues and the river gauges. Those items are all back in the budget.

Discussion followed on the Planning Department VISTA's community enhancements, Justice Center, Tree Board, School Resource Officer, street position, fire department position and police officer position.

Linda Setchell said if the city loses the lawsuit on the property assessment for National Life is that money extra on top of the budget or is the money included in this budget.

City Manager Fraser said they assumed no change in property tax value. If they had to pay that out it would be a one-time payment from the fund balance and then the grand list would change.

Peter Nielsen said Bill has presented a budget proposal that would just be a flat rate with no increase in the tax rate. There was also a list of items that people had agreed to leave in.

Mayor Hooper said they should talk about the core services first. She wants to hold off on the outside agencies.

City Manager Fraser said they did the Citizens Survey a couple of years ago and thought there was some value to that. They had originally planned to do it during this present year so it was included in the budget. He took it out because he took out everything that was new. We have had more citizen involvement than we have had in many years. It might not be a bad idea to go back out to the community and get randomly selected people to answer those questions again. We are going to be sitting here next year with the same problem. The last time we did the survey was in 2009.

Council Member Sherman said they are raising the threshold for getting petitions so we are stepping back from public input there. This would open the door and let us hear what peoples' views are.

Council Member Weiss said they are playing a shell game. If you want to put the citizens survey in say so and then describe where you are going to take \$10,000 from some other portion of the budget, but let's not waiver on these things.

Council Member Golonka said he would take it out. He doesn't think we need to do this as frequently.

Mayor Hooper said she found it incredibly useful and it guided our policy discussions. It was a good statistical analysis of what is going on in the community as opposed to people calling up when they are mad about something. She worries the longer they put it off the less valuable it will be and it won't happen.

The next on the list was the permitting software.

Council Member Sherman said she thinks it is a tool that will help us keep the records straight for development projects. It would be helpful as we move forward in some of our goals and an investment that would pay off in the long run and possibly have an impact on personnel needs. It's important information and coordinates some of the fragmented record keeping.

Planning Director Hallsmith replied it is both efficiencies and public access to the records they are looking for and this software allows them to put a lot more information on the web and make it accessible to the public which reduces the amount of time and effort the public needs to make to come into their office for the information. It reduces the amount of duplicate entries that are made into the system. It coordinates the mapping and assessor's data and the Building Inspector's data so they are all integrated. This was one of the recommendations of the MATRIX Report. They have done a lot of work to streamline the permitting process. Now the building permits are moving into her office it will be very helpful in coordinating all of this.

Council Member Golonka inquired how many permits a year there are.

Planning Director Hallsmith replied about 200 and with building permits it is a lot more than that. Raising fees is as controversial as raising taxes judging from the last time they did it.

Council Member Weiss said he thinks it is wrong to consider raising any fees. This Planning Department has a proposed budget of \$416,000. Let's take \$6,000 out of that budget and let them have their permitting software.

Planning Director Hallsmith said she would prefer to keep a VISTA than to have the permitting software. The VISTAs serve an important public purpose

in terms of getting people that wouldn't otherwise be involved in city government involved. It is very helpful to have two of them.

Mayor Hooper said for the time the majority of the Council is saying to keep the software in the budget.

Council Member Weiss said he was surprised to learn that the Justice Center is a department of the city. He doesn't think the Justice Center should be a department of the city. He doesn't think the city should be making any contribution and if the Justice Center is going to stay in that location, and he hopes they don't, they should be charged for rent of the space and utilities they are using. His request is to take \$24,000 and effective July 1<sup>st</sup> they will not be considered a department and let them know they have the choice of moving or paying rent.

Mayor Hooper said they have agreed they will not allocate \$24,000 to the Justice Center. They aren't eliminating it. There is an expectation that the grant resources that will be coming in will be able to provide the services.

City Manager Fraser said the original budget showed the city's contribution going from \$31,000 to \$48,000 and Yvonne showed us information saying they have been much closer to \$24,000. They haven't needed the city's full allocation in the budget so he suggested they only put in \$24,000 of city money.

Street Position – it was a recommendation from Bill and the MATRIX Report. She has a hard time seeing how that is wise when we talk about improving the sidewalks and the general maintenance of the sidewalks required.

City Manager Fraser said they need to send a crew to clean catch basins, paint sidewalks or plowing, and it would just take longer to get certain things done.

Mayor Hooper said the city did better after the May storms because our catch basins were cleaned out. The storm forced us to do the cleaning and maintenance we should be routinely doing and as a result did not have the same sort of damage in August that we could have had. This is cutting a person in a department that has seen significant cuts over time.

Council Member Jarvis said they are crafting a budget to present to the public so she votes to cut the position.

Mayor Hooper said of the first list they have left in the permitting software. They pulled the GPS tracking out. Council Member Golonka said he doesn't believe it is worth \$11,000

Mayor Hooper said under the planning budget there is a proposal to remove one of the VISTAs. We should hear from Gwen.

Planning Director Hallsmith said it is one of the best bargains we have in the city, \$8,000 per employee, and it gets us two full-time staff people to work on anti-poverty issues and issues of low income residents all year. It is also two of the very few entry level positions we have in the city government that support youth in our community. It started through the Vermont Youth Service Bureau. Their task is to make sure they get more low income people involved in city government and work on programs and projects. It is very helpful to have two because they are young employees. They have a very busy department. The two of them serve as a support system for each other. They do a lot of work with the neighborhoods and work helping people understand the zoning and doing outreach throughout the community. It is a very small budget number for an incredible service to the community and it has expanded their ability to communicate with residents on a number of issues. Losing them would be a real loss to the city. In addition to the amount of money that was in the capital budget for the update of the Master Plan there is money dedicated to printing because every update involves a lot of printing costs.

Mayor Hooper explained when she worked for the downtown organization she wished she had the ability to figure out how to bring some VISTAs in because they would be a tremendous enhancement to the work they were trying to do in the downtown. Given the interest in economic development issues they have been very actively staffing Montpelier Alive for some of their efforts.

Council Member Jarvis said she doesn't think the city needs to pay for two of them.

Planning Director Hallsmith said because the VISTAs are working at a poverty level they do have some leeway to choose projects they find really interesting. The VISTAs do an enormous amount of work and good to connect with the community.

Council Member Weiss said it isn't the Council's job to direct personnel and he has observed and worked with the VISTAs the last three years and we need them. Let's include the \$16,000 to support them and take it out of the Justice

Center which would still leave them with \$8,000. Council Member Timpone agreed they should keep the VISTAs. Mayor Hooper agreed there was a consensus to leave them in.

The Tree Board – Council Member Golonka said he would like to see it more focused. This is mostly Geoff and includes some of the Tree Board funding as well for a part-time position. Council Member Sherman said the Tree Board are volunteers and we need them. They agreed they should be left in.

Building Inspector – Council Member Golonka said this program was meant to be self-sufficient and it is another example of the state pushing down an inspection program on the city budget. It is \$27,000 and it serves a purpose but the state should pay for it. He believes it should be a state function.

City Manager Fraser explained with the contract they have with the state the city receives all of the state fees from the work that is generated in Montpelier. It has never been fully self-sufficient from the beginning and we used to have a health officer. In our budget we will show a net \$17,500 amount. If we were to cut it we would still lose about \$10,000 in building permits and lose the other state revenue.

School Resource Officer – Council Member Weiss said he would like to eliminate the position from the support of the city. He doesn't think the city is getting its fair share of the time. Looking at the Resource Officer's monthly reports at least a third of his time is spent on cases outside of Montpelier. If the school system thinks it is important let them pay the whole thing but he doesn't think the taxpayers are receiving the benefit from the \$44,000 that it is putting into its share when we aren't getting half of the benefit.

Council Member Jarvis said when she was with the State's Attorney's Office from the law enforcement and court perspective that position was doing quite a bit in terms of crime prevention. It is an amazing combination of a police officer and a social worker. And it isn't just about the school but these are residents and families of Montpelier and a lot of these issues he deals with are issues that would become police cases, drug cases, abuse and neglect and truancy cases. She felt the position saved police time and community resources and was well worth the money.

Council Member Timpone replied it is proactive policing and making sure Montpelier kids make better choices.

Police Chief Facos said a lot of the assist can be with the Department of Children and Families. He has very strict guidelines. U-32 has tried to pull him into several processes at certain times. He is very good at directing the school personnel to go through the Vermont State Police for that unless it is something that is jointly affecting Montpelier and East Montpelier. An agency assist could be anything from the US Army doing a background check on somebody to a trooper needing assistance on the interstate.

Mayor Hooper said she doesn't think there is support for removing it from the budget.

Reduce assessing by a third – Council Member Golonka said he wanted to know what meant.

City Manager Fraser said that is third from the bottom of the list.

Mayor Hooper said she thinks our Central Vermont Economic Development Corporation is one of the best in the state and there is a huge amount of service they provide to the region.

Assistant City Manager Hill explained the organization and the benefits of belonging to CVEDC. The \$3,000 we pay for dues has never increased in two decades.

Public Works Director Todd Law said what the cuts means to them in the Street Division is they currently are not meeting their requirements for all of the unfunded mandates. Their CSO requirements of cleaning catch basins they can't stay on top of it now with their current workload. Is it possible? Definitely. What does it mean during the winter operations? It will probably take one person off a plow truck so some of the streets won't get some of the same attention they do now. It would be one of the smaller trucks. During the summer when their crews are most critical about fixing catch basins and getting more proactive on cleaning. They have to do their crosswalks fairly early and do sign inventories.

Mayor Hooper asked him that aside from being out of compliance with the federal rules are on the storm water management, if we aren't cleaning the catch basins as frequently, what does that mean?

Public Works Director Law replied it is an environmental concern. Our catch basins are designed so everything goes into the catch basin and sediment drops

out. When the sediment gets up to the pipe level at some point in time it goes out to the river.

Council Member said she doesn't think they have had the same conversation they have had with Todd as they have with police and fire and we need to before they pull the street position.

- 12-007. Consideration of any proposed Charter changes, the wording for such changes, and official filing with the City Clerk.

Council Member Weiss said months ago they decided to make it more difficult for the outside agencies to get on to the ballot to ask for money. That spread to a proposed charter change to make everything going on the ballot at the annual meeting be 10 percent. John Bloch said he wanted to file a petition which related to the personhood of corporations. That has nothing to do with finance and he was correct that 10 percent is too high for an issue like that. His position remains the same. If you want 10 percent to the outside agencies, okay, but there should be a 5 percent threshold for any item which is not financially related.

Council Member Golonka said in Bill's example Brattleboro had a 5 percent threshold for nonbinding resolutions and a 10 percent threshold for finance related resolutions. He would be in favor of that model. Council Member Golonka moved to include the language in Bill's memo with Council Member Weiss seconding the motion.

This option proposes to assess a rooms, meals and alcohol tax of 1 percent which would be applied to infrastructure issues.

City Manager Fraser said they have to file the language with the clerk and hold a public hearing on January 26<sup>th</sup> and a second one on February 22<sup>nd</sup>.

Brian Cain, Director of Sales for the Capitol Plaza, said he received a letter today from a tour operator. Part of his job at the hotel is to deal with motor coach companies that come into our region, stay in Montpelier and hopefully at their hotel. He shared the information that a local option tax was being considered with our major carriers. He shared a letter he had received from the New England Program Director for Holiday Vacations, who said increases such as these were not looked upon favorably. There are many other suitable locations to stay in Vermont. We strongly considered Burlington and Stowe

before settling on Montpelier in 2011. We hope that you convince the City Council that the benefits of implementing this tax may be short lived if groups choose another location for accommodations. Last year we brought 173 guests into Montpelier for two-night stays. They had a leisurely time in the city which allowed them to shop and to dine locally. We are hopeful that the city decides that the additional tax may not be in the best interest of the community.

When he spoke to the Montpelier Business Association the analogy he used was a local options tax for a major carrier like this is very much like a toll both over a city where the surrounding cities don't have that toll booth.

Mayor Hooper said the carrier who wrote the letter brought 173 guests for two nights they are talking about a \$300 increase. It would be \$1 per guest night.

Mr. Cain said it is 1 percent on their entire tour. These are bulk carriers and when they contact them it is something that the negotiations for the prices themselves are pretty strict. He has to give a very good rate and it is highly competitive. They aren't choosing a hotel but choosing a community, and they fell in love with our community and being able to walk through our town without box stores. That relationship with this particular company was very successful. He has been doing this for over 20 years working with tour operators. They know surcharge towns. Because it is so competitive they often times will look elsewhere.

Council Member Weiss said people who have contacted him are 100 percent negative and he won't support this article.

Council Member Golonka said he has been against these taxes for a while and won't support it.

Council Member Sherman said the time has come. We are looking at serious infrastructure needs and she doesn't see any other way. It is time for an alternate source of revenue. It is wonderful they love our town but we cannot survive unless we have a local options tax. She is in favor of it even though she realizes it will have an impact on downtown businesses. We will have to get approval from the Legislature so this is just starting the ball rolling. We are proposing this to take care of serious infrastructure issues, and it is essential.

Council Member Timpone said after spending the summer looking at infrastructure this has convinced her to support it. She has been contacted by people who say they can't afford any more increases in their property tax. At

least put it on the ballot so people can vote for it. The only way she could support it is because right now it is tied to infrastructure.

Council Member Jarvis replied she did not want to vote on this item on its own because for her whether she supports either of these items depends on whether or not there is an allocation for business development.

Mayor Hooper said the other proposal is that the city charter be amended to create a local options tax which would provide that 1 cent be assessed on sales in the City of Montpelier with the provision that 20 percent of the revenue collected from the sales tax will be dedicated for economic development and/or business promotion. Last night she sent Council Members a memo to bring it back to economic development. What she is asking they dedicate the revenue to economic development based upon plans approved annually by the City Council.

Fred Bashara, Capitol Plaza, said he spoke this morning before the Chamber of Commerce business meeting and posed a question to George Malek how this tax would work. He asked if he knew how Williston and the others working on it and he got an answer from the Tax Department. He asked if this was a business tax or a citywide tax? He was told it was as citywide tax. That means that every person in the city of Montpelier that has an electric bill has an extra 1 percent added to it.

Mayor Hooper replied no. It only relates to retail tax.

Mr. Bashara said for anyone that has a rental property they would most likely not absorb the tax on the fuel oil but pass it on to the residents who live there. It would be better if it taxes everybody on their property tax and be uniform and designate those taxes to infrastructure than trying to get a little bit out of businesses. People who go out of the city and buy their goods and services – National Life probably spends a million dollars a year on fuel. Now there is a law suit where they want to reduce their property taxes. We may end up losing more than what you are trying to gain.

Mayor Hooper said they are trying to hold down property taxes. Everybody is in agreement that our infrastructure is in desperate need of work and there are other services that other people throughout Central Vermont use and expect that the residents and businesses in Montpelier provide them. How do we pay for that?

Mr. Bashara replied it isn't just shoppers and tourists that use our facilities. The residents of this city use our facilities as well. They want business to succeed and grow in this town and not just cycle it.

Council Member Jarvis said the residents are also saying their property taxes are too high.

Mayor Hooper said this is an equity issue. There are 8,000 residents who are here and 20,000 people during the day. Our businesses benefit by the 20,000 who come in but 60 percent of our property taxes are paid by the residential folks who do not have that benefit. She pays a higher property tax as a residential person than she would if she lived 300 feet further up the road. To her there is an equity issue.

George Malek, Central Vermont Chamber of Commerce, said image is everything. If he were trying to sell it he would say it is a 1 percent tax and a 1 cent tax. However, the flip side of the coin is that it can be described as a 10 to 17 percent tax increase. Is a penny going to stop somebody? Is a dollar going to stop somebody? The image is where it counts. There are people who will avoid a 10 percent increase. The reality is if it is 1 in 100, if it is just 1 percent, it is a million dollars in sales lost. If 1 percent of the purchasers decide the image they get is that they are not wanted in Montpelier or shopping locally makes them feel taken advantage of, 1 in 100, in \$1 million in lost sales; that's significant. To believe that everybody is going to either not notice or not care is wishful thinking. He asks them to consider the image they can be putting out. He said they would be taking 50 percent more out of the market. The fact is they will take twice as much out of the market. If that same \$750,000 were done in property taxes \$150,000 would be paid by the State of Vermont through income sensitivity which doesn't extend to the business community. In addition, the folks who did pay it would be in the 25 percent plus tax bracket so they get to deduct it and save another \$750,000 they would pay in taxes otherwise. The bottom line is they are taking twice as much money out of the community as you need to get the same amount of money and paying with an image that is going to cost. The Council's best intentions of designating funds last only as long as you are seated here. The tax will never go away. He asks the Council to give some very serious thought to going down this road.

Council Member Jarvis said when looking at the numbers it is hard to buy his argument.

Mr. Malek replied it is the cost of inflation.

Bob Gross said he has lived in town for about 20 years. He is a resident of this town and paying for the services for the people coming into this town use. We have a larger fire department, police department, public works department and large infrastructure because everybody else is here and as a resident he pays for that. Regarding the oil and electricity tenants are not paying sales tax on oil or electricity but only businesses themselves. They are talking about 20 percent of the revenue collected going towards economic development or business promotion. They should be careful that it is 20 percent of the revenue received from the state for the sales tax. He hopes the Council supports this way of sharing some of the costs with everybody who uses the services in the city.

Claire Benedict said she is a home owner and a business owner of Bear Pond Books in town. She wants to address the equity issue. People from out of town are using our services. The local options is going to put the burden on business owners and people who are doing business in town. She doesn't feel it is equitable to use the business owners to collect the tax and fund the roads and sidewalks so there is inequity there as well. There probably isn't a way to increase revenues that will be equitable for everybody. She is concerned about the idea that at the Council's discretion 20 percent will be spent because what is going to happen when there is a new Council and the economy changes. It's a very tough economy right now and it's a difficult time for all business owners. Everybody is on a razor's edge on margins right now so she doesn't feel like it is a good time to send a message out to the public that it is even more expensive to shop in Montpelier than it is now. We have the shop local message out and now they are going to penalize the customers for that loyalty. There is a lot of competition out there from the internet that charges zero percent sales tax.

Phil Dodd, a resident of Montpelier, said he certainly sympathizes with the businesses who are suffering with a difficult economic climate. His business has seen income going down for three years and a lot of the taxpayers in Montpelier are struggling to pay their taxes so it is a problem we all share. We are facing a fear of the unknown here. In the last 20 years there are 13 towns that have now adopted this kind of a tax and he isn't aware that any have repealed it or complain about the impact on the businesses there. Burlington is a good example where they have gone to 2 percent on rooms and meals and they still pack them in at the hotels and restaurants. It is worth researching how this is working out in other towns such as Rutland and Brattleboro. If we do get more revenues and able to keep our tax rate down that is going to benefit the business properties too because their municipal tax will drop. We have heard a lot of good debate and perhaps it is time to let the voters of

Montpelier have this debate. Maybe they will pass the rooms and meals and not the sales tax. Earlier there was talk in the budget about allocating certain things to the local options tax. That might be something to be a little wary of because if that tax doesn't pass or the Legislature decides they won't approve it this year that we would be stuck and those items wouldn't be funded.

Eric Bigglestone, owner of Capitol Stationers, said he owns a commercial building in town and also a residence in Montpelier. Sitting here for the past 4 hours it has been an educational experience for him. It seems like the Council is working very hard at cutting its expenses and that is what as a resident and business owner he is asking them to do. They should especially cut expenses before they look at new revenue streams like a local options tax. Montpelier is a unique place. Our population triples throughout the day. He has not spoken to one merchant who is in favor of this tax. The economy is very fragile. They love their customers and having business here but he doesn't think it is sending the right message by adding this 1 percent on to what they already provide for people.

Peter Nielsen commended the Council on the hard work they have been doing on the budget for the past several months. Montpelier has a very complex situation because we are the regional hub. We are kind of behind times in addressing some of the equity issues. The Council is choosing to take on the issue of how we grow and evolve and what local options gives you is another revenue stream and another tool to be used. He is 100 percent in favor of the City Council having tools at its disposal to be able to deal with all of the complexities so local options tax is a tool to do all of the hard work. He hopes they pass it.

Tim Heney said he doesn't favor the local options tax. Bringing up public policy and trying to create it at this hour of the night is brutal. It is something that needs to be understood and studied before it goes any further.

Mayor Hooper said she has been Mayor for almost eight years and has brought this up every year. Early on there have been many different studies on this and Bill and she visited 3 or 4 communities that have local options taxes and talked with business owners and property owners about the effect of the tax on the community. We have been talking about this now for several weeks and she is disappointed she didn't know about the tax on utilities for commercial properties.

Council Member Weiss said he had empathy for Eric and Claire who happen to own businesses in this city and outside the city and they are faced with how they going to conduct their business in Montpelier as compared to their business in Berlin. Secondly, they have talked about the electric tax but we have to be reminded again if there is a sales tax these merchants are going to have to pay 1 more percent on whatever buy under the law and shipping that goes with it. That is an additional expense. A while back the Council said they wanted to have a discussion on economic development. The way this is worded the City Council will assess a sales tax of 1 percent with the provision that 20 percent of the revenues will go for economic development undefined. It doesn't say who is going to be responsible for that and what is going to happen to the other 80 percent. That should be included. The equity of these 20,000 people coming into Montpelier every day without them these businesses would not be here.

Council Member Sherman said the businesses are benefitting from the people who come in every day. Therefore, some of the cost of handling and the services these people require should be paid by the downtown merchants who get the business from them. She thinks it is an issue of equity that 8,000 people should not have to pay for the services that support the 20,000 during the day. We have studied this and it is time to go ahead. We know what economic development means. The terminology will be in the charter and it's not like it can be changed or increased or abused. It is clear what the local options taxes are for and economic development will be defined by a plan approved by the Council. We have heard from citizens and looked at this for a number of years and postponed it. It is time to proceed with the charter change. If the charter change passes then we go to the next step. If it is passed and approved and they decide not to implement it they can do that. It is the right thing to do at this time given what the conversations are around financing and essential city services.

Council Member Golonka said what Tim said hit a chord with him about what their role on the Council is and it is our need to endorse something if it is on the ballot because people look to us for some direction. At this point he cannot support it. It is too vague in terms of what are we using the money. He will vote no to putting it on the ballot.

Linda Setchell said they have talked about the other towns but she doesn't think these other towns have the activity that Montpelier has. She has seen in the past two years a bunch of businesses have moved into other locations in town and now all of the empty spaces are owned by one landlord who is

currently giving someone who is trying to open a new business a lot of trouble. You can have a local options tax in Vergennes but you don't have that landlord making it really hard for other people to open new businesses, and that problem has not been dealt with. Before you implement a local options tax you need to deal with that problem. We are looking for a 7 percent increase this year. National Life made \$122.4 million last year; it's in their annual report. Bill has done his job by dealing with the appeal, but where has the political leadership been to go after National Life and say this is ridiculous. We gave you a \$300,000 reduction in your taxes. People are losing their homes and we need this political leadership. We are asking our business owners to take on more taxes. We are asking our home owners to take on more taxes and those guys are sitting up on the hill making \$122.4 million and nobody is saying a word to them.

Council Member Jarvis said she is concerned about the taxes on utilities for commercial properties. She is prepared to file language and set up a public hearing. When Gwen was talking about the work of the Planning Department projects she considers economic development not everybody else considers economic development. For her it is about putting some money back into the business community because she has some concerns about how this will affect the reality and infrastructure of Montpelier. It is very much about spending money on business development and business promotion. We decide how funding is spent. That is the Council's job so any revenue that is collected the city will decide how it is spent. Her yes vote is contingent upon giving back to the community.

Council Member Weiss asked what they were going to use the other 80 percent revenue for.

Council Member Jarvis replied it would be general fund revenue. Council Member Jarvis moved they file the language as presented in the agenda materials and to set the matter for a public hearing for both items. Council Member Timpone seconded the motion.

Council Member Weiss moved to amend the motion. For the first article 80 percent be written in as being dedicated to improvement of the infrastructure above ground and below ground. The Committee on Capital Improvements told us we need about \$30 million to bring all of our infrastructure up to standard.

Council Member Jarvis said she doesn't accept the amendment. The amendment died for a lack of a second.

Mayor Hooper called for a vote on the motion. The vote was 3-2, with Council Members Golonka and Weiss voting against the motion. Mayor Hooper voted in the affirmative to make the fourth vote.

City Manager Fraser said they have added \$6,000 into the budget for permitting and they haven't made any other changes. They haven't talked about the fund balance or ballot items.

Council Member Jarvis said they were talking about cutting one position from each department. What does that mean for the schedules? What does it mean for the organization?

Fire Chief Gowans said two weeks ago they had a presentation prepared on staffing and there have been a number of studies done. Before any decision are made about the Fire Department he would like the opportunity to bring that back. The study compares four person crews, three person crews, two person crews and the percentage of times a rescue can be made. It was a national study. It also talks about residential fires at 2 in the afternoon compared to midnight.

It was noted that Public Works does a phenomenal job as far as plowing and maintenance and it directly has an impact on the Fire Department. There is a huge ripple effect about cutting a position in Public Works Department.

Police Chief Facos said they have seen a dramatic reduction in the number of accidents in the last 6 to 7 years. Signage has improved. Plowing sidewalks has made for safe routes to school. It is the heart of community policing. Montpelier is in a valley with very steep hills so when these storms hit the better we can make the roads safe, the fewer accidents.

Mayor Hooper said she would be comfortable to put the street position back in for Public Works and set the budget without that cut in Public Works.

Police Chief Facos said he was going to go over where they stand with the COPS Grant. There are three choices. The federal government paid for three year 100 percent of base salary and the step increases obligation so the community could maintain that position for the fourth year. Option 2 is that for five years the City of Montpelier would be ineligible for a variety of federal

grant opportunities which would include the JAG funding which is the justice assistance grants and the COPS Grant. The total grant was \$209,000 and we would have to pay that back to keep us in good standing. Communities do fall on hard times, but the challenge there is there is a federal audit and it would encompass the entire city financially. In other words, Uncle Sam makes the determination of whether the city is at that level. He hopes the city will be in a stronger economic shape as a community in another two years. That was certainly the President's goal with any of the federal funding. If they were to look at a force reduction in police officers from 16 officers he would say they would cut the School Resource Officer and maintain the detective. In his professional management of the department he would say no to both positions. As Corporal Moody retires the School Resource Officer position would be different in terms of function but they would have a presence in the school. There has been 25 percent reduction in juvenile crimes. That's a huge number in law enforcement. On top the preventative networking for kids and families is a challenge. For major holidays they have been able to bring in to the Barre/Montpelier region state troopers from Derby. Tuesday he had a meeting with the US Attorney's Office, the Drug Task Force and ATF and there are fewer and fewer resources available so it is good to partner up when they can. They take in a lot of guns so they don't have more gun and drug violence in the city. We have a very vibrant downtown. You want to be safe having a good time in downtown Montpelier so it is a matter of having the sufficient capacity to keep things safe with the variety and complexity of the criminal complaints they have to investigate.

Mayor Hooper said she is interested in knowing what they have been doing with dispatch. Can we close a night or two a week and Barre take over the dispatch? Are there ways on the slower nights for sharing the costs of doing the dispatch?

Fire Chief Gowans said he was in touch with Senator Leahy's office and the city has received a \$142,500 grant towards the purchase of a fire engine.

Council Member Jarvis moved they accept Bill's budget proposal with the Council's changes taking the circulator bus out and adding the permitting software back in. Council Member Golonka seconded the motion. They hadn't talked about the fund balance. They are putting the street position back in the budget. The Housing Trust Fund and the outside agencies are on the ballot.

No voting action was required and the motion was withdrawn.

12-008. Reports by City Council

Council Member Jarvis reported that First Night was fantastic.

Council Member Weiss said he understands the railroad pays the state a payment in lieu of property tax and the state is supposed to give half of that to the municipality. He wants to know if we are eligible to receive our half.

12-009. Mayor's Report.

None.

12-010. Report by the City Clerk-Treasurer.

None.

12-011. Status Report y the City Manager.

City Manager Fraser said they hope to have the final agreements for the District Heat project on the next agenda.

12-012. Agenda Reports by the City Manager.

None.

Adjournment:

After motion was duly made and seconded by Council Members Jarvis and Sherman, the council meeting adjourned at 12:50 A.M.

Transcribed by: Joan Clack

Attest: \_\_\_\_\_  
Charlotte L. Hoyt, City Clerk