

On Thursday evening, January 21, 2010, the City Council Members met in the Council Chamber.

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

Call to Order by the Mayor:

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

10-021. General Business and Appearances

Mayor Hooper said she wanted to say publicly how fabulous it is that the City of Montpelier received an \$8 million grant from the Federal Department of Energy to construct a combined heat and power district heating plant in the city of Montpelier. She is happy to say this while Nancy Wasserman is present because she was one of the earlier people to help us to move that ahead. Huge thanks to Gwen Hallsmith, Nancy Wasserman and other folks who helped to write this and enabled the city to receive this incredible award, one of five and the largest one of any community in the nation. She said she wanted to acknowledge the City Council's commitment over these many years and this added up to a huge gift to the community.

10-022. Consideration of the Consent Agenda:

Consideration of the minutes from the December 16th, 2009 City Council Meeting.

Consideration of an agreement between the State of Vermont, Agency of Commerce & Community Development and the City of Montpelier for the Vermont Community Development Program, **Grant Agreement Resolution-Consortium Lead Grantee** form PM-2, for the Home Share of Central Vermont grant #07710-IG-III-2008-Montpelier-00016.

Consideration of the transfer of the Estate of Frances A. Jetty donation to the Senior Center's Smith Barney Investment Account.

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

Consideration of issuing a Catering Permit to Vermont Brewers Association for a State House sponsored event with the Grocers Association and the VT Specialty Foods Association to be held on Monday, February 18th, from 4:00 PM to 8:00 PM at the Vermont State House cafeteria.

Ratification of the issuance of a Catering Permit to The Abbey Pub & Restaurant for a cocktail reception held on Wednesday, January 20th, from 4:00 PM to 9:00 PM at the Cedar Creek Room at the State House. (Staff polled Council, via e-mail, on January 14, 2010.)

Approval of payroll and bills:

Payroll Warrant dated January 7, 2010 in the amount of \$111,732.86, \$31,386.19 and \$1,005.40.

General Fund Warrant dated January 13, 2010, in the amount of \$406,357.80.

Payroll Warrant dated January 21, 2010, in the amount of \$29,475.59 and \$111,738.82.

Motion was made by Council Member Sheridan, seconded by Council Member Sherman to approve the consent agenda. The vote was 5-0, motion carried unanimously.

10-023. Appointment to Montpelier's Planning Commission.

To fill the unexpired 2-year term of Anne Campbell which expires 09/09/2011.

Staff advertised for this vacancy, as of the deadline, one letter of interest had been received from:

Brad M. Ruderman, P.E.
18 Liberty Street

Recommendation: Meet the new candidate; discuss appointment as member to fill unexpired 2-year term to the Montpelier Planning Commission.

Mayor Hooper said the applicant had informed city staff he was withdrawing his application. There is no action to take at this time.

10-024. Appointment to Montpelier's Conservation Commission.

To fill two, 1-year Alternate positions and two, 1-year Ex-officio Youth Member positions to the board.

Staff advertised for these vacancies.

As of the deadline, no letters of interest were received for the alternate positions.

Letters of interest for the Ex-officio Youth Member were received from:

Caitlin Paterson	Joshua Klavens
8 Deerfield Drive	40 Wheelock Street

Recommendation: Meet the new candidates; discuss appointments as Ex-officio Youth Members to the Montpelier Conservation Commission.

The city has advertised for a 1-year alternate position and two 1-year ex-officio youth member positions. There hasn't been a response on the alternate position but two youth in the community have express an interest in serving. Caitlin Paterson is present with us this evening.

Caitlin Paterson said she is a junior at Montpelier High School and is interested in serving on the Montpelier Conservation Commission because she is interested in the public policy process for environmental issues, especially our local ones. She wants to give back to the community. She has grown up here and the community has done so much for her in terms of opening her up to the environmental advantages we have here so she wants to give back and keep our city green and beautiful.

Mayor Hooper said the other candidate is Joshua Klavens.

Motion was made by Council Members Sheridan, seconded by Council Member Jarvis to appoint Caitlin Paterson and Joshua Klavens as the two ex-officio youth members on the Montpelier Conservation Commission. The vote was 5-0, motion carried unanimously.

10-025. Discussion of proposed merger between Green Mountain Transit Agency (GMTA) and Chittenden County Transit Agency (CCTA).

Transit services in Central Vermont are provided by GMTA which is operated by CCTA.

The two agencies have remained fully separated administratively but have integrated services.

Boards of both agencies felt that a merger makes sense. The merger would also include services in Franklin County.

Issues of representation on the new board have been raised in the past.

Chris Cole, General Manager of both GMTA and CCTA will be present at the meeting.

Recommendation: Discussion with Mr. Cole and Montpelier GMTA Board representatives. Provide direction to staff as necessary.

Mayor Hooper said the Council wanted to hear about the proposal which is in the Legislature to consolidate the Transit Authority.

Chris Cole, Executive Director of GMTA and General Manager for CCTA, appeared before the Council and told them the latest draft is a two-year process to get to this point. This is a stripped down no policy governance bill that allows non-Chittenden County municipalities, if they so choose, to join CCTA. That is the basic premise of the bill.

Section 1 of the bill is language which basically allows them to put our entire charter into the green books because right now it just sort of exists as of 1973 and there is no reference guide for people.

Section 2 expands the area of the operation. Currently, CCTA's area of operation includes Chittenden County, the municipalities that border Chittenden County, Washington County and the three towns in Orange County of Williamstown, Washington and Orange. This section of the bill would expand that operation area to Franklin, Grand Isle, and Lamoille for local services and for commuter services to Addison, Caledonia and those towns in Orange County they currently don't have authority to operate in.

Membership in the authority would be reserved for those municipalities that are currently members in CCTA and those that choose to join prior to July 1, 2010. The only community that is contemplating voting to join CCTA this Town Meeting is Hinesburg. Those municipalities that are listed in Section 13 of our charter, which would be Section 3 of the bill, which are Barre City, Berlin, Colchester, Hinesburg, Montpelier, Morrisville, Richmond, St. Albans City, Stowe and Waterbury, which are all the major towns, cities and villages that GMTA and CCTA either operate in or have a desire to operate.

Nancy Wasserman said they are working on Senate Bill S. 255, draft 1.

Section 13 of the bill lists those municipalities. The thought behind this is that if they are a five county regional authority not every municipality can send a member. They can't have a board that big. How do you pick who should be a member of a regional authority? It is those areas that have mass, people and walkable downtowns where public transportation actually works well. Those are the communities they are currently serving and intend to serve in the future and are the ones that are named in the bill.

Section 6 of the bill basically outlines that each municipality that votes to join CCTA would be authorized to appoint one commissioner to the board. There would be two commissioners from the City of Burlington. This document has been approved by all of the CCTA municipalities that are currently members and by the CCTA Board. This was the most controversial item in the bill for the Chittenden

County municipalities, because right now their charter is two members from each municipality. Burlington because it is the central focus for their operations they are going to have a downtown transit center which would be a non-taxed generating entity. They have their facility located there which is a non-taxed generating entity and a lot of their services are there, and they contribute \$1.2 million to their budget which is about 10 percent, a sizeable chunk of their budget. The city wanted to have the two commissioners they still have so the board compromised and provided for that in the bill.

Section 7 of the document is part of their assessment authority and it deletes language they no longer use. They no longer have a mileage formula to compute the assessment. It is more based on hours. It further provides that in order to change the formula for the assessment, rather than all legislative bodies that they get a super majority which is three quarters. They were recognizing they needed to change the assessment formula with the addition of the first non-Chittenden County municipality because everybody has different rates that they pay for transit service in the GMTA/CCCTA area. The seven Chittenden County municipalities that are members of their organization pay 22.5 percent of their operating budget. In GMTA in the Capital District they are around 9 or 10 percent of the operating budget. In the Mad River Valley and Stowe area it is in the 20 percent area. In Franklin County it is probably less than 5 percent. They are just getting going with their fundraising in Franklin County. They are going to need to change their assessment formula to recognize the fact that the GMTA municipalities don't pay at the same rate and develop a new assessment formula with the Board to account for that and how they can making membership inviting to the municipality while at the same time not charge what they are charging in Chittenden County. There is a different level of service, different type of service and a bunch of different factors, and all of these things have to be taken into account.

Section 11 of the bill says that CCTA has the power of eminent domain. Right now it is within Chittenden County. This extends it to its member municipalities. They have exercised it once in their 30-year history, and that was in the City of Burlington to build their transit facility.

Section 12 of the bill deals with assessments of new members outside of Chittenden County. This is basically saying that before a municipality joins the CCTA they are going to negotiate with the Board of Commissioners at CCTA on the amount of the levy to be assessed upon a municipality and the terms of payment of that assessment. The municipality may not join prior to agreement with the authority on the terms of levying the payment. Before voters in a municipality such as Montpelier would vote on whether or not to join they would know up front what the assessment would be so the voters are informed when they are casting their vote as to whether or not in their opinion it is a benefit to them to be a member of CCTA. Upon the addition of one municipality to the membership of CCTA from outside the county this sentence directs the authority to immediately begin work on a formula for assessment that would be approved in accordance with this act which means that three quarters of the municipalities would have to approve of it.

Section 13 are municipalities that are authorized. This list can grow but only based upon a board resolution that invites another community in if they are approached by another community they didn't envision that really wanted to be a member. If they are from the service area they could do that. Other representation, which he anticipates at the outset, if a county does not have a municipality that steps forward and says they would like to be a member they don't want the region to go without representation so the Regional Planning Commission would be authorized to name a member from the RPC or their staff to represent the interest of that county on the CCTA Board. That would be a voting position.

Those are the proposed charter amendments. The bill has been in the Senate Government Operations Committee. He has testified once on the bill and they are going to be seeking testimony from VTrans and any of the other transit operators that may be interested in the legislation.

Mayor Hooper asked if there was a companion bill in the House side they are going to introduce.

Mr. Cole said they are looking at introducing these amendments in a different bill.

Nancy Wasserman said it might be useful as a reminder to remember why we are here. GMTA currently contracts with CCTA for all of their operations. They have done an exceptional job. The auditor for both CCTA and GMTA has made it quite clear that continuing to operate as two separate organizations is just incredibly redundant plus it is raising a number of questions relative to federal grants that has the auditor concerned. The auditor has said in no uncertain terms that they have advised CCTA not to continue this. GMTA's contract with CCTA expires July 1, 2011. CCTA won't necessarily renew it, and to be honest its share of the GMTA Board are not eager to go out and hire its own staff to run this operation. This bill clearly doesn't address a lot of the policy questions we had hoped to address about regional funding, looking at better ways to assess communities, etc. but she doesn't want to be sitting here a year from now wondering how they are going to operate GMTA. Her guess is if they were to face that situation without this bill being passed GMTA may come forward to the communities and say to appoint somebody else or dissolve the organization in which case CCTA would step in anyhow. It is better to have representation than not.

Council Member Golonka said it does imply there is going to be a vote here in Montpelier at some time before July 1. Is that the intention? Are you looking for member communities to have these votes before July 1st?

Mr. Cole replied no. Hinesburg is thinking about a vote so language is written that way to take into account they have a vote this March that they would be a member. A municipality may hold an annual meeting or special meeting for the purpose of determining through election by majority vote of its residents. This authorizes municipalities either under Section 13 of this bill or by a resolution passed by the CCTA Board of Commissioners. Beginning July 1, 2010 a municipality may hold an election only if there is a resolution from CCTA inviting them to be a member or actually listed in this bill, and Montpelier is listed in the bill.

Council Member Golonka said it also references Section 8 from terminating from the district.

Mr. Cole said Section 8 says that if a municipality wants to terminate its membership from CCTA you don't have to have another town wide election. It is just a vote of the legislative body, so the City Council has the authority to terminate the membership. Only voters can get you in but you can get out. You must complete your financial obligations for that fiscal year.

Council Member Golonka said the Council is finalizing their budget tonight. The city has budgeted \$29,371 for GMTA. He assumes this has no affect on that.

Ms. Wasserman replied that is correct.

Council Member Weiss told Mr. Cole it is difficult to understand the bill without having a copy of the charter. He has some real concerns based upon what happens in county government. If this becomes enacted and the charter is changed then they will have the authority to apportion each of the participating communities a certain levy, and they are going to have to pay it. Is that levy going to be based on population, grand list, or service? How is that formula being determined?

Mr. Cole said only municipalities who have voted to join have the levy placed upon them in exchange for representation on the board. If this charter were to go into effect and no municipality joined the town would still pay as a donation municipality. You don't pay as an assessment municipality until you vote to join CCTA. The city's donation right now through GMTA is voluntary. If you voted to join then it would be an assessment. How does the assessment work? It is based on hours of service. For the CCTA budget they take all of the money they have available, federal funds, state funds, money generated, etc., and then the deficit of that to operate the services becomes the levy. That levy is split

amongst the municipalities. Initially, it was a mileage formula. They froze that in 2005 and now each municipality receives the same percentage increase. What our assessment formula says that for municipalities that come in to CCTA with new services – Milton, for example, is a new member – they were assessed 20 percent of the cost of the new service because that is what the state of Vermont requires. They are in the process of putting together a new commuter route that links Montpelier with Marshfield and Plainfield. The towns of East Montpelier, Marshfield, and Plainfield have been requested to put up that 20 percent match for that service, and they are having a meeting on that. It is going to be on each one of those towns' ballots. At some point the Montpelier assessment for service is going to have to be agreed to between the City Council of Montpelier negotiating for its citizens with the CCTA Board as to what would that assessment agreement look like. What would the amount be? Would it change? And they haven't really done their homework to look at what is an appropriate assessment from an urbanized area and from a rural area. That is something for the future, but that is the mechanism as to how that would all work.

Mayor Hooper said that would only happen if they chose to join.

Ms. Wasserman said first Montpelier has to vote to join and then Montpelier is a participant in the CCTA. CCTA is a municipality but there is one vote amongst many on that formula. If the formula vote is such that the City Council feels it is inappropriate the City Council can vote to leave the CCTA.

Council Member Weiss said a community does not have to be a member but they can still get their service by a voluntary payment.

Mr. Cole replied that was correct.

Council Member Weiss said if this bill enables the CCTA to organize in eight counties and there are a number of communities in each county that want to participate and each one elects to do so, and they each get one member on the board we could be talking about 40 or 50 board members. How will they reorganize? Will they have committees? Will there be an Executive Committee to conduct a meeting of the group? What is their organizational plan?

Mr. Cole said right now they have a board of 14. If Hinesburg joins them there would be a board of 16 under their current charter. Under this charter there would be 8 board members for the current CCTA members, and if everyone joined who is in Section 13, which they are not going to, there would be 18 members. The board would only grow beyond 18 depending upon what the regional transit authority board did at that point to invite other municipalities in.

Council Member Weiss asked why didn't he read Section 3 that way. Membership in the authority shall consist of those municipalities which elect to join. He doesn't see in the legislation where it gives the board the authority to pick and choose.

Mr. Cole said you have to read both sentences. The first sentence in Section 3 says membership in the authority shall consist of those municipalities which elect to join the authority by majority vote of its voters present and voting on the question at an annual special meeting warned for such purpose prior to July 1, 2010. There are only 7 members now, possibly 8 with Hinesburg. If Hinesburg joins that would be 9 board members because Burlington gets 2. The second sentence says beginning on July 1, 2010 a municipality may hold an annual meeting and vote on the question if you are authorized to do so under Section 13 of this bill, or by a resolution passed by CCTA.

Council Member Weiss said on page 4, starting with line 7, they have the power of eminent domain so they can come into Montpelier and decide they would like a piece of property for some reason and enforce eminent domain, take the property away from the city and remove it from the tax role, and this bill gives them the power to do that.

Mr. Cole said if they become a member. If they aren't a member then CCTA doesn't have that power.

Mayor Hooper said we are providing the overview of the proposed legislation as a courtesy for City Council. There will be an opportunity for anyone to testify on this bill in the Legislature. If it passes we will then ask ourselves if we want to participate and have a much longer conversation about this.

Mr. Cole said it isn't an easy decision for local municipalities to join a regional entity that has an indirect power of assessment. Just so they understand what the power of assessment really means he is instructed by his board as the City Manager is instructed by the City Council to prepare a budget within certain parameters and guidelines. If he exceeds those parameters and guidelines he is sent back to the drawing table to redo the budget. Because they are appointed by the municipalities and directed by those municipal boards and City Councils as to what the municipal budget can weather for an increase in assessment. It is a very close working relationship with all of the municipal managers and the CCTA representatives to make sure that the budget doesn't have undue increases. In the 8 years he has been with CCTA their average increase has been 2.4 or 2.5 percent per year. The GMTA increase this year they are requesting no increase in the donation. Last year they requested 5 percent and all of the communities gave them 5 percent. Both companies have been managed similarly in terms of the increase for municipalities. While it is the power of assessment, the assessment formula is driven by hours so communities can control their assessment by cutting services. You really are answerable to the taxpayers who foot the bill.

Council Member Sherman said she thinks this is a first step towards a more integrated transit system. We now have routes to Waterbury; the Link goes to Burlington and has great success. There is limited service to the Health Center in Plainfield and talk about going to St. Johnsbury. There are all sorts of little pieces that fit together, but the opportunities for improving public transit as gas prices go up and the need to keep cars filled or people on the bus this seems to be a very important step in that direction. Montpelier is a hub. We want people coming in and out.

Mayor Hooper thanked Mr. Cole and Nancy Wasserman for taking the time to update the Council. They have received information from you and the legislative process will happen. She suspects they will be back and have another conversation when the legislation is passed.

Nancy Wasserman said clearly if the Council has a unified position they want to convey to their representatives and the GMTA Board don't hesitate to let them know.

10-026. Conduct Second Public Hearing on Proposed FY11 City & School Budgets

The City Manager presented a recommended budget on December 9, 2009.

The Council conducted workshops on December 9th, 12th and 16th and January 6th, 2010.

The Council conducted the first public hearing on January 13, 2010.

The proposed budget does not require an increase in the municipal tax rate.

School officials will also be present for the hearing.

Recommendation: Present budgets to public. Conduct public hearing. Provide direction to staff as necessary.

Mayor Hooper said the Council is getting ready to conduct their second public hearing and the City Manager is going to do another overview and then after that citizens are invited to call the Council at 802-595-2161 with any questions they may have.

City Manager Fraser said he believes someone from the School Department is also coming to talk about the school budget. The Recreation Director is present with us as well.

City Manager Fraser said there a couple of minor updates and there is some school information included. The State Tax Department did issue their new report so there is updated information there. This is our final public hearing on the budget. They started their budget process in the backdrop of a national recession. Looming cuts in state government, which were made last year and are contemplated for this year that affects our community in multiple ways. A lot of our residents are state employees so they often are personally affected by state government cuts. We are also a community that relies somewhat on state funding and also on services. We lose out on income for our residents, lose out on direct funding to our government and lose out on services that are being provided that we then need to pick up the tab for or deliver the service. People are concerned that there are high local property taxes in general so it always makes the Montpelier budget a struggle. There is a reappraisal under way, which is an important effort, but it is certainly putting a bite in our budget over the last two or three years. Finally, there were uncertainties around the Scott Construction issue creating an unsettled backdrop financially as they came into this budget process.

As a result of all of that the City Council set some very clear budget goals. As Chris Cole explained for CCTA he gets his marching orders from a Board and that is what happens here as well. The Council was very clear that there would be no increase in the tax rate and no extraordinary increases in any other rates except those that have already been contemplated and discussed and planned upon, specifically water and sewer. Their goal is to keep our core services in tact so while we are peeling back financially we would try to maintain our services and try to keep our investment in capital projects in tact.

In order to help determine what some of our key priorities were we conducted a survey of our residents, a very comprehensive survey called the National Citizens Survey, the results of which are available on the city's web site. They identified five key drivers – police and public safety, planning and zoning, parks, roads and schools. Roads shows up in red because of the five key drivers that our community thought were the most important items the roads were the only ones that had negative viewpoints. When asked what the most important issues in the community were on an open ended question it was taxes, affordable housing and jobs. From other survey policy questions they indicated that it was important to maintain the services and a high quality of life. That was the voice of our citizens that guided us through the budget process.

When talking about a budget it is important to know where the money comes from. Like virtually most all Vermont municipalities, and really all New England municipalities, our money comes largely from property taxes in the general fund. The general fund isn't the only fund but we focus mostly on our budget presentation on the general fund because that is the one that drives the property tax that people vote on and that people get their taxes based upon. Sixty-seven percent of our general fund comes from the property taxes. Only 7 percent of this money is coming from outside grants, and our revenues and fees generate about 20 percent.

We spend our money mostly on public safety, which includes police, fire, ambulance, dispatch, etc. We spend a lot on infrastructure, public works, road plowing, maintenance, capital plan, cemeteries, and equipment. Our various community services include planning, Justice Center and our administration which includes finance, clerks, elections, appraisals, etc. That is the work we do in the general fund. We split that out by our more traditional departments as opposed to function. Again, police, fire and public works are our three biggest departments. Taking a look at all of our funds we talked briefly about the general fund, and they emphasized that. As you can see it represents about 61 percent of our

spending, but there is another 39 percent with water and sewer making up 33 percent of that, and our parks and parking fund. Forty-one percent of everything we spend comes from the taxes in the general fund and another 20 percent from other sources of revenue.

When we look at our expenses not by department or function but categorized and we see that our single largest percent of expense is for personnel. It always has been, and likely always will be due to the nature of the work we do. It is actually our biggest challenge because of rising costs. It is noted on the slide that health insurance costs have risen 94 percent over the last 7 years and last year went up by 20 percent, and they were afraid of that this year. Through the work of a city employee committee and the cooperation of our employees they have been able to reduce that cost in this budget by \$200,000 basically enabling us to keep the taxes even and deliver the services. It is very important to get a handle on that.

Other cost factors we are dealing are the unknowns at the 58 Barre Street building which were made even more unknown by the fire, our ongoing flood mitigation efforts, reappraisal costs, contracted wage rates with at least two unions and begin negotiation with a third shortly, and there are deficits in the water and sewer fund.

Moving into our capital plan, we were able to keep the capital plan funded at the same level as last year, which was an increase from what had been our million dollar target. They derived the million by adding our debt payments with our annual payments together to reach a total amount of \$1,070,000. These are the debt payments we are on the hook for. You can see these reach a peak in FY'13 and will decline if we don't add any new debt. In the inverse of that is our annual project funding which had a high in FY'10 and then is starting to dip down a little before it starts sneaking back up.

With \$422,000 available, \$100,000 is going to the Army Corps of Engineers study for flood mitigation, another \$50,000 is going toward the flood mitigation rerouting of the waste water treatment project. Another \$80,000 is going to a retaining wall and \$67,000 for paving. They certainly would like to do more paving, but this is where they had allocated their money.

In the overall budget proposal the highlights are no property tax increase, no layoffs which means we have maintained the service levels and keeping people in the community employed. We are implementing a new health insurance plan which has an immediate splashy impact this year, but we think it will at least help stabilize those costs in the future. They were able to maintain the capital plan. They have transitioned the Library out of our budget on to a separate ballot item and kept our current projects and programs. We have largely reaching the goals the Council set at the beginning of the process.

There are some concerns. No budget is perfect. We are reducing our equipment funding which could be putting off today's problems for tomorrow. We are relying on the assumption of level state funding which in these times is not a guarantee at all so if they were to see reductions in pilot or transportation aid we would have to revisit this. Pilot is driven now mostly by local options taxes, but in theory it has a protected revenue source. The transportation fund is a politically strong program. The Community Justice Center is another state funding that they are watching closely.

The city continues to squeeze our operating costs and each year they try to ratchet that down a little bit more. There is nothing new or expanded. We have used some one-time monies to balance the budget in order to have a zero budget.

Going back to the key service drivers we talked about earlier that our citizens identified. We maintained the police and added a new officer using the COPS grant funds. They maintained all of the other public safety levels of fire, ambulance and dispatch. They kept their parks funding and parks program. They maintained their planning funding and included \$66,000 in the capital plan for roads. That is one area

they wished they could do more and when some of these other expenses like the flood mitigation and the reappraisal drop off they hope to be reallocating some of those monies into roads.

The community said taxes, affordable housing and jobs were the three big issues. There is no tax increase. They kept the funding in the Housing Trust Fund and kept the position in the Community Development Department for a Housing Specialist. We maintained our overall services and increased our public information capacity. We don't have as much to do in terms of creating jobs but with no layoffs we certainly didn't increase the unemployment in the region.

Taking a look at property taxes, we did get numbers from the schools now. The schools have about 59 percent of the tax bill. Direct city services are about 32 percent. County tax, ballot items, sewer, CSO charges, Recreation Department and the Senior Center make up the remainder. Looking at the calculations of our tax rate, these are just the different sources of funds in our general fund.

This does include the new recreation numbers and new school numbers. The grand total went from \$366,000 to \$374,000, which is an increase of about 2.4 percent. The school is assuming a 58.17 common level of appraisal. Hopefully, that will be 100 percent. They are largely driven by cost per pupil and not so much the grand list. When you take that common level of appraisal and equalize it that would essentially make all communities at 100 percent, and then there would be an effective tax rate. That is really the only accurate way to compare one community tax rate versus another.

When we talk about the high taxes in Montpelier he thinks it is informative to look at see. These are the current numbers. Last week they had the 2008 figures. In this past week the state released its new reports so these are the figures as of 2009 so this is the most current information we have on this. He compared first with other communities in Central Vermont and then similar communities around the state. Our school rate is just a shade higher than the regional average for residencies; it's exactly the average for non-resident. The municipal rate, however, is considerably higher, 62 percent higher. That is not a surprise given the array of services that we offer compared to the small communities like Plainfield or Worcester. When you look at us compared to Barre City, who is really the only other full service provider, you'll see we are actually lower than they are. If you look at us compared to Northfield you will see they are only 14 cents lower than we are. The overall tax rate is going to be higher in Montpelier and Barre than it would be in the other communities. If you look at it statewide this year the number one effective tax rate is in Springfield. Number two is Downtown Brattleboro. Barre was third or fourth, and Montpelier was eighth.

You can see that our tax rate is very comparable to them. The average of all of these communities for school tax is 91 cents and the municipal rate is at 90 cents. When you are looking at communities that offer what Montpelier offers, and in some cases not as much, you can see that our tax rate is not out of line with those communities. It doesn't make it any easier to pay the bill, but that is where we stand in our state.

The tax rate, of course, isn't the whole story. We do receive payments back from the state. We receive the income sensitivity school adjustments. Last year 1,987 properties received that, and that is a very high percentage of our residential properties. They received an average of \$1,100. Over \$1.4 million came back into the city in income sensitivity payments for our schools. Similarly, where the circuit breaker adjustments which are also based on income and takes your overall tax rate and you can't pay more than 3 or 4 percent of your total income in property taxes, there were 572 recipients in Montpelier seeing an average of \$915, or another \$523,000 which came into the city for circuit breaker payments.

We held hearings and workshops December 9th, December 12th, December 16th, and January 6th. Last week we held our first public hearing. Today is January 21st and we are conducting the second public and final hearing. On March 2nd is the Annual Meeting and the polls will be open from 7:00 A.M. to 7:00 P.M. for the election. Absentee ballots can be available by the 15th of February.

This is a public hearing and he would be happy to answer any questions about the budget. He hopes the school is here to do the same.

Mayor Hooper opened the public hearing on the municipal budget at 8:00 P.M. People were invited to call with questions.

Council Member Weiss asked if the audit report had been delivered.

City Manager Fraser said they received the financial statements yesterday, but don't have the summary letter yet.

Jack Lindley from Chestnut Hill Road in Montpelier asked if the insurance payment from the Scott Construction been received by the city.

City Manager Fraser replied not yet. They are doing the finalizing of their documentation and they expect it within a week.

Mayor Hooper closed the public hearing at 8:05 P.M.

A copy of the City Manager's power point presentation will be made a part of the permanent record.

10-027. Conduct Second Public Hearing on Warning for March 2, 2010 Annual City Meeting.

The Council conducted the first public hearing on January 13, 2010.

Recommendation: Conduct public hearing. Provide direction to staff as necessary.

Mayor Hooper said the Council has received four petitions. The first one is a petition from the Friends of the Winooski River which says "Shall the voters appropriate the sum of \$500 to be used by the Friends of the Winooski River for July 1, 2010 through June 30, 2011."

There is also a petition from the Green Mountain Youth Symphony which says "See if the voters will vote the sum of \$1,500 to be used by the Green Mountain Youth Symphony for the fiscal year July 1, 2010 through June 30, 2011.

The third petition is from the Lost Nation Theater. It says "Should the voters appropriate \$3,500 for youth programs of the Lost Nation Theater?"

The final one is a non-money item which is as follows: "Shall the City of Montpelier vote on a non-binding resolution that states: "The voters of the City of Montpelier advise the Vermont Legislature to pass a bill to replace criminal penalties with a civil fine for adults who possess small amounts of marijuana." They had received a note from one of the sponsors of this who was concerned she wasn't able to be present this evening and didn't want the Council to believe that was not a lack of support but she had another obligation associated with work and there are three members of the public who are here in support of this petition.

Shall the Council accept these petitions and include them on the warning?

Motion was made by Council Member Sheridan, seconded by Council Member Sherman to accept and include the petitions items on the city's warning.

Council Member Weiss asked if they had a policy regarding Article XVI which is not related to the budget. It's basically not even related exclusively to the City of Montpelier. It's a statewide position. Is there a policy in place they use as a guideline to determine whether or not an article like this is approved?

Mayor Hooper said she believes this City Council has voted to have such a policy. There has been in the past informal conversation.

City Manager Fraser said before he came here there was a Council that did not put an article about nuclear power on a ballot and it went to court. Since he has been here there have been articles about the Iraq War, Vermont Yankee, Same Sex Marriage, fluoride, etc.

Council Member Golonka said he has a question about Lost Nation Theater. Are they in our general fund budget?

City Manager Fraser said Lost Nation is in our general fund budget.

Mayor Hooper said they aren't one of our community service agencies. The use of the space is in exchange for the management of the space for the city. The stipend they receive associated with the Arts Grant Program is in exchange for assistance that they provide. They are in fact ineligible to apply for the arts grant because of what they do for the city. Similarly, Montpelier Alive is ineligible for the arts grant as well.

City Manager Fraser said he had a small housekeeping question. We use shall on all of our other questions and they should be uniform. Council agreed and the changes would be made to the petitioned items.

City Manager Fraser went on to say they have recently figured out that the tax exemption for the skating rink was a two-year exemption, and that is expiring this year. The law is pretty clear that they will be taxable. They have notified. It actually came up as a result of doing the reappraisal. The two-year exemption they received is ending. The only way they can get an exemption is if they get the Legislature to grant another year or two, or if the voters pass an exemption. They have been informed of this, but they will have missed their opportunity to come in and have any sort of public discussion. Speaking personally, we haven't had the opportunity to hear what their numbers are or how much is from the community and all of the factors that might weigh in on a decision. It's not clear to him there has been sufficient time to have a public process. On the municipal rate we give up \$5,000. He raised it only because today is the deadline.

Council Member Jarvis said the exemption is not for the municipal tax, though. Theoretically, they have not had an exemption for this.

Mayor Hooper said they have the question before them to include the four petitions on our Annual Meeting Warning. The vote was 5-0, motion carried unanimously.

Mayor Hooper opened the second public hearing on the Warning for the March 2, 2010 Annual City Meeting. This is an opportunity for people to comment on the sixteen articles proposed for the annual city meeting ballot.

Mayor Hooper reviewed the warning. (Warning attached to the minutes)

Mayor Hooper said the first question is, does the Council wish to change the wording on the ballot item for the library appropriation requested by the Library Board of Trustees.

Council Member Jarvis said she isn't in favor of that. She said they need to be consistent with all of their articles.

Council Member Sherman added it isn't a false statement and none of their other articles could say that.

Finance Director Gallup said the Senior Center's request went down and so did the Recreation Department.

Council Member Jarvis said she also feels it adds a note of approval that she isn't comfortable with.

Mayor Hooper said there is a request to change the warning for the Library. She asked if someone would move to change it. If they don't then they will leave it the way it is.

Council Member Weiss moved the change. There was no second. It failed for a lack of a second so they are back to the draft warning before the Council.

Mayor Hooper closed the public hearing. She said they have approved the petitions. Now she needs a motion to approve the warning.

Motion was made by Council Member Sheridan, seconded by Council Member Sherman to approve the Annual City Meeting Warning. The vote was 5-0, motion carried unanimously.

Mayor Hooper said she thinks it is an excellent budget they are presenting to the community and she is very proud of what everybody has done.

Council Member Sherman said they haven't heard about the school budget.

Council Member Golonka said it does raise concerns about our issues with the Recreation Department and the oversight of the Recreation Department in terms of the Council's responsibility in the charter. It has been two years in a row.

Council Member Weiss said he wanted to add to that conversation. Three or four School Board meetings ago in their minutes they clearly stated that they were not coming to any meeting with the City Council to discuss budget. It's their attitude. There was no excuse for the School Board not to follow the conditions of the charter of this city and to be present to make a presentation.

Mayor Hooper said they should talk with the School Board to find out what happened and express the concerns that have been expressed by Council Members tonight.

Council Member Golonka said the Recreation Department was here. They had said they would invite the Council to their meeting. We're delegating authority as fiscal agents over the Recreation Department and have absolutely no information for two years in a row on a budget that is \$600,000, and that is just not acceptable. It doesn't relieve the Council's responsibility as a body in terms of who do we delegate that authority to. If we aren't ever going to question it any of the Council's budget processes then we need to have an agent we can feel comfortable with, whether it is the Recreation Board or ourselves overseeing that budget in future years.

Council Member Golonka said there was about \$200,000 worth of work that they said was being employed through the school budget that was really for the Recreation Department which raised a lot of red flags with regards to what the money is being used for and why is it on the school budget versus the Recreation Department budget. Those questions have never been answered and that concerns him. He

thinks the Council needs to have a closer relationship with the Recreation Board instead of the School Board over the Recreation Department's budget and that should be the Council's priority over the next fiscal year.

Council Member Sherman asked if it made sense to have the School Board come to their next meeting so they could at least hear what their budget is.

After some discussion the council were not in favor.

Mayor Hooper said they missed their opportunity to speak to the public about this which is unfortunate because this is the Council's way of talking to the public.

10-028. Reports by City Council

Council Member Jarvis reported that prior to this meeting she went to a Housing Task Force meeting and that committee is actively seeking new members.

Council Member Sherman reported they were pleased to receive the Cota report and the Financial Review Committee report. It is good to have those done. She has been impressed by the quality of the sidewalks. This year is different significantly from previous years and maybe we haven't had so much snow. She has also been impressed by the removal of the piles of snow along the curb that creeps onto the sidewalk. It is much better to walk around. There were some large water bill problems with two residents and she wonders where they are in resolving those.

City Manager Fraser said one has requested to come before the Council and the other one they are still working on and may also come before the Council.

10-029. Report by the Mayor

Mayor Hooper said she wanted to complement the Conservation Commission on the presentation it had with Brian Slopey's class from U-32 who have been doing some monitoring of waters in the city, a part of which was a report on problems with beavers in the Winooski and eating the cover on the river bank they have been planting and trying to figure out how to manage it.

Mayor Hooper said the Legislature has been having some really aggressive conversations about how to present the increase in the Department of Corrections' budget. She is hoping the Community Justice Centers will be part of the additional funding in this coming fiscal year.

She is really impressed that the former City Manager of Manchester has been all over the pilot payment question and has a plan for bringing in some money.

Mayor Hooper thanked Gwen Hallsmith and the team she led to get the energy grant.

10-030. Report by the City Clerk-Treasurer:

City Clerk-Treasurer Charlotte Hoyt reminded everyone that the petitions for running as a candidate on the ballot are available and the deadline is February 1st. The Clerk-Treasurer's Office has a new addition. Crystal had a baby boy, Ryan Jeffrey Chase, who was born on January 20th weighs 7 lbs. 7 oz. and is 21 inches long. She will certainly miss her because she helps with the elections and recording of the deeds.

10-031. Report by the City Manager.

City Manager Fraser reported that Council Members Golonka, Hooper and he met on Montpelier Net trying to work out the final resolution.

He reported over the last few years as the audits have grown the city has opted to only include what they call the management review section of the audit in the Annual Report and have posted the audits on the web and available at City Hall for any who wished to see them. Given the attention around the audits and finances to include the entire audits into the Annual Report is going to cost an additional \$2,300. That is a decision they feel the Council should be involved in. That is a total cost of the Annual Report of \$6,000 so it is significant.

Council Member Sherman said there is a lot to read in the Annual Report. If they are really interested they can go to the web site or come to Bill's office and read it.

Council Member Weiss reported on that topic there is a bill in the Senate which would require municipalities with a budget over \$5 million under certain circumstances to print the entire audit report.

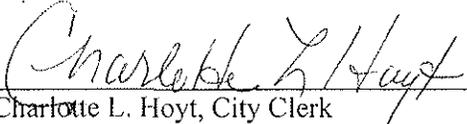
City Manager Fraser said that is an issue. That is also another reason why they talked about this. It came up at the Vermont League of Cities and Towns in part because of the expense. Many of the communities are upset with the standards because it is that requirement that led the city to post expenditures of capital projects to assets rather than to expenses because that is how they are supposed to be shown in the financial statements. Many other communities are complaining that by meeting those standards you don't get the information you need. He said he has offered to testify about Montpelier's experience.

Adjournment

After motion duly made and seconded by Council Members Sheridan and Sherman, the council meeting adjourned at 8:40 P.M.

Transcribed by Joan Clack

Attest:


Charlotte L. Hoyt, City Clerk