

CITY COUNCIL MEETING STATED MEETING & PUBLIC HEARING JANUARY 6, 2010

On Wednesday evening, January 6, 2010, the City Council Members met in the Council Chamber.

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

Call to Order by the Mayor:

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

10-001. General Business and Appearances.

None.

10-002. Consideration of the Consent Agenda:

- A. Ratification of a poll taken of Council Members to approve a request for a vendor, Gus Catering, to park outside of City Center for First Night.
- B. Consideration of a request from the Montpelier Police Department for permission to purchase one used 2007 (or newer) Chevrolet Impala. The amount budgeted for the purchase of this unmarked car will be between \$10,500 - \$13,000. This purchase will be made using donated funds, Governor's Highway Safety grant money, proceeds from the sale of two old MPD cruisers, and a reallocation of \$ 6,000 in Federal JAG money. (Those JAG funds were originally appropriated for the purchase of a body wire transceiver, but the Department is acquiring the unit and training through other Federal counter-drug funding.
- C. Consideration of approving a VT Agency of Transportation grant reimbursement form (TA-65) to signify that work supported by a VTrans "Town Highway Structures Program" grant awarded to the Public Works Department has been completed in accordance with the terms of the grant agreement. The grant reimbursement in the amount of \$8,910.90 will be used to offset the cost of applying a protective coating on the wooden Granite Street bridge deck. Of special note is the opportunity afforded by VTrans officials to apply for a grant amendment to assist with additional costs expended on the project which Public Works staff will pursue.

Recommendation: Approval of the grant reimbursement request. The majority of the City Council must sign the TA-65 form in the space provided to indicate their approval.

- D. Consideration of accepting the low bid submitted for the Vine Street Pedestrian Bridge Project for the Public Works Department, and to authorize the City Manager to sign contract documents related to the project. (The American Recovery and Reinvestment Act funding timeline is very tight on this project. The City of Montpelier must sign contracts by January 15, 2010. With the bid opening date of January 5<sup>th</sup> (again by the tight timeline from VTrans), the authorization to award must be granted at this meeting. Public Works staff will provide a tabulation of the bids received and a recommendation to award the contract to the low bidder.)

- E. Consideration of a catering permit from NECI to cater a reception at the T.W. Wood Art Gallery at Vermont College of the Fine Arts on January 7, 2010 from 2:00 to 8:00 P.M.

Motion was made by Council Member Sheridan, seconded by Council Member Jarvis to approve the consent agenda. The vote was 6-0, motion carried unanimously.

10-003. City Council Members will finalize and approve their FY'11 Budget for operating the functions of the City ... the General Fund and all proprietary funds (Water, Sewer, Parking, Capital, Cemetery and Parks are included.)

- a. This budget wrap-up is being held in preparation for the First Public Hearing scheduled to be held on January 13<sup>th</sup>.
- b. Any Council Member who had thoughts of where further cuts could be made to reach their goal of "no increase in tax rate" was asked to bring their proposals to the table at this meeting; a copy of Alan Weiss's memo was distributed to Council Members as an attachment to this agenda.
- c. Council's second Public Hearing for this budget is scheduled for January 21<sup>st</sup> (Statutorily required date - 40 days before Town Meeting).

Recommendation: Review and discussion; direction to staff with any further changes.

City Manager Fraser said the Council has reviewed the entire budget. The Council put \$24,400 back in the budget which brought it over the zero increase. Although we are not usually big fans of using the Fund Balance to balance the budget they are just getting their preliminary audit numbers in now. Last year we had put \$27,000 in the budget from the Fund Balance to pay for that one time spike in the county tax because they are shifting fiscal years. Because we came out slightly ahead in our budget we didn't use it.

Mayor Hooper said Council Member Weiss had raised a number of items that the City Manager has responded to. She asked if there were other issues or thoughts that members want to put on the table.

Council Member Jarvis said she had some questions. She was looking at the ambulance call charges. How do we come up with our estimates for the 2011 numbers when the 2009 numbers were so high? It looks like their actuals to date for ambulance call charges this year are going to be in the \$400,000 range again.

City Manager Fraser said they have been trying to be cautious with that. There was one transfer patient in particular who has had some extremely high amount of transfers, in the four or five times a week range which has bumped the charges up. He looked at the revenue based on the normal amount of calls received during a year.

Council Member Jarvis asked about the \$52,500 revenue figure for rental of 58 Barre Street for FY11.

Finance Director Gallup said 2011 starts June 30, 2010, which is about six months away. It's pretty unclear what is going to be happening. The insurance coverage has rent protection. When the city's own programs move out it is going to be interesting how the League of Cities and Towns handles that.

City Manager Fraser said if the building remains closed we are also not incurring the expenses so they believe they would be saving at least \$50,000 in building expenses by not operating there.

Council Member Hooper said looking at 58 Barre Street he sees the electrical expectation went up by a multiple of each unit. Is it \$1,500 a month?

Finance Director Gallup replied yes, and it is hardly occupied when you think about the number of hours that building is in use. It is based on real bills.

Council Member Jarvis said under the Clerk-Treasurer in the General Fund expenses what is the professional services for \$17,000.

Clerk-Treasurer Hoyt said that is for indexing and imaging of the land records and also for the programming costs for the elections. The indexing program provides the software, computers, terminals and imager to keep track of all of the land records information.

Council Member Hooper asked if some of that could be under license fees rather than professional services.

Finance Director Gallup said it is a purchased service within the different departments different line items are used. It is a professional services we can't do ourselves.

Council Member Golonka said he would like to cover the flood equipment that the Fire Chief talked about, the Justice Center, the Housing Trust Fund, a reserve fund issue and an issue with the property liability insurance and is it adequately funded based on Scott Construction.

Finance Director Gallup said they had a fire in December and a water main break which caused some damage in January. The Scott Construction she didn't think would necessarily raise our rates high. The rates will go up half way through the year next year. They pay rates from January 1<sup>st</sup> to December 31<sup>st</sup> so it will be a half a year of increased rates. They pay \$200,000 for worker's compensation. It is for buildings, liability, and vehicles. The rates have been competitive over the last few years.

Council Member Golonka said he thinks they should raise the amount that is budgeted.

Finance Director Gallup said with worker's compensation, property and casualty, health insurance, unemployment and our short term and long term disability insurances are really hard to predict because they are based on how the year goes. She would hope there would be some good offsets in worker's compensation.

Council Member Golonka asked about the unemployment insurance how much was factored into that.

Finance Director Gallup said unemployment insurance is going up 6 percent.

Finance Director Gallup went on to review some of the reserves in the General Fund. There is a reappraisal reserve that has another \$53,000 in it which is saved for the next reappraisal after the one we have. Those are funds the state gave us for reappraisal and we put them away so those are funds that are designated to use for reappraisal. In this past year and the year before we did use some of the money to cover additional expenses incurred in the Assessor's Office because of the reappraisal.

Finance Director Gallup said records restoration has some restrictions on it. That has \$62,000 but she is using some of it, and she has to use it on things that qualify. It is to keep the records safe.

Council Member Golonka inquired about the vector reserve.

Finance Director Gallup said the vector reserve has \$35,000 in it and when the vector gets here in the next month or two it is going to be used for the General Funds' buy-in to the new vector. There is almost \$20,000 of computer equipment reserve and Fred likes to have that in case of unexpected breaks down. The equipment reserve for DPW had \$50,000 but they need to use \$34,000 of that for the bucket truck payments in the next few years. In the equipment reserve for Police there is \$7,900 and equipment reserve for Fire \$2,300. This is money that was set aside for purchases in previous years that we didn't use.

Council Member Golonka said to him it sounds like slush funds floating around within different departments. He would rather clean them up in areas they can.

Finance Director Gallup said she usually gives them a year to spend it and if they don't it's gone.

Mayor Hooper said as a policy decision if department heads are being conservative is it prudent to penalize them for that behavior.

Council Member Golonka said he doesn't want to let them set up their own separate accounts.

Finance Director Gallup said the equipment plan is a little less structured than the capital plan but dollars are tagged for equipment purchases, and if they aren't used they are accounted for by keeping them in the reserve account for a period of time. These balances have only been here for one year.

Council Member Golonka said his point is that \$11,000 could cover the insurance increases.

Finance Director Gallup said there are park impact fees of \$37,000 to be used specifically for parks. There was a VMERS pay down surplus because we needed to have a little extra money for the next year so there wasn't a negative impact on the VMERS refinancing. That money is going to be gone. It will be used up in the current year, but it did exist as of the end of last year. Fire revenue has about \$8,900 in reserves and he uses it pretty regularly. There are no other substantial reserves.

Mayor Hooper told Council Member Golonka what she has left of his concerns are the Community Justice Center, the Housing Trust Fund and the liability and unemployment insurance.

Finance Director Gallup said unemployment is covered by the League of Cities and Towns. She knows their claims are up but not anywhere near what outside of municipal work is.

Council Member Golonka said the fund is bankrupt.

Mayor Hooper said Council Member Golonka is referring to the expectation fees going up next January.

Finance Director Gallup said they are self insured through the League of Cities & Towns.

City Manager Fraser said the question is does the League rely on the state's unemployment fund as a backup, and he doesn't know the answer to that question.

Council Member Weiss said there are some philosophical notes in terms of the preface. The City Manager has notes about the reappraisal. All he said was the reappraisal may cause residential property tax increase. Not necessarily a tax rate increase but the values of the residential properties as a whole are likely to shift to raise the values so the total dollars collected from the residential sector will increase. The second one deals with outside agency contributions. His

concern is with having this in the budget is what we are really saying to the general citizenry is go ahead and vote on it because it is in the budget already.

City Manager Fraser said the \$293,000 for the Library is not in the budget. That is a separate ballot item. The only point he is trying to make is that when we calculated a budget with no tax increase we didn't cut the Library out and say we have an extra \$293,000 that the city can use. We didn't think that was accurate or fair. We basically reduced the city's budget by that amount so that it would be apples to apples. Therefore, if the voters passed that amount it's the Library's budget there should be no combined tax increase.

Council Member Weiss asked about the other add-on items which total almost \$100,000. Is that included in the budget?

City Manager Fraser said based on the Council's policy, yes.

Council Member Weiss said therefore what we are saying to the citizens is to go ahead and vote for it, because you're going to pay for it anyway. It would be nice if there was a big heading under here if you vote for these things it will increase your property tax. Most of the people do not make the connection between those items and property tax.

City Manager Fraser said they put in the Annual Report a table of every ballot item and what its tax impact is and they use various values of homes so people can do a quick look and see a \$200,000 home if they pass Article XVI it will be \$23 on their house.

Council Member Weiss said he raised questions about the ADA Coordinator which was Councilor Sheridan's thought. There is a possibility we may have to readjust the districts in Montpelier and we wouldn't need any dollars for that. The committee chaired by Councilor Jarvis did recommend a city wide management study.

City Manager Fraser said it is his sense right now as we get more advanced with the ADA study that we can handle it with existing personnel and he isn't sure they will need additional monies right now. We may in the future, but he doesn't think they will for the next year. The voting district readjustment hadn't been flagged by anybody going into the budget as a high priority item so he doesn't know what kind of money they would need for that. He would assume they would do it after they receive the census data and the reappraisal data so we could see what populations might be in each district. He doesn't think the city is required to do it the same way that the state or federal government is, but we have to make a reasonable assurance that there is an equal balance between the voting districts. He imagines the money they are talking about would be less than \$5,000. The management study had also talked about outsourcing and it really hasn't worked for the city in many cases.

Council Member Weiss said he tried to indicate where the location was by charts, graphs and pages. The bike path calls for \$16,000, but when they look at the CIP page there is \$200,000 of bond money. Why aren't we paying that \$16,000 debt as a bond as opposed to putting it in as a line item within the budget?

City Manager Fraser said in this particular case it was a bond they took and now we are repaying it.

Finance Director Gallup said let's say she has spent bond money which is unspent she can use it to pay the debt. If we had bond proceeds we haven't used, which she believes there are some, we have to see what the project is really going to do. They could use it for debt.

Council Member Weiss asked why those funds aren't interchangeable. What is going to happen when the state declares it as a low priority and we aren't going to build one?

City Manager Fraser said this is a bond which is for something we have built our share. This is an obligation of the city.

Council Member Weiss said the next item which he doesn't understand at all is with the budget projected for next year there will be approximately \$300,000 that has been allocated for a flood mitigation study. Will that money ever be spent? Who is the contract with? Are there any reports that we get back? Is this just for the study, or does it also include a potential study? And, is the whole thing worth \$300,000 to be budgeted, and where is the other \$200,000? He doesn't understand why we are doing this.

City Manager Fraser said after the flood scare of 2007 the city contacted the Army Corps of Engineers and asked to initiate a process of flood and ice jam mitigation. They had done a significant amount of work in 1994 after the 1992 flood so the first phase was already done. This is really a feasibility analysis and preliminary design phase. It will not build anything, but it will have something ready to be built. There is a federal share and a local share. Of that local share the state is splitting that share with the city so we are paying 25 percent as opposed to 50 percent. The state is paying the other 25 percent in part because they have such a stake in the capitol complex. They have also raised their share of the money in the state budget the last two years and are planning to do so this year based on the city's representations. We have actually reached an agreement that this Council approve a cost sharing agreement with the state and are signing it tomorrow. The Army Corps of Engineers has had the money appropriated in the federal budget and they are actually getting ready to start the work. There are monthly project meetings now and he provides the updates of those in his weekly reports. They have brought in Dubois and King. Where we were able to reduce part of the city's share was with in-kind work and by hiring that done locally and do it cheaper than the Corps of Engineers. This project is getting ready to be under way immediately. One of the things they are talking about tomorrow is this year's funding status. When this phase is done there will be a location and a project defined saying they are going to use ice retention piers or dredging work. Then, there will be a construction project and that project will have to be funded as well but it would be ready to go. That is a 65/35 split with the Army Corps of Engineers.

Council Member Sheridan said to give some history as someone who went through the flood it put some businesses out and caused others to limp along, and times were better then than they are now. If we had a flood this coming spring with the businesses and the last two years they have had being on the edge it would devastate our downtown. He bets a lot of businesses would just close up, fold up and go away. Or, if they didn't they would be so fragile that it wouldn't take much to blow them over. It probably easily aged him five years. If we had another flood we would not recognize our downtown. If we had two floods in a few years it would be a ghost town.

Council Member Weiss said that is exactly his concern. If we approve this we are putting in \$300,000 just for a study on a project that will not be built for another 6, 7 or 8 years. If there is a flood next year, this \$100,000 does nothing.

Council Member Sheridan said when they raised the issue actually before the flood scare about why it wasn't done in 1996, do we put it off again and have another scare 10 years down the road? We need to be looking ahead. There are two rivers coming into this town. We are highly susceptible to this. It has happened twice in his father's lifetime and it happened in 1971. This is something if we want to preserve our downtown we need to do something and every time we delay it just pushes further out.

Council Member Weiss said he had a few questions about the school resource officer. There are 12 months in a year and that officer works 10 of the 12 months for the school system so he could be available for 1/6<sup>th</sup> time depending upon whose contract he is under, the school's system contract or the police department's contract. The Council has talked for quite awhile about

equity. If it is the senior center then people outside could pay their fair share, and with the Library people from outside should pay their fair share. Why isn't Council paying 50 percent for something that we are only getting 16 percent lease option?

City Manager Fraser said the school resource officer is not under the control of the school at any time. He is a police officer for the Montpelier Police Department answerable to the Police Chief and the supervisors. He has an assignment at the schools in the same way as our detective has been assigned doing other work. He works directly with the school principals and superintendent and deals with issues, but those issues often regularly spill out into family issues in the community, students out of school and can involve things with theft in the downtown or drunk drivers. By the presence in the school they are getting connected and hearing about and being involved in breaking up weekend parties of high school kids. Maybe on a Saturday night they aren't on school property, but they may have heard about what is happening at the school and used that information for the rest of the department to execute a maneuver on a Saturday night. In addition, they deal with school issues, prevention, violence in the schools and working with kids who are having some problems. This was really started with some grant money. One year the City Council did put it on the ballot as a 100 percent school item and that created a lot of consternation. It was resolved with an agreement that it would be split 50/50 between the city and schools and once they looked at all of the various functions that it provides people have become comfortable that that is the proper allocation and it is fair. Because someone may be stationed in the school for 10 months a year doesn't mean that the work is exclusively school related.

Mayor Hooper said when they had the last discussion about how to manage the payment there were at that point members of the School Board who felt that it was not a school resource at all and why should they pay anything.

Council Member Weiss asked Police Chief Facos what happens with the Resource Officer when school has a week's vacation or when school is closed for two months in the summer.

Police Chief Facos said at that time he shares an office with Detective Nolan and he still submits criminal cases to the State's Attorney's Office. He will still also do referrals to the Justice Center when appropriate. In many ways he also acts as a juvenile officer so those issues are happening 24/7 whether school is in session or not. When we train and work on our own emergency response planning he is still a key part of that. For instance, they did a training with the Vermont State Police Swat Team last month at National Life and he attended going through the same drill and the same tactical requirements that everyone on the force go through, including himself. They are 17 officers and every one can do any key function or duty of a police officer. Twenty years ago as a police officer if anyone had asked him why there would be a police officer at school we would only think it would be inner city with extreme violence but very compartmentalized compared to what we have now. Today, the number keeps growing and growing, since Columbine, that changed everything in both academia as well as in law enforcement and they would be remiss not to have that component that is integrated into the school system into the community, families and faculty as an additional resource. This includes mental health services, substance abuse services and counseling, to make sure if there is a problem going on here like bullying which faculty can't handle it any more. They have turned a page. If a child or somebody is acting out and not listening to faculty members, in the old days you called the parents and expelled them. By today's standard what happens is where does that child go? Maybe Mom or Dad don't care and won't be down there and now you have a child in crisis that is now going to victimize other people. It is a holistic approach to involving all of the services together. His only experience in the schools was a Dare Instructor many years ago and they have learned a lot since then. This person has expertise in what he is doing as well as all of the other things including the tactical.

Council Member Weiss said he wanted to be clear it had nothing to do with the Community Justice Center program, but he didn't understand why they are running a deficit number in a budget.

City Manager Fraser said there are two simple answers. One, they did it last year. It is a note that we need to adjust their budget by \$11,817. The assumption is they are going to run their full programs and raise additional revenues to cover that, and if they don't we'll have to adjust the expenses for where they fall short. The remedy would be to raise their projected revenue by \$11,817. Conversely, they could cut their expenses by that amount. There is a pending cut that needs to be identified.

Finance Director Gallup said it isn't the way they normally operate.

Council Member Golonka said he would rather see designated cuts. Where will their cuts be made?

Council Member Sheridan said they have been told it is salary.

Council Member Weiss said in the Department of Public Works in two places they have increased their purchased services by \$1,500 for a total of \$3,000. The second purchase appears on page 39 in item #56. When we are trying to hold the budget down he wonders why purchased services went up by \$1,500 in two places.

City Manager Fraser said it is specifically for plowing parking lots and they do privately contract some of that. It is an outsourced service. They added the Senior Citizens' parking lot to that.

Mayor Hooper said she has questions about the funding of the TIF (Tax Incremental Financing) application process and the implications of what not funding it means. The others were things she requested and are things she would like to accomplish if funds are available. One is having signage in front of City Hall that identifies when the city is having meetings. We spend a lot of money on electronic communication, including our web site. There are a lot of folks when they are just driving by the building who would like to know what is going on. We are into our 100<sup>th</sup> year anniversary of this building and she hopes they can spruce up the place. The reason she is mentioning these two items now is if we get an increase in our pilot money that perhaps we could designate some of that increase to that.

Council Member Golonka said for the past couple of years he doesn't think it is the responsibility of the City of Montpelier to cover shortfalls in state funding. There is a continuation of that trend and he doesn't think it is appropriate. He suggest they scale back our city contribution to what we had two years ago, which was \$20,000. He believes they need to identify where the cuts are going to come from if they don't get the grants because he doesn't believe in putting some phantom revenue number in there. We're making up the difference for a regional entity from a lack of state funding from the Department of Corrections.

Council Member Sherman said it has regional benefits, but it certainly has primary benefits here in Montpelier and it serves a segment of our population that are needy, at risk, and at risk of being more needy and placing greater demands on the city. The Chief always talks about prevention and it is always hard to put a dollar value on it, but it accomplishes a lot with people who live in Montpelier and we all benefit greatly. She doesn't know where they would be without it. It is an important service in the city and she would support it.

Mayor Hooper asked the City Manager to remind the Council of the funding package that supports the services in the Community Justice budget.

City Manager Fraser said there is the base grant from the State Department of Corrections of \$82,500. That is the biggest source of revenue they have. There is a \$6,000 COSA grant. There is \$1,500 for Community Justice Center fees and contracted services of \$22,301. The total of that is \$106,000. The total budget is \$137,000 and the city's share is \$31,000.

Council Member Jarvis said if they are talking about equity on a regional basis the city is getting a pretty good deal considering that the vast majority of the people who are served are Montpelier residents, Montpelier businesses or crimes that happen in Montpelier.

Council Member Golonka said his biggest concern is that we are funding what the state is no longer funding, and it is just going to continue. Next year it will be more. That \$82,000 will drop down to \$60,000 and next year we will have the same conversation. What is the city going to do if that \$82,000 is cut to \$50,000?

Council Member Jarvis told him not to assume that everyone agrees with his assumption. He is saying this is a state issue that is being pushed off onto the city, and she doesn't agree with him. This is a community issue. She thinks what the Community Justice Center does is very much about quality of life in Montpelier. In terms of the reentry programs, restorative justice programs, neighborhood disputes and mediation services for Vermont College and neighborhood issues it is very much a community issue. She would say that some of it is a state issue and that the Department of Corrections could and should be funding it, but a vast majority of it is a very local issue. Quality of life is very important for our citizens and this is an instrument that really enhances it.

Council Member Golonka said it serves a purpose and it is valuable to Montpelier. The problem he sees is that the funding is going to be switched to the city paying for all of it in five years and are we willing to have another department without having this discussion.

Council Member Sheridan said he doesn't think we're at the point where they have to make a decision this year. We can't imagine where we would be without it because it hasn't been around that long. It wasn't that many years ago we didn't have this and life went on. In concept it is a good thing. He isn't totally sure that it has proved itself yet but it hasn't been given enough time. Until the state shows the city they are going to drop below the \$82,000 he is willing to continue on. There is a lot of value in this approach. It's just a new approach and new approaches always take time to happen. He thinks we need to give this a little more time. At some point we are going to have to ask the police if this is helping or not. He thinks this is an experiment worth continuing forward.

Mayor Hooper said in the two days of the legislative session so far both days the Corrections and Institutions Committee has taken testimony from the Deputy Secretary of the Agency of Human Services from a pilot program that is being run in Windsor County and from the Commissioner of the Department of Corrections, and all three presentations talked about the value of an integrated community response system of being absolutely necessary to prevent the revolving door that everyone is experiencing with the Department of Corrections. What they see as the biggest problem with the Department of Corrections is they bring in people, kick them out without any sort of support system and they are talking about programs like the Community Justice Center as being the only way to break that cycle. They have been beginning to see some good results. They talk about bed space in the Department of Corrections costing between \$22,000 and \$37,000 depending on whether it is in or out of the state and these sorts of programs cost nothing compared to that. They are hearing they are valuable and important. The state needs to step up to that challenge.

Council Member Weiss said a lot of this depends upon whether this is considered a Montpelier activity or a regional program. This is as close to a regional program as we can envision and it is not being supported regionally.

Mayor Hooper said that is one of the challenges they threw out to Yvonne the last time she was here which is to begin working with the towns in the area to support this.

Yvonne Byrd said they called around and got information from all of the towns about what it takes and the five towns in the U-32 District and all of the clerks said the petition process is difficult. Worcester, where they had no cases last year, specifically mentioned they have very little money. She mentioned it would be important to send someone to their Town Meeting to talk about the Justice Center. In Middlesex you can ask for up to \$199. She sent that information out to their Citizen Advisory Board to determine who might help with that task. They heard back from three of the members and one said it sounded like a good idea but she couldn't help right now. Another said they should just focus on Berlin and East Montpelier where we can justify the request because there were big enough numbers. Middlesex is the only place they don't need to have a petition but they had no referrals from Middlesex last year.

Mayor Hooper said the communities that are in one way receiving services from us should be aware of that fact and there should be presentations made to those communities. She isn't going to advocate doing that at Town Meeting, but they should know they are receiving services from us. She would suggest that our Police Department is in fact a regional service provider by the measure of what we are suggesting here. Folks who come into town we give speeding tickets to or help out of bars are not all Montpelier residents and we don't bill the other towns for those services that we provide them nor do we receive any sort of state aid for those services, which might be another way to have a conversation about how to collect some revenues to cover these costs. A number of opinions have been expressed and we need to make some decisions.

Council Member Jarvis said the first thing is to deal with the \$11,000 issue.

City Manager Fraser said they certainly need to adjust the budget by \$11,000. We need to reduce it in the expense line or add it to the revenue. Either one of them results in the same thing because they can't spend what they don't bring in. We need to make a budget cut but haven't identified it yet, and it will probably be in the personnel lines.

Ms. Byrd said part of the problem is a timing one because the funding sources aren't there this far in advance. The only thing they can count on well in advance is the state funding and even that is never secure until the end of the legislative process which is after Town Meeting Day and the city budget. They could cut their personnel and services and then put them back in, but it is a demoralizing process. It is hard to operate their programs.

Council Member Golonka said if they cut salaries and wages by \$12,000 it basically funds them for 10 months. That is giving them 10 months to try to fund raise for the difference versus it is in the budget already and 11 months from now you come to the Council and say you didn't get it and spent it. That is his concern.

Mayor Hooper said she doesn't think it is good to suggest it any other way. There is a discomfort with having essentially an unreal number in the budget.

Council Member Weiss asked how they plan on getting this group to make a decision about the 7 or 8 items.

Mayor Hooper said she would like to do it one at a time. She would like a motion with regard to the Community Justice Center.

City Manager Fraser said there are two decisions to make on this. One is to have the \$11,000 adjustment back in with less expenditure or raise revenues. Then, you have the decision after you balance the budget is that the program you want.

Mayor Hooper said she assumes they will balance the proposal.

Motion was made by Council Member Golonka, seconded by Council Member Weiss to cut the expenses to balance the proposed budget.

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

Mayor Hooper said the next item to talk about is the Montpelier Housing Trust Fund.

Jim Libby said the Housing Trust Fund is different, but in his view it is the only real housing program the city has. We can talk about Sabin's Pasture, TIFs and projects all over the city, but for the families who have benefitted from this program it is real and it has leveraged a lot of money. It's a community development program. It's not staffed so people won't say they don't have a job if it is cut. In fairness he would like the city to treat the Housing Trust Fund as the outside agencies that were in the budget a year ago. The voters approved this at \$52,000 for three or four years. More importantly, this is something that really distinguishes Montpelier from other communities in Vermont. There are only a couple of communities that have decided to go to the voters and say put a penny on the tax for affordable housing, and we can be really proud of what that penny has done.

The third thing is people who don't have housing don't come here. We all have housing. When he looks around the room he doesn't see any homeless people. He was pleased with the results of the survey that showed this community really believes that affordable housing is a piece of keeping this community as diverse and vibrant as it is. We aren't winning the housing battle. People are moving into other communities who are first time homebuyers with young families. This is something we can continue to do, and it leverages a lot of money. When the voters approved this there were questions about how we were going to do this leveraging. This should be something that helps the city bring other community development dollars in, which is good.

Council Member Golonka said he supports this. He is concerned they haven't had a meeting all year and they have let the fund grow. He doesn't want it to just grow and grow. He would rather use the leverage and create properties like they did in 2007 and 2008. He is concerned they didn't do that in 2009.

Mr. Libby said he wants to have a meeting this month.

Mayor Hooper said this is in the budget at \$26,000. Jim has raised the equity and fairness issues. In her mind they took this program down by 50 percent with the intention to raise it back up. She isn't going to propose they add an additional \$26,000 to bring it up to \$52,000 this year.

Council Member Jarvis said she had thought about proposing what had been raised earlier which was possibly putting it back in at the full amount allocating \$26,000 from the reserves to be reserved for a project if one came up.

Council Member Sheridan said he is fine with leaving it at \$26,000 mainly because he doesn't think anything is going to happen this coming year. He thinks this is going to be a very inactive year and there is a balance in there.

Mr. Libby said he thinks there is sufficient money in the fund now so they can do some good projects.

Mayor Hooper said by not taking an action they would be leaving it as it is in the budget. The issue she put on the table is the notion of whether or not we choose to fund the creation of a Tax Increment Financing District, which in her mind is a housing issue. At the last Council meeting

they rejected the response to the RFP because we felt it was nonresponsive to what was put out there. The Council asked the City Manager to bring forth another proposal. Because there isn't a contract on Sabin's Pasture and not an active project out there it isn't particularly urgent.

City Manager Fraser said the Trust for Public Lands contract with the land owner has expired and they are working on finding out where things are and what options might be available. They view the TIF as an integral part. Perhaps a more traditional private developer would come in and see the advantages of this and they might be willing to put some financing up to prepare the TIF application because they would be the prime beneficiary of the results of it.

Mayor Hooper said she asked the Trust for Public Lands what the story was and they reported they were in negotiations with the landowner. They were not under contract but were in negotiations and were optimistic they would get something soon. They also said they didn't believe they could move the development proposal forward without something like the TIF. They would not be able to find a development partner because based on looking at the Act 250 findings which are saying that the intersection of Barre and Main Streets is a huge impediment to that development. Her concern is that if they let the TIF go they won't be able to develop Sabin's Pasture, the Carr Lot, District Energy or the Dickey Block. These are four projects they have identified this past ten years as being critical to the redevelopment of our community. The City Council has said they have it as an objective to create 600 units more of housing in the city. If we don't do the TIF they won't do Sabin's and we won't be able to meet our goal for housing.

Council Member Golonka said he doesn't think the Council is saying they aren't doing a TIF. We're saying we are not putting any money in the budget right now; that's a significant difference. TIF funding sounds like a one time event that we take out of the reserve. He doesn't see that as appropriate to put into the budget right now because there is no concrete proposal because we discarded the RFP we had. He respectfully disagree that by not including it in the budget we are rejecting the TIF. He thinks they are just putting it off for a discussion later and it may be money we need to take out of the reserves.

Mayor Hooper said she doesn't want to have a conversation later saying we can't do it because it's not budgeted.

Council Member Golonka said if they can get partners that may cover a lot of our costs why would they partner with us if they see we have \$50,000 in the budget to pay for it.

Mayor Hooper said part of Bill's memo was we don't have the money to pay for it so therefore he doesn't recommend we do it.

Council Member Jarvis said a lot of things they outlined in their response saying we had not done had in fact been done.

City Manager Fraser said Gwen properly outlined in her e-mail response to Nancy is there are a limited number and only so many allowed statewide. While we say we hope the legislature will expand them the Tax Commission and the Administration are opposing them and saying they are drains on the statewide education fund and we should be doing less of these things and not more. They have been in contact with some of the other communities doing these and they are having very similar issues and concerns. They are huge allocations of time.

Council Member Weiss moved they not include \$50,000 in the current budget with the understanding that we can open the door again if it is appropriate. The motion died for a lack of a second.

Mayor Hooper said they will invite the Trust for Public Lands to come in again and talk to us about what their concerns are and how we can move the project forward.

City Manager Fraser said Council Member Weiss attended a workshop on TIFs. Perhaps we could ask the administrator of TIFs to explain the process. This means the state is foregoing the school tax on that property so if you get Sabin's Pasture and every home that puts a porch on their property and their property value goes up that increment of value goes into the TIF. That is good for the city, but that is a reason for the people at the state who approve our applications to deny them. It would be important for everyone to understand what the criteria is and what we can do. He personally believes it would be very difficult to come up with one TIF that has the District Energy, Carr Lot, the downtown Dickey Block and Sabin's Pasture.

Mayor Hooper said that is a policy decision the Council needs to make.

Council Member Weiss said he thinks it is the Manager from Milton, Vermont that went through the entire process. It would be great if he could come and talk to us.

Mayor Hooper said they still need to discuss the reappraisal reserve and liability insurance.

Motion was made by Council Member Golonka, seconded by Council Member Hooper to add \$12,000 to the property liability insurance. The vote was 6-0, motion carried unanimously.

Mayor Hooper asked if they were taking the money from the reserve fund or raising taxes.

Motion was made by Council Member Golonka, seconded by Council Member Sheridan that they take the money from the reserve fund, specifically the \$7,900 from the Police equipment reserve, \$2,300 from Fire Department and \$1,500 in the DPW equipment reserve that can be used, too.

Finance Director Gallup said it is a multi-year plan and she doesn't know what strings are attached to that.

City Manager Fraser suggested they raise the liability insurance by \$10,200 because we have enough to cover that. There was no vote on the motion, but everyone was in agreement.

Mayor Hooper said at this point they are \$24,000 with a zero budget.

Motion was made by Council Member Golonka, seconded by Council Member Sherman that they take it out of the General Fund unrestricted fund balance. The vote was 6-0, motion carried unanimously.

Motion was made by Council Members Sheridan, seconded by Council Member Hooper to accept the budget with the changes that had been made tonight with a zero tax increase.

City Manager Fraser reviewed the changes. They reduced the Justice Center expenses by \$11,817; they kept the Housing Trust Fund at \$26,000 in the budget; add \$10,200 to property liability insurance and are taking from the police equipment reserves and are raise \$24,400 from the general fund unreserved fund balance to cover the community enhancements that were put back on the first night.

Mayor Hooper called for a vote on the motion. The vote was 6-0, motion carried unanimously.

Mayor Hooper said they need to set the public hearings on the budget.

Motion was made by Council Member Sheridan, seconded by Council Member Jarvis to set the first public hearing on January 13<sup>th</sup> and the second public hearing on January 21<sup>st</sup>. The vote was 6-0, motion carried unanimously.

## 10-004. Report by the City Council

Council Member Weiss said they miss Gwen and hope she is doing well.

Council Member Sheridan reported they had an ADA Committee meeting yesterday and they have approved a grievance policy, grievance form and set up a grievance committee.

Council Member Sherman reported the Steering Committee for the enVision Montpelier process met yesterday and are slowly going through the strategies and targets. The Chair of the Planning Commission attends regularly and is trying to figure out how the Master Plan revision fits in with enVision Montpelier.

## 10-05. Mayor's Report

## 10-06. Report by City Clerk-Treasurer

## 10-007. Status Reports by the City Manager

City Manager Fraser said he would like to commend our water crews for the work they did on the big break we had last week and the break near Union Elementary School yesterday. We have old 100-year water lines that break in this cold weather. The pressurization caused by the big break a week ago is now causing reverberations throughout the system so there was a smaller one on Barre Street today.

City Manager Fraser said regarding the trains they said there is sufficient ballast and distance between the trains and the lines and that is the reason there is ballast, which is to handle reverberation. Typically, lines aren't under train tracks for that reason.

Police Chief Facos said they did institute a command center downstairs in the Public Works Office. The water on Taylor Street came up initially by the Carr Lot so there was an ice formation on the tracks. There was a derailment concern on the part of the Command Center. When dispatch called there was a train due to come through from Waterbury within five minutes so they tried to make contact first unsuccessfully with their dispatch so they sent one of their officers to intercept the train. Once communication did occur with dispatch they said they weren't stopping for us. However, when they get to the location they will evaluate it. At that point Tom McArdle warned them if the train derailed or if it caused a more significant issue it would have been their fault. They did say they would evaluate it. There are some differences between freight rail and Amtrak. Amtrak has a national police force and he has had very good luck working with the Amtrak police. It didn't cause a problem here. There is a lot of authority that goes along with those railways.

Mayor Hooper said we were concerned we had an emergency that could cause property damage to them.

Chief Facos said they would do their own evaluation. If it was something we had very specific data that this was imminent danger we could have taken a different course of action.

Mayor Hooper said the Chair of the House Corrections and Institutions Committee sends her compliments to our Police Department which responded to a break-in of her property.

City Manager Fraser said hats off to the water crew and all of our emergency responders who pulled together for that incident. Our ability to put different people at these different break sites as a result of cross training gives us more people at our disposal and the community is better served. Next Wednesday we should have the State Auditor here and the Citizens Committee to present their reports.

Assistant City Manager Hill said they have reached an agreement for a temporary situation with the St. Augustine's Parish to use their St. Michaels Elementary School. By Tuesday afternoon Lucinda was in there working with them to start the process and actually hope to have classes there next Monday. It will take a little longer to be fully functional.

Council Member Hooper said when DPW fixes a water line break, is that a water fund expense or is that a DPW street expense?

Finance Director Gallup replied it is a water fund expense and if there is private property damages it is another insurance claim.

Council Member Weiss said he thinks they did a sensational job for First Night.

Assistant City Manager Hill said three of their main ticket outlets don't actually report to them until the end of the month. They are concerned because this year they did offer the opportunity to buy a \$5 pass for one event. They may have sold themselves short with that idea. The venues were well attended.

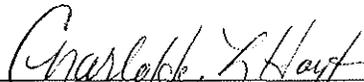
10-008. Agenda Reports by the City Manager

Adjournment:

After motion was duly made and seconded by Council Members Sheridan and Jarvis the council meeting adjourned at 9:15 P.M.

Transcribed by Joan Clack

Attest:

  
Charlotte L. Hoyt, City Clerk