

On Wednesday evening, January 5, 2011, the City Council Members met in the Council Chamber.

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

11-001. Call to Order by the Mayor.

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

11-002. General Business and Appearances.

Calvin Smith, a resident at 215 Barre Street, River Station Condominiums said he came before the Council last summer when they were considering following through on Turntable Park to deliver a letter of support from all of the residents of River Station Condominiums. The Council did follow through on the park and he wanted to thank the Council. Last summer he said that River Station Condominium owners consider themselves a partner with the city to help improve that area of town and they are continuing with efforts as a homeowner's association to improve their little corner of Montpelier.

11-003. Consideration of the Consent Agenda:

- a) Consideration of approving a VT Agency of Transportation (VTrans) grant reimbursement form (TA-65) certifying that work supported by a VTrans grant known as "Town Highway Structures Program" and awarded to the City through its Public Works Department has been completed in accordance with the terms of the agreement. The grant assisted project completed this summer was the construction of a retaining wall located on North Street with a final cost of \$184,784.5. Of this total, \$161,100 is eligible for reimbursement at a rate of 90%. At this time, we may only seek partial reimbursement in the amount of \$84,408.88 as indicated on the TA-65 form. This amount is the original approved grant funding based on the preliminary construction cost estimate prepared in 2008. The balance of the funds (\$60,581.12) will be requested in the next State fiscal year as part of a grant amendment request submitted prior to beginning the project and approved by Agency officials. The amendment will be processed and funds committed in June 2011. With the amendment, the revised total grant award will be \$144,900.00 equaling the maximum of 90% of the eligible project

cost. City Council members are asked to acknowledge their approval by signing the attached form.

- b) Consideration of approving, by ratification, a land transfer between Duane Wells and the City of Montpelier's Police Department regarding property located no Pitkin Court. A land transfer, with associated maintenance and parking agreements, was agreed upon as part of the development plans for the new Police Department with negotiations beginning in 1998 and finalized in 2000. The site plan and property line adjustments were approved by the Planning Commission in 2000 as part of site plan review. The land exchange effectively realigned the boundary line located between the parcels. However, recent research conducted in response to questions regarding the assignment of winter maintenance responsibilities caused staff to discover that the proper deeds were never recorded in the Montpelier land records (see memorandum to City Manager prepared by Tom McArdle, Public Works Department). Compensation for the land exchange was provided and the respective parties have conducted all affairs since the construction of the Police Department with the full understanding that the deeds had been properly executed and recorded.

Recommendation: Approval of the warranty deed from the City to Duane Wells; acceptance of the warranty deed from Duane Wells to the City; and assignment of the City Manager to sign the documents on behalf of the City Council as the City's duly authorized agent.

- c) Consideration of becoming the Liquor Control Commission for the purpose of acting on the following:

Request for a catering permit for Hyzer Industries, Inc. d/b/a Three Penny Taproom to cater a Legislative Reception at the office of Kimbell, Sherman & Ellis at 26 State Street on Thursday, January 13, 2011 from 4:30 to 7:30 P.M.

- d) Approval of Payroll and Bills.
Payroll warrant dated December 23, 2010, in the amount of \$30,327.34 and \$112,949.37.
General Fund Warrant dated December 29, 2010, in the amount of \$292,383.36 and \$4,413.03.

Motion was made by Council Member Hooper, seconded by Council Member Sherman to approve the consent agenda with the added catering permit. The vote was 6-0, motion carried unanimously.

- 11-004. Convene the Second Public Hearing to consider amendments to the Montpelier Zoning and Subdivision Regulations.
- a) The proposed amendment relates to floodplain development and is required by the National Floodplain Insurance Program (NFIP) because the City of Montpelier participates in the program.
 - b) The proposed bylaw amendment allows the City of Montpelier to continue meeting the minimum requirements of the NFIP.
 - c) City Council conducted the First Public Hearing on December 15th; the specific changes, as well as any further amendments made on December 15th, are outlined in the Notice of Public Hearing (attached). A copy is also available and can be downloaded from the front page of the City of Montpelier's website: <http://www.montpelier-vt.org>.

Mayor Hooper opened the Public Hearing at 7:07 P.M.

Clancy DeSmet, Zoning Administrator, provided the Council with some additional information along with several maps. The current floodplain on Barre Street goes all the way into the playground at 58 Barre Street, which the new floodplain doesn't. It barely covers Barre Street any longer. Blanchard Court is a new floodplain. It is all based on new data. The old data was hand drawn and done by engineers. The new information was done with lidar so they flew over the city of Montpelier and estimated in a different way. Right now we are in the 180 day period of the appeal period. The city won an appeal previously but there has to be another public process because they are county wide maps. Any development along Barre Street changes because it doesn't have to meet certain standards of the floodplain regulations. It is a big change and it has been almost four years since the new maps came out.

Council Member Weiss asked if the entire county was in the 180 day appeal period.

Zoning Administrator DeSmet replied yes.

Council Member Weiss asked if one portion of the county is rejected what would be the impact on Montpelier?

Zoning Administrator DeSmet said it would start the clock again. The Agency of Natural Resources is confident the maps will become effective this summer.

Council Member Sherman asked Clancy what the impact was on the Carr Lot area.

Zoning Administrator DeSmet said the Carr Lot is still within the 100 year floodplain. The only difference is the appeal they prevailed on changed the floodway. They don't allow building within the floodway unless you can demonstrate there will be no impacts downstream or upstream which is a very difficult standard to meet.

Mayor Hooper closed the Public Hearing at 7:13 P.M.

Motion was made by Council Member Hooper, seconded by Council Member Weiss that the City Council adopt the proposed amendments to the Montpelier Zoning and Subdivision Regulation relating to floodplain development. The vote was 6-0, motion carried unanimously.

11-005. District Heat Update.

Planning & Development Director Hallsmith said she and Harold Garabedian wanted update and clarify some of the things that happened at the last. Their initial reviews of the bids they have received to date on the project were high, and there were some reasons for that. It didn't make the project undoable. It just meant they needed to look at some more information about how to rescope it and reprice it. After the last meeting they asked the bidders to submit some more information using hot water instead of steam. This has convinced them that the project is actually economically viable but with a bigger size and bigger scope it started to look borderline. They are moving forward making a proposal to the State of Vermont. They are drafting the proposal now outlining the conditions they would like to have between the state and the city and plan to have a discussion with the state next Friday. They are hoping over the next week their analysts and engineers will have a chance to look at what they are proposing and make sure it is acceptable.

The state has been undergoing a parallel process with the city and hiring economists and engineers to study how this works for them and have come up with some very promising answers. One of the answers they have found is that by accelerating their improvement plan for the plant they could save themselves close to \$2 million over the next 20 years because of the reduced costs for energy achieved by the efficiency and the lower cost of fuel that the new plant would provide.

They are shooting to make this plant absolutely affordable for the city and the state. That means they are looking at the current costs of fuel that the city is spending on energy, current cost of capital and operating the city is spending on energy, and the state has been doing the same thing. So far the numbers we have based on the bids and the analysis shows the prices for energy that we will be paying once the plant is built are no more than the prices we are currently paying and the state is currently paying. That is largely due to the grant they received. If they didn't have the grant putting that much capital in place would be quite expensive. There will be more information for the next Council meeting on January 20th when they expect to have a recommendation.

Council Member Golonka said Gwen is talking about meeting with the state on January 14th and getting her recommendation to the Council on the 20th. Will there be information on the 14th in their packets?

Planning & Development Director Hallsmith replied absolutely and they will be giving the Council their proposal once it is drafted, and they will probably have it this week.

City Manager Fraser said their plan is to lay out how they see it working for both the city and the state including a partner soon. What they will be able to get to the Council on January 14th is the state's reactions to that proposal. He thinks it is important for people to understand what we are pushing towards because there are a lot of concerns about the cost of the project, and understandably because it is a huge project with big numbers. When people hear about these multi million of dollars they think the city is assuming those costs on top of our budgets. What they have defined affordable for the city is what is our current projected cost of fuel and capital replacement of boilers. The state is doing the same thing. If we are thinking the city, including the schools, are spending \$300,000 a year that is what they are trying to stay within – money they are already spending and not new add on. Another thing he wants to be clear about is that it is their goal to try to come up with a project that does not rely on the private customers to make it work. We don't want another Burlington Telecom. The plan is to make these numbers work with the city, state and public infrastructure. If they can get private customers and bring the costs for everybody down, great, but they are not trying to do that.

Council Member Weiss said up until tonight the anticipation has been that until the Legislature comes close to adjourning in May or June and the capital budget is derived, we really wouldn't know how firm the commitment is. On January 14th Gwen will be going back with a slightly different variation. Does she have a sense as to whether or not that is going to impede the state's final decision and the budgetary action?

Planning & Development Director Hallsmith said that is what they are trying to influence. In the state study of this project they have now come to determine that through an accelerated improvement schedule – they had planned originally to replace the plant in 2021 so the question their consultants have been asked is if we move that up to 2011, 10 years, what's its effect on the state's budget? What they found is by accelerating the improvement schedule and putting that in this year's capital budget instead of waiting until 2021 they will save close to \$2 million. That is because of the improved efficiency of the new plant and the lower fuel cost that the new plant allows them to purchase. We hope with the proposal we have for them they will make that policy decision and move their improvement schedule up so we can take advantage together of the savings derived from that. That is why we are in such a hurry because we need to get it into the state's capital budget. It is not there now moving into Inauguration week so that is why we are trying to get an analysis and a proposal to them.

City Manager Fraser said the next hurdle is to get the administration to propose it and then there is still the legislative process approval.

Planning & Development Director Hallsmith said in the course of all of that we will discover how much the city needs to put into the mix and how much the state is going to put into the mix. Is there additional grant funding that might help the state with some of their goals with steam versus hot water?

City Manager Fraser said the other key question is what price of oil you are measuring in comparison. We are trying to do it at current prices.

Planning & Development Director Hallsmith said the numbers the state economists have used to determine the payback in the net present value of the improvements are very conservative. There are scenarios that even current economic projections predict oil prices are going to be back at the same levels they were at the end of 2008 by the end of next year. As soon as oil prices go over \$3 per gallon for No. 2 heating oil this plant looks really smart. It is when it is still around \$2.50 that it is border line in terms of how much it cost versus how much we are paying, and they don't anticipate it will stay there for a long time. Of course, the price of wood escalates as well with the price of oil. The trajectory over time is pretty consistent that oil will increase at a higher rate than wood will, plus wood is a locally grown source of fuel.

Planning & Development Director Hallsmith said on January 20th they will be here with a recommendation to the Council on the direction they should move.

11-006. Finalize the City Council's Proposed FY 2011-2012 Budget.

Mayor Hooper said they have systematically gone through each department, asked questions and flagging items in which they were interested in having more of a conversation around with the intention of having that conversation this evening. They have also received some larger thoughts from a couple of Council Members. Council Member Weiss presented them with a memo a couple of weeks ago proposing some reductions. She assumes from some information they received from Sandy Gallup this evening that Council Member Sheridan has asked some questions. Finance Director Sandy Gallup has provided the Council answers to a lot of the questions. In addition to the Council discussion they are having this evening there will be the opportunity for two public hearings on the budget to make comment.

Finance Director Gallup said there were some items that had finance related questions. The first one is the Community Justice Center – how much is allocated versus actual costs? This is because they allocate based on the full time equivalent of employees so therefore some of the costs wouldn't go away if they eliminated those employees. About \$12,000 in their budget is allocations which would not go away. This brings the actual Community Justice net tax costs to about \$20,000.

Council Member Weiss said he appreciates what she is doing. This program now has two budgets and those budgets are in the \$200,000 total range. The overwhelming number of dollars in those two budgets goes to salary. This program does not contribute to its space in this building so he thinks the allocation is greater than \$12,000.

Finance Director Gallup said she answered a simple question about the benefits costs.

City Manager Fraser said he would add they don't charge Planning, Finance, Manager or the Clerk or anybody else a space allocation, either. They are all city programs as this one is. There is a budget for the City Hall maintenance and operation. It could be allocated out by department, but right now it isn't.

Finance Director Gallup said under outstanding parking ticket revenue was a question she didn't have an answer for at the last meeting. As of June 30th, the end of last fiscal year, the tickets receivable was about \$209,000. In accounting there is an allowance for uncollectable tickets of \$181,000. That is an asset of \$28,000.

Mayor Hooper asked why \$181,000 is uncollectable.

Finance Director Gallup said it is because it is so old.

Mayor Hooper said at some point they need to write it off.

Finance Director Gallup said it goes back beyond 2006. People get tickets every day and never come back to town.

Finance Director Gallup said she was asked to break out personnel costs by FTE by department. There is a sheet that says proposed positions budget FY'12 which is without Council salaries and without fire calls. She did it by program and fund. There are 110.9 FTE (full time equivalents) and the average with the salaries and benefits together is \$77,000.

Mayor Hooper inquired if this included overtime salaries and total salaries.

Finance Director Gallup replied yes, and it includes all benefits. Even the pension liability is put in there; it is everything.

Council Member Weiss said he asked that the audit be put on this discussion agenda. To him it is absolutely wrong to be here on the 5th day of January, 6 months and 5 days after the fiscal year closed, and he hasn't seen an audit report. He is asking for the budget year which we are working towards that there be some kind of a penalty clause put into the contract because if the city can't have an audit before they finalize their budget deliberations for next year we don't have a firm basis on which to work. That is his concerns.

City Manager Fraser said that is fair enough. They have certainly had this issue for the last couple of years with getting audits. In this particular year we have had an unusual situation with the changes we made in the Finance Office with having some of the financial statement work contracted out and now being brought in-house and the auditors can't complete their work until they get all of the financial statements from the firm that was doing them and they are still completing that work. They are finishing their contract with the city. That is an unusual holdup. Next year we won't be doing that. We will be doing the financial statements ourselves.

Finance Director Gallup said it is certainly their intent to have it by mid December. We do audit work in early October.

Council Member Weiss said what he is describing is an internal management problem and it does not help us to get the audit, and that is what we have to have. He doesn't see how they can vote on a budget for another year without looking at that audit first.

Finance Director Gallup said it looks like they are going to have the audit by the final hearing for this budget.

Mayor Hooper said they understand the complexities of it but they really need the audit.

Finance Director Gallup said there is a bequeath called the Blanchard Bequeath and they had asked about the date when they could start using that money. Three quarters of it can be used, and you can start using it in 2038. Total debt obligations was another exercise that was well worth doing. She also had a cover memo with it just because a lot of things were becoming clear to her. Long term liabilities as of June 30, 2010 – government activities is the main category which is mostly the General Fund with the cemetery included as well and the business type activities which is the water fund, sewer fund and the parking fund with a total debt at the bottom. The year of issuance is the first column; the original part of the loan is the second column. The fiscal year of the final payment is the third and the payment in the budget is the FY'12 payment in the next column and the loan balance as of June 30, 2010 is the final column for government activities. It is \$8.27 million. For the water fund debt it is \$8.28 million and \$9.1 million for the sewer and small parking debt which is just the pension liability for a total of \$25.8 million. If you add the school debt of \$4.83 million there is a total city debt of \$30.68 million. The capital assets are about \$50 million.

Mayor Hooper asked Sandy Gallup what this tells her.

Finance Director Gallup said the capital assets is net of depreciation. There are common measures of how much you should have in debt.

Council Member Golonka said he would challenge her to say what we would be willing to sell to lower that debt or lower those assets.

Finance Director Gallup said to be honest she doesn't really know how we value our land such as Hubbard Park. It has to be worth millions and it probably isn't that highly valued.

City Manager Fraser said it is about 3 percent of the grand list.

Council Member Weiss said he maintains they have about \$50 million in capital debt. When he looks at the budget book on page 6 it is listed that the total capital debt is \$26 million. On page 7 the water fund is listed at \$17 million and the sewer fund long term debt is listed on page 8. He can't reconcile what he think he found on those sheets.

City Manager Fraser replied those are total project costs for all sorts of projects. Those aren't debt. Those are paid out for projects now and in the future they might be considering. Those aren't debt numbers.

Council Member Weiss said he is going to maintain that this city owes \$50 million until somebody can help him understand why there is a \$20 million difference between Sandy's sheets and what he found in the budget book.

Finance Director Gallup said the easy answer is interest and there is principal only.

Council Member Golonka pointed out that is where the audit would be helpful.

Mayor Hooper said there is a concern that the city's debt is too high and it is a constraint on being able to do the projects they all want to do.

Council Member Weiss said if the Council in its wisdom was to reduce the operational budget for next year, reduce expenditures by a quarter million dollars we can't prepay or pay down all bonds. They could transfer that money into reducing a bond we could then start to save the interest on that money. That is what we need to do over an extended period of time, reduce down as many bonds as we are legally able to do. We could start doing that by lowering expenses.

Finance Director Gallup said anything that says Vermont Municipal Bond Bank or State Revolving SLRF she doesn't believe they can pay down early.

Council Member Golonka said they could create a sinking fund which would offset it so they could segregate assets.

Finance Director Gallup said Council Member Sheridan asked what a 1 percent cut by department is. It totals \$83,946. It would be close to a penny on the tax.

Mayor Hooper said Council Member Weiss' memo suggests we do some across the board reductions.

Finance Director Gallup added the savings in the county tax is \$15,938 which means the budget can be reduced by that amount.

Council Member Weiss outlined his memo to the Council. He said he is looking for a 3 cent budget cut which equals \$240,000. All of this can be found on page 6 in the budget book. If you look at the City Council there would be \$8,000 in that budget and he would reduce it by \$4,000. For every other entry from the

Manager's Office to Fire and Ambulance is to take an amount by which to reduce it. On page 6 that reduction came from the increase between the current budget and the proposed budget for next year and there is still a balance left within that increase so it wasn't a complete elimination. That indicated with some 108 employees it should be certainly possible to eliminate 2 positions equal to about a total of \$91,000. He thinks this is all reasonable and doable and he doesn't think any program or department is going to be substantially hurt because they are still getting an increase from the current budget to the present budget.

Council Member Jarvis posed a question about how the city is doing in terms of equity between personnel plan employees and paying union employees.

City Manager Fraser said they thought about holding the line at zero there. It's not an easy answer because the jobs are so different. The market is different for different groups of jobs. There is only one union signed for this coming budget year. Two are up for negotiations. The non union employees have not been gaining at the same rate as the union members. The total personnel costs include everything with benefits. There is 1% in for non union employees and nothing for the two unions except for the Fire Union who has signed at 3.5%.

Mayor Hooper said effectively the conception of step increases a large portion of our workforce is proposed to be in at zero percent or a 1% increase. She asked the Council if they wanted to do across the board cuts and her sense is they want to go one by one at the flagged list.

Council Member Weiss said the only bargaining chip for him is a 3 cent reduction in the operating budget equaling \$240,000.

Council Member Sherman said her target was zero increase and they are close to a minimal increase in the operating budget. Targets are different from requirements. She would like to make sure the Montpelier Circulator is included somewhere in the budget.

Council Member Golonka said if they can flag \$240,000 and be comfortable with it that would be his goal.

Council Member Jarvis said there is no way they are going to find \$240,000 and she wouldn't agree to most of these cuts.

Mayor Hooper said at the top of the list was a proposal to cut 10 percent out of the Planning Department.

Council Member Jarvis asked what service are we providing in the Planning Department do they think they shouldn't provide any longer.

Council Member Weiss said as a Council Member his role is limited to policy. A cut in the planning budget to him is a policy matter. If the Council approves that it is up to management to make a determination as to where they are going to get it.

City Manager Fraser said there would be some service reductions. Planning obviously has zoning enforcement which is required and then its other functions are involved in planning projects, whether it is the district energy plant or 58 Barre Street. The city as a matter of policy has embraced community development loan programs for creating affordable housing, etc. They could reduce the Planning Department by 2 people and take Eric with his GIS and put him in the IT Department and put Garth under the Manager as community development and cut the Planning Department to 3 people. The functions and services they are doing are the same services.

Council Member Jarvis said she would like to see us as a city spend more person hours on economic development issues and see the Planning Department work on those. Her thought is to get more out of that department and not less.

Mayor Hooper said there was also a question about the \$20,000 that appeared in Planning for the VISTAs which was in the capital budget.

Council Member Golonka said that was the lion's share of the increase in planning.

Council Member Jarvis said it is the city's contribution towards the salaries of two full-time employees. At this point the VISTAs are doing the lion's share of the work for the zoning that is going on.

Council Member Sherman said the VISTA employees come from the Youth Services Bureau who has a multi faceted AmeriCorps and VISTA Program. You can host VISTAs if you pay part of their living allowance stipend. It's not called a wage which is in the realm of \$12,000 so they live at a poverty level. That is the whole principle of VISTA – you do service, and this is a place where they do service because the city and the Planning Department are host sites. They are here for a year and have a number of responsibilities and performance measures they have to achieve that is in the grant that is held by the sponsoring nonprofit organization. They fulfill those duties here. She would say they get remarkable talented VISTAs here. It is partially because of the learning opportunity and the training they get from being here that they are willing to

invest in themselves and take this kind of pay in order to be here because it works really well for them to put on their resumes that they worked for the Planning Department in the City of Montpelier. Look at the women we had last year and the year before. This is the first year we have had two men, but they are amazing people who leap at the opportunity to work here.

Mayor Hooper said one has a BA in Planning and the other has a Master's in Planning.

City Manager Fraser said more to the policy matter, they had included funds prior in the capital plan for the creation of the Master Plan feeling the Master Plan is a 5-year document and it was a longer term project with a completion date. Prior to Gwen's coming here they had always included some funds in years past for consultants to assist with the master planning, and that is where these VISTA matching funds have been included in the capital plan. The only reason he moved it this year was recognizing we had capital projects that were more traditional capital projects but now they are really spending the bulk of their work on the zoning and taking the results of the Master Plan and conducting community meetings to draft the rezoning. From his perspective the process of working on zoning and drafting zoning was an operating cost in the Planning Department. That is something that really isn't a capital project but a little more fluid that a Planning Department does. This was support costs, and a good bargain. There used to be an additional staff planner in that department. There was one more planning professional that has been reduced during his time here. If they didn't have them he can't imagine they would make the progress they need to make on the zoning.

Council Member Golonka said this seems to be a core function of any city government in terms of rewriting the zoning rules and we seem to be using it as an education tool for VISTA. Are we duplicating the work to some extent with our Planning Department overseeing this on such a major project? He understands the enVision plan because that seemed to be more interactive with the community. He is concerned this is a core function they are farming out to interns. He wants to make sure there is value involved.

City Manager Fraser explained their education come from going through the process and the work they are doing. They are handling and facilitating the community meetings that we would be paying a staff member to do.

Council Member Jarvis explained VISTA is also staffing the Senior Center's Coordinating Committee and Housing Task Force meetings.

Mayor Hooper said she thinks they bring tremendous value to the community and are extremely well qualified people we would probably consider hiring as full time Planning Department staff and we are getting them at a bargain price for great service.

Mayor Hooper said the tax status of 58 Barre Street housing units they received a memo from Garth. Regarding the DPW purchase of street lights they are having discussions with Honeywell and they may use Efficiency Vermont. They hope to buy the lights from Green Mountain Power and contract with them for the maintenance. The other savings is where you can move street lights.

City Manager Fraser reported they need to spend more on trash removal during the summer, especially for big events. They have budgeted for the same level of services as the prior years.

Mayor Hooper said it is a problem. There is overflowing trash in the summer time.

Council Member Golonka asked if they should raise the vendors' license fees to pay for that.

Director of Public Works Law said their number for trash and recycle barrels is \$11,000 a year. That is 42 barrels picked up twice weekly during the summer months and additional times as necessary. The contractor the city has does make trips around the city. They are disposed of down at the DPW garage which is another \$2,000 for the pick up. There are 17 barrels maintained during the winter and there is \$1,100 for additional pickup during the summer months.

They talked about the water rates and agreed to put fluoridation on as an agenda item. Todd said he had received a call from the Department of Health in Burlington who are advocating for fluoridation and have heard from sources that the city is considering this. They would advocate for the use of fluoride.

They have a new bucket loader in the equipment fund in the budget. The bucket loader and sweeper have been included in the budget with funding over two years. The bucket loader is 15 years old and was scheduled to be replaced in 2008.

Mayor Hooper said there are several underlying policy questions regarding equipment purchases. Should there be an equipment fund that is managed as we do a capital fund? We haven't had the same sort of discipline with the equipment plan as they have had with the capital plan. Tonight's discussion is if they want to buy the bucket load and sweeper.

Council Member Weiss told the Council they need to think outside the box. They could set up a for profit corporation. Tom is saying we don't get any depreciation. If there was a for profit corporation or business that would work with them under the new federal tax law if you buy a piece of equipment this year you could get 100 percent depreciation allowance and we could save a fortune if we could buy under those conditions instead of a nonprofit municipality.

Public Works Director Law said they get a municipal discount when they purchase the equipment from a vendor.

Mayor Hooper said the question for tonight is whether they are going to spend \$163,000 on equipment which covers the sweeper, bucket loader and the third payment on the grader. This is also proposing the beginning of the tractor purchase. Council Members agreed to this.

City Manager Fraser said the wastewater treatment position was just raised. They think they can reduce a position there. That would help the sewer fund.

In the capital budget the ADA improvement is \$10,000. This is to try to maintain the city's effort to come into ADA compliance. There is some discussion about on street parking in the Library area. There are also other improvements in the buildings that aren't fully articulated yet, particularly for City Hall.

There is the question about the \$10,000 for the downtown use. City Manager Fraser said they have typically allocated \$10,000 for a downtown project in which they have allowed Montpelier Alive to have some input on how that is used. There is a notion floated by Montpelier Alive to do some work out back.

Council Member Golonka said he likes the idea of putting \$10,000 aside each year for downtown development but it is similar to the Housing Trust Fund where it could build up and there is an application process.

Council Member Jarvis would like to see some of that money moved somewhere else or dedicated to City Hall signage. She went on to say that it is not just aesthetics but an accessibility issue and communication with the public.

Mayor Hooper said they are leaving \$10,000 in and there will be direction on how it is going to be used.

Council Member Weiss said he is withdrawing all of the examples and is asking the City Manager as a policy matter to identify alternatives as to how he can

reduce the operating budget by \$240,000 but include an opportunity for economic development.

Mayor Hooper asked if the Council wanted the City Manager to find an additional \$240,000 out of the capital and operating budgets or do they want to continue down to the bottom of the memo. We are only half way through the cuts.

Mayor Hooper said there is a proposal for December 15th for Montpelier Alive for a 20 percent reduction of funding for other parts of town.

City Manager said in order to maintain the downtown designation the city has to do certain services and maintain certain activities. He doesn't know if they are prohibited by law from doing other things.

Mayor Hooper suggested it is totally appropriate to look at how they support the commercial activities of the River Street area. It is an area they have neglected and failed to pay proper support of. This community at the direction of the City Council went through a two year planning process to consider what the proper steps and what the proper context was for providing support for the downtown. It was a very thoughtful and engaging of the downtown community process and came up with a good plan. She believes they need to do the same sort of thoughtful support and build the context for doing that sort of work rather than saying here is \$4,000 and go do something. In the case of the downtown organization there is a nonprofit organization which is tasked with carrying out that sort of economic and community development efforts. What is the plan? How are they sure it is going to multiply and become something else?

Council Member Weiss said this budget doesn't go into effect until July 1st and it lasts for 12 months. There are 18 or 19 months to do what she is suggesting. He is just asking that some money be set aside so they can have this discussion with a result.

Council Member Jarvis said she wouldn't change the allocation but give some strong direction and support. It is the Montpelier Business Association's and Montpelier Alive supports that entity. We can provide some leadership and support in efforts of engaging the entire business community in Montpelier in trying to figure out what needs are in different areas. It's as much about the Council doing some leg work and providing leadership as it is about them.

The arts grant program was discussed and no changes were made.

The Community Justice Center, how much is allocation versus actual cost. Discussion followed on fees for service from court assigned cases.

Council Member Golonka said the suggestion the last time about the Community Justice Center's fees and the talk was to tack on an extra \$250 or whatever the cost to the City of Montpelier was for that service for court appointed type activities. He would be in favor of adding it as a revenue item and working up a fee schedule before July 1st.

Community Justice Center Director Byrd said the negotiation over what kind of fees they might be able to charge are in the negotiation stage. It is way premature to say we could put that as revenue because the city has no control over it. They can't charge for their reparative cases. These are the cases allowed because of the new legislation passed where judges can refer cases to reparative services without probation. It hasn't happened yet in Washington County but they are doing it in a couple of other counties.

Council Member Golonka said we should set some type of rate so when they do come to us that is what we charge or we don't do it. It doesn't seem fair to subsidize the state.

Mayor Hooper said the underlying problem is this is a judicial system and the City of Montpelier does not set rates for the judiciary. We could say we aren't participating and let's get rid of the Community Justice Center; that is something the city can do. The reason she is a strong support of the community justice center system is that it is a way to significantly diverting costs to the people of Montpelier as well as the people of the state so we need to make sure the people of Montpelier aren't picking up the rest of the costs for the people of the state. That is the policy issue we are struggling with here. It is significant issues in terms of the burdens that is being shifted, but let's do it in a way that is productive and really accomplishes the end result we want.

Emergency management has a very limited staffing position that we don't see in the budget this time. Are we under staffing our emergency management needs? This is the question she has about pushing back on all of the departments.

City Manager Fraser said emergency management is a high priority for the city. They find themselves in a quandary where there is a demand to find a sum of money to reduce but continue to do everything that is important. With the resources they have budgeted for the Fire Department they can accommodate this function. They have looked at some different ways of aligning the part time positions and doing things a little differently. They believe they can allocate the kind of time they were using to maintain that particular function which is

keeping the lists updated and the data, etc. They are comfortable they can maintain that work.

Mayor Hooper said the larger policy question is how far they are stretching all of their departments to provide all of the services we are expecting and as a result she worries about the city's ability to do work and to meet the expectations of the community if we keep pushing back and asking them to do more with less. That is already in the budget.

Council pay – Council Member Weiss had suggested reducing and Council Member Sheridan suggested increasing it.

Council Member Sheridan proposed they put it on the ballot that Council and Mayoral pay be increased by \$2,000 each to be voted on by the people. If it goes down then the \$1,000 is still in the budget, and if it passes they would receive \$3,000.

City Manager Fraser said he didn't believe it was a charter requirement. He thinks it is on the ballot because the Council felt uncomfortable setting their own pay. The school board commission salary is handled the same way.

Mayor Hooper asked if that wasn't like what they were doing for the Library for the longest time where there was some in the budget and some on the ballot.

City Manager Fraser said in the charter it does say the Mayor and Council Members shall receive as compensation for their services such sum as shall be voted to them at the Annual City Meeting of each year.

Council Member Weiss said the night they spent with folks who testified regarding the proposed 1% increase one of the speakers make a great remark. What she said was that this would be a symbolic gesture on the part of the Council to reduce its compensation for one year, and he thinks she's right. Her point of reference was state government and others are tightening up and taking reductions. Maybe for this time the Council wants to reduce its worthy compensation.

Council Member Sheridan said his response to the person would be if they had gone 20 years without a raise. He highly doubts that anybody has gone 20 years without a raise.

Mayor Hooper said one of the underlying policy questions for her is the desire to attract a diverse group of people to the City Council and we certainly don't do it based on the pay. We are very fortunate in the array of backgrounds and

experience and demographic on the City Council now. We are one of the few City Councils that in fact have young children. Her concern is that it is only a certain group of people who can afford to do this. If you were paying for babysitting some people would not be able to do this. It is much more important to have qualified representative people of the community and that means not asking them to pay to sit here by hiring babysitters and all of the other costs associated with being here.

Council Member Sheridan said for his 12 years he can guarantee he has been the only low income person that has ever sat on this Council, and that is one of the reasons you don't get low income people here. There aren't low income people sitting in the Legislature and certainly not in the federal government. The time the Council puts in and the grief they take deserves more than they are receiving. They haven't had a raise in over 20 years.

Mayor Hooper asked if the Council was interested in seeing an increase in the pay schedule for the Members of the Council, or do they want to see a reduction by half?

Council Member Golonka inquired if the League of Cities and Towns has a study of what other Councils around the state are receiving.

Council Member Jarvis said another option would be not to raise their salaries but to create some kind of fund that is available for someone who is paying for childcare or arrangements.

Council Member Sherman thanked Council Member Sheridan for his offer and said it shows great appreciation for the work they do, but this year and this economy they should stay where they are.

Mayor Hooper said they have the breakout of the personnel costs and audit costs.

City Manager Fraser said they had recommended a personal property reappraisal out of fund balance so it wouldn't affect the tax so they can either include it in the budget with revenue offset. It would be a follow up to get all of the property we are appraising equitable and current. In the end the revenue would go up. Hopefully the grand list would go up.

The Housing Trust Fund is in the budget for \$41,000 and the question was whether to increase it. That is an increase from last year. It is still at a half cent. They received a request from the Housing Task Force to increase it to \$82,000 which would be the full cent.

Council Member Jarvis reminded the Council of their very goal they stated about doing what we can to grow the grand list and doing what we can to encourage residential development and residential growth. She would encourage the Council to do the whole penny of \$82,000. We aren't doing much else to encourage growth and this is a way to put our money where our mouth is. She would suggest they keep it inside the budget.

Council Member Sherman said they could put it back to \$52,000 where it was. That would be a good jump for them.

Mayor Hooper said it certainly has been used successfully to leverage housing.

Council Member Golonka said he was comfortable keeping it where Bill had put it in. He doesn't know if he is ready to add to it this year. They are jumping up \$15,000 so we are committing to increasing one more unit.

Council Member Sheridan said he would like to see half in the budget and half out for the voters.

Council Member Golonka said they did that with the Library and he doesn't want to get into the habit where we split things and don't make the decision. He has been part of the Housing Trust Fund Committee and is very pleased with what they have accomplished with it. When they have less money it tends to build up and then they get the good projects. They haven't had very good applicants for the smaller amounts. It is usually when they get a bigger piece. He doesn't want to raise it this year.

Mayor Hooper said she would very much like to go to \$82,000 on this and would like to support the spending for the circulator bus. Those are both significant investments we should be making in the community. She would suggest they stay with the \$41,000 because of the finances.

The next item on the list is the circulator route.

City Manager Fraser said his recommendation in the budget was that it goes on the ballot because it is a new and expanded service. The only thing in the budget is for the GMTA and the circulator route isn't included.

Council Member Weiss said he understands his logic. At a previous meeting they were talking about the guns the Police Department wants. The thought came up they could put in on the ballot as a special item and the Manager opposed that. Now he is saying they can put this on as a special item and he doesn't understand the distinction.

City Manager Fraser said one is for operating equipment for a department the city runs, administers, operates and sets the policies and has administrative control. It is a tool used to provide a service that we already provide. We don't run GMTA and don't provide the service. We aren't the direct providers of this service and it is talking about a whole new service level to the community that we are going to ask the citizens to pay for. You could include it in the budget but he was trying to present the Council with a budget that kept the city's core services intact without going too far afield on the tax list. If there is a desire and the citizens want to embrace this new service then let them decide that.

Council Member Sheridan voiced concern that he doesn't think the citizens will know what they are voting on. They are going to think this is going through the neighborhoods and there will be disappointment when they find out it is a District 2 circulator. They are going to think they are going to have buses go through the neighborhoods.

City Manager Fraser said he would presume they would publish what the route was going to be with the stops. The city and GMTA would have an obligation to say this is what you are getting for \$41,000. This is the service you are purchasing.

Mayor Hooper said what concerns her about the discussion is they are not looking at the fundamental thing they are trying to accomplish with the bus service. Can you run a bus through neighborhoods? How do you change the way people get around our community? Is there an opportunity to deal with the large number of employees and students up on College Street and who are causing a considerable amount of congestion and concern in that neighborhood? Can you help them get downtown to their employment, etc.? This is about enabling some people to be able to live in their homes longer because they don't have to be relying on their ability to drive. In fact, they can use public transit and have more opportunities in their lives to be able to get around differently. There is a whole variety of societal goods we haven't talked about that could be accomplished with a Circulator Route. There was a presentation from the GMTA folks who were very excited because they were responding to something we had asked them to do. There are the economic development opportunities. We complain about the parking and congestion that is associated with it. This could potentially help with that. She is concerned about folks being able to stay in their homes and able to live independent lives longer. There are some interesting opportunities that are created for people who can't afford cars. They can get into the downtown and places of employment and play. Yes, it's a District 2 opportunity but in fact it is something for the whole community. There is Vermont College, NECI, all of the folks up there who are very much part of this community and need

alternative ways of getting around. There are people across the river that if they could figure out how to get the bus over there it would begin to connect that neighborhood to the downtown.

Council Member Golonka said he doesn't think they can afford this service. It is all of these little things we add on every single year and looking to more than double our contribution to it. We did that with the Community Justice Center. We are doing it with the Library. It just creeps up and all of a sudden there are hundreds of thousands of dollars in these extra services without a strategic plan in terms of what is the best use of Montpelier's money. He doesn't think they have the unlimited resources that we profess to have and it suddenly creeps in. He can't support it at this time and he doesn't want it as a ballot item.

Council Member Sheridan said he couldn't support it either.

Mayor Hooper said the point about the "creep" is well taken. She thinks there is a social good here and it could really serve Montpelier.

Council Member Hooper said he thinks this is one thing they could find a number of people who would rather not add this issue.

Council Member Weiss said if they want this he knows precisely where they can take the amount from another account and balance it off and pay for the bus for one year. That is a social policy question.

Council Member Sherman said if it is on as an item that residents vote on it is up to them. This is important and is good for the city. It is out of the box and it is new, but it is the way of the future. If we are talking about more efficiency, less gas pollution, services for people who need shared services, parking pressure, etc. the way to the future is public transportation and moving more people for less. We have had a totally dysfunctional circulator that supposedly served the Legislature and this would build on that. It would be a study and starter. She thinks the people at GMTA or CCTA know how to put these together and it is worth having an experimental year to see what happens. Yes, it is a major educational program to let people know what they are getting and how to use it, but it would also transport our kids to school and maybe there will be a savings with that.

Mayor Hooper said she didn't feel there was enough support to put it on the inside of the ballot. The question is whether they want to put it on the ballot so people can vote on it. She reminded the Council that GMTA in bringing the proposal to the Council said they had an opportunity to get federal and state

money. If we don't take this it will be spent somewhere else and the money is gone. It is a three year grant.

Council Member Jarvis said the forum they had last May of community seniors identified nutrition and transportation as the two top needs of seniors in the community.

Council Member Sherman said this is certainly tied to the Senior Center. There are businesses willing to support it as well. National Life, the Co-op and other businesses so there could be other funding to lighten the city's burden.

Mayor Hooper asked if they wanted to put it on the ballot for people to vote on. Council Members Sheridan, Hooper and Weiss, and Golonka said no. There wasn't a majority to place in on the ballot.

The next item on the agenda is the cemetery. She is concerned they are not adequately investing in the infrastructure of the community. She is worried about the historic building they are not investing in.

Council Member Weiss agreed with the Mayor and he had asked Superintendent Healy some specific questions about their rate chart. He was appalled at what the cemetery is giving away. You can buy a lot for \$400 and endowment care for \$240. He inquired if that was a total of \$640 and Superintendent Healy said the \$240 for endowment care is included in the \$400. He called Norwich University and their fees are generally higher than the city's. His recommendation is the Council asks the Green Mount Cemetery Commission to provide the Council with a listing of comparable rates for cemeteries in the area and see whether the city is average or low. He suspects they are low. If they could raise more money through those revenues some of it could be committed to meeting their facility needs.

The last item on the agenda is the Council on Aging.

City Manager Fraser said that is supposed to be coming in by ballot.

Finance Director Gallup said it came in so it would mean she would pull it from the budget because they are asking for \$5,000. The question in front of the Council is whether they are content with asking the staff to find us about \$24,000, enough to come in at zero percent increase in operating expenses, or do they want to look for \$240,000 additional reductions.

Council Member Jarvis said she would be comfortable asking staff to find the \$20,000. Other members agreed. That would leave a two cent increase for equipment and infrastructure.

11-007. Council Reports.

Council Member Jarvis voiced major kudos for First Night. She was dismayed like a lot of other folks when she heard there were going to be no fireworks but the conclusion of the evening was amazing.

11-008. Mayor's Report.

None.

11-009. Report by City Clerk-Treasurer.

None.

11-010. Status Reports by the City Manager.

City Manager Fraser thanked the department heads for staying through the evening and the great job they did on the budget

Adjournment.

After proper motion made by Council Member Sheridan, seconded by Council Member Sherman the council meeting adjourned at 10:37 P.M.

Transcribed by: Joan Clack

Attest: _____
Charlotte L. Hoyt, City Clerk