

CITY COUNCIL MEETING SPECIAL COUNCIL MEETING JANUARY 26, 2012

THIS MEETING IS BEING HELD ON A THURSDAY DUE TO THE STATUTORY REQUIREMENT THAT ACTION, ON SOME OF THE FOLLOWING AGENDA ITEMS, IS REQUIRED 40 DAYS PRIOR TO TOWN MEETING

On Thursday evening, January 26, 2012, the City Council Members met in the Council Chambers.

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

Call to Order by the Mayor:

Mayor Hooper called the meeting to order at 6:00 P.M.

12-024. Meeting with Attorney Robert Fletcher, regarding a mediation session for National Life's property value appeal.

- a) Possible Executive Session in accordance with Title I, VSA §313, Executive Sessions, (a) (1) *“Contracts, labor relations agreements with employees, arbitration, mediation, grievances, civil actions, or prosecutions by the state, where premature general public knowledge would clearly place the state, 1 municipality or other public body, or person involved at a substantial disadvantage.*

On motion of Council Member Timpone, seconded by Council Member Golonka, the council went into executive session at 6:00 P.M., in accordance with Title I, VSA Sec. 313, Executive sessions,(a)(1) *“Contracts, labor relations agreements with employees, arbitration, mediation, grievances, civil actions, or prosecutions by the state, where premature general public knowledge would clearly place the state, municipality or other public body, or person involved at a substantial disadvantage.*

Present: Mayor Hooper; Council Members Golonka, Timpone, Weiss, and Sherman. Also City Manager Fraser, Attorney Fletcher and Assessor Twombly. Council Member Hooper arrived at 6:07 P.M. and Council Member Jarvis has recused herself as she works for the law firm involved in the litigation.

On motion of Council Member Weiss, seconded by Council Member Sherman, the council came out of executive session at 7:00 P.M., in accordance with Title I, VSA Sec. 313, Executive sessions,(a)(1) *“Contracts, labor relations agreements with employees, arbitration, mediation, grievances, civil actions, or prosecutions by the state, where premature general public knowledge would clearly place the state, municipality or other public body, or person involved at a substantial disadvantage.* The vote was 5-0, with Council Member Jarvis abstaining.

12-025 General Business and Appearances

Craig Royce said he tried to take his little boy down to the State House for Earth Day on April 22nd and there was nothing going on. He has this spot reserved for this and would like an informal acknowledgement from the city that he is doing that so when he solicits donations for resources and money he has some credibility.

Council Member Jarvis suggested he contact Montpelier Alive

12-026. Consideration of the Consent Agenda:

- a) Consideration of the minutes from the December 21st, 2011 (evening) City Council Meeting.
- b) Acting as the Liquor Control Commission, City Council Members may now consider the following permits:
 - 1) Ratification of the issuance of a Catering Permit to Yebba, Inc., d/b/a The Abbey Pub & Restaurant, for an afternoon Reception that was held from 3:00 to 6:00 P.M. on Wednesday, January 11th, 2012 in the State House Food Court.
- c) Approval of Payroll and Bills

General Fund Warrant dated January 11, 2012, in the amount of \$14,425.82 and \$719,882.85.

Community Development Agency Warrant dated December 12, 2011 in the amount of \$286.00.

Payroll Warrant dated January 19, 2012, in the amount of \$123,014.83 and \$26,827.42.

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

12-027. Setting of “approximate times” for the following agenda items.

Council Members set approximate times for each item on the agenda.

12-028. Appointments to Montpelier’s Business Loan Fund Committee.

b) Both Kim Phalen’s and Stephan Klein’s terms expire this month. Staff advertised and received the following responses: Kim and Steve are seeking reappointment; Kimberly Cheney also submitted a letter of interest.

c) Recommendation: Discuss the committee’s membership; appointments.

Motion was made by Council Member Sherman, seconded by Council Member Timpone to reappoint Kim Phalen and Stephen Klein to the Montpelier’s Business Loan Fund Committee. The vote was 6-0, motion carried unanimously.

12-033. Receive, review and approve any Petitions filed for inclusion on the March 6th, 2012 Annual City Meeting Warning

City Clerk Hoyt reported she had received three petitions and the signatures had been verified and each petition had the number of signatures required by law.

Mayor Hooper reviewed the three petitions received. One has to do with the United States Supreme Court’s decision relating to speech. Shall the City of Montpelier vote to urge the Vermont Congressional delegation and the U.S. Congress to propose a U.S. Constitutional amendment for the state’s consideration. There were also petitions about local foods in Montpelier and the Montpelier Circulator Bus.

John Bloch said he would like to address the first petition which is not a request for money. It is to get a sense of the towns’ residents to send and urge our federal delegation to take measures that will reverse the Supreme Court ruling.

Paige Guertin from North Street reiterated what Mr. Bloch said and This amendment would be a beginning to recapture democracy. She was at a Rural Vermont meeting the other night when the petition was presented about local foods and they want to get the discussion started about local food sovereignty.

Motion was made by Council Member Hooper, seconded by Council Member Weiss to receive the three petitions for placement on the ballot. The vote was 6-0, motion carried unanimously.

12-029. Conduct Second Public Hearing on Proposed FY13 Municipal Budget.

- a) The City Manager presented a series of budget alternatives on December 7th, 2011.
- b) The Council conducted budget workshops on December 7th, December 14th, December 21st, 2011; and January 4th, 2012.
- c) The First Public Hearing was held on January 11th.
- d) The proposed FY13 General Fund budget is \$10,929,853 which is 0.6% increase from FY12. When combined with the proposed Recreation Budget, the budget requires 0.8 cent (0.84%) increase in the municipal tax rate and includes a bond for infrastructure improvements and equipment purchase. The budget also contemplates ballot items in the amount of \$140,175 which would require an additional 1.7 cents on the tax rate.
- e) Recommendation: Conduct Second Public Hearing. Adopt final city Council budget for presentation to voters on March 6th.

City Manager Fraser did a power point presentation of a revised budget. This is the second and final public hearing on the budget. A copy of the power point presentation will be made a part of the permanent record.

The School Board is proposing a general fund budget of \$15, 724,940. It is an increase of approximately 5.31 percent over their FY '12 budget. Their total increase is only 2.74 percent. There is some offsetting revenue and rising costs due to special education needs and with those needs comes reimbursement from both the federal

and state government. They are estimating those at a little over \$460,000. Their grant fund budget is a little less than last year. They are estimating \$428,850, a decrease of almost \$40,000 at jobs funding which the School Board used last year. The proposed budget for the Recreation Department is \$575,230 which is a 5 percent reduction in the appropriations. Their per pupil cost via Act 68 is \$12,800, an increase of \$290, which is a 2.3 percent increase. Their enrollments are staying level for FY'13. Overall in their district they will be plus 2 students. Their equalized per pupil tax calculation is up over 4 which will help in terms of state grants. Health insurance premium is going to be 3.5 percent. What does that look like for the average Montpelier resident? With the CLA they are estimating a 1.3 cent increase, which is 1.06 over FY'12. They estimate that is approximately \$14 per \$100,000 valuation of the house. None of the state rates have been set yet. They are trying to increase the collaboration between Main Street Middle School and Montpelier High School in math instruction and assessment. One of the math teachers is going to be going over to Main Street Middle School and teaching a class there. They increased funding in professional development to be ahead of the formal implementation of common curricular objectives which are coming. They are going to integrate a literacy coach in Montpelier High School. This is not often seen at the high school model. There is currently a literacy coach at the Middle School and the Elementary School but part of the common core is reading and utilizing and analyzing complex texts across the curriculum. It is a well known fact that their science scores aren't the best in town. It is clear that an inquiry based science program is necessary to begin to bring that up. The Board increased their facilities director from part time to full time. A significant portion of it is due to the heating initiative as well as having somebody to oversee the three buildings they have on a full-time basis. Their FY'13 budget represents a reduction of 1.72 credentialed staff. They did not do any full staff reduction but did some sectioning reduction at the schools. It also represents a reduction of 2.09 non-credentialed staff which is instructional assistants. They are proposing a reduction in the financial contribution to girl's hockey and football which would be supplemented by other towns joining in with them. They are proposing to eliminate softball at Main Street Middle School and there is no softball at the High School. They are committed to maintaining the high quality educational programs already in existence in Montpelier public schools and they want to honor the mission of the Montpelier Public Schools.

Council Member Weiss said it was about 10 years ago that the High School was accredited. Is that coming up?

The response was that the visiting team is coming this spring. The High School has been using a significant professional development time to prepare a report. They are coming in March and the findings will come in either April or May.

Mayor Hooper opened the public hearing on the city and school budgets at 7:40 P.M.

Vicki Lane, Paul Carnahan, and Peter Nielsen asked questions on both budgets.

Bill Merrylee spoke on behalf of the Montpelier Bike Group. He encouraged the implementation of bike lanes as they make capital improvements and resurface roads.

Ms O'Brien asked a question about the \$870,000 bond and clarification on how it was to be used.

Diane Zamos from North Street thanked the Council for their service. She is disappointed with the budget. She spoke about how the median household income had dropped. A budget is no more than a spending plan. We have a very smart City Manager and competent department heads so she would ask the Mayor to challenge the folks who work for us to try not to spend it so next year when they come back there might be a little extra to go towards the debt service.

Peter Davy, Independence Drive resident and new homeowner said it was informative to come to the budget hearings. He appreciates the work they have done and the effort to control costs. On Northfield Street he sees the police there often but the roads really do need some help. He read the pedestrian bridge on the river has a problem. Consistently the town has had water problems and those things can't be planned but eat up the existing budgets.

Sue Zeller said she knows how difficult it is to do budgets because she is Deputy Commissioner of Finance for the state. If we have a gap in our infrastructure spending of a half million dollars and we are going to bond for that, what will it do for us next year?

City Manager Fraser said the Council set a debt limit of what they can bond for.

Nancy Schultz from North Franklin Street said she appreciates the break out of the ballot. When Montpelier made the decision to put all of the items into the budget as voter she didn't like it because everything was disguised. All of the nonprofits are

hidden and wrapped into the budget. She has a revenue generating suggestion is that government should encourage good behavior and that is to get our citizens moving more and our able bodied citizens walking when they can walk. She suggested they increase their parking fees because there is considerable free parking in Montpelier. We need to encourage walking or cycling.

Mayor Hooper closed the public hearing at 8:18 P.M.

Motion was made by Council Member Jarvis, seconded by Council Member Timpone to adopt the budget presented to the Council by the City Manager and present it to the voters on March 6th.

Council Member Weiss said he will vote no because he thinks the suggested tax rate is out of line and too low. There are too many items outside the budget and if it passes we don't have a true tax rate on July 1st.

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

12-032.

Conduct a Public Hearing to consider proposed amendments to the City's Charter.

- a) The following articles are being considered for inclusion on the Warning for the City Meeting scheduled to be held on March 6, 2012:
- b) **ARTICLE 10.** Shall the city amend Title XII – Section 2 of the city charter to allow for the assessment of a 1% local sales tax as per amendment language filed with the City Clerk on January 4, 2012? 20% of revenues received will be dedicated for business development and/or business promotion. 80% of all revenues received will be dedicated to offset property tax revenue. (Requested by the City Council)
- c) **ARTICLE 11.** Shall the city amend Title XII – Section 2 of the city charter to allow for the assessment of 1% local rooms, meals and alcohol taxes as per amendment language filed with the City Clerk on January 4, 2012? 100% of revenues received will be dedicated for infrastructure improvements and maintenance. (Requested by the City Council)

- d) **ARTICLE 12.** Shall the city amend Title V – Sections 1 and 3 and adding a new section 4 of the city charter (and renumber remaining sections accordingly) to change the signature requirement for legally binding petitions from 5% of registered voters to 10% of registered voters as per amendment language filed with the City Clerk on January 4, 2012? (Requested by the City Council)
- e) Recommendation: Conduct the Public Hearing; choose whether to include these items on the March 6th ballot.

Mayor Hooper said the Council is conducting a public hearing to consider proposed amendments to the City Charter reviewed the articles to be placed on the City Meeting Warning.

Mayor Hooper said they would take comment on the charter change proposal for implementation of a sales tax.

Karen Williams-Fox, owner of Woodbury Mountain Toys, said they have been fighting this local sales tax for a while. The first time around they said it would only pass if Barre and Berlin were attached to it. She agrees with that because she knew Barre and Berlin were not going to go through with it and support a local options tax. She is worried she will lose customers. It is already difficult to explain each time you have a sale, especially those under the age of 10, why they have to pay more than \$2 for an item and a lot of times they are pulling it out of their pocket for the sales tax. She would rather pay the city a percentage. It poses a stigma to the downtown. A lot of people don't come to Montpelier because they feel like they are overpriced and there is no parking. She does a lot for the downtown. She sponsors the Green Mountain Film Festival, the theater, the Mountaineers and the schools. She does it because she wants to be here, but she doesn't want to keep making her customers pay more. She doesn't go to the Williston or Burlington because they have a local sales tax.

Thomas Moore from Prospect Street and he is a new business owner. The parking is a problem for our shoppers. To put on another 1 percent is also a wrong thing to do. People are not for it at all. We have voted no to this twice already. Customers circle around and around until they can find a parking space and it is not fun to go shopping and looking for a space to park. They are going to go to New Hampshire.

George Malek from the Central Vermont Chamber of Commerce said he wanted to give the numbers that reflect the difference to taxpayers and to the market between the property tax and the local options tax if we used the figure that was provided at \$750,000 to Montpelier. With a local options tax total collections are more than twice that much at \$950,000 with the state taking \$285,000 of that giving the city \$665,000 and using the city's numbers an additional \$85,000 from the new revenues from pilot to provide the same \$750,000. What we don't know is to what extent people will not come to shop, how much local folks will spend and therefore pay the tax through options tax instead of property tax, etc. We do know we are collecting twice as much as we would have residents paying if they were doing through a property tax, and we know who wins. The winters are easy. The difference between the two is the State of Vermont saves \$150,000. Other Vermont municipalities gain \$200,000. The federal government saves \$150,000 so there is a half million dollars we know where the benefit goes, and none of it is to Montpelier residents. We know who pays, and that is the customers to the tune of just about a million dollars. Generally what is not good for customers is not good for businesses either. In some ways the discussion of options tax is unfortunate because it is distracting. The reality is that what you are talking about is a permanent increase in municipal spending of somewhere in the neighborhood of 10 percent that is tax financed municipal spending. That is a much more critical issue. It isn't going to decrease city spending but set a new normal for Montpelier and Montpelier taxpayers.

Rob Kasow said the problem for merchants with a sales tax is there is a certain disconnect between the people who support local options tax and what merchants deal with on a day to day basis. We are the public face of the city. If this passes and gets on the ballot we have to stay downtown and listen to everyone complain. Despite the fact we have had two floods and three years of recession a lot of us are hanging on by our toenails and it is very frustrating to hear people so cavalier with the future of our businesses because there are no merchants on this panel. It is going to hurt the merchants and the perception of our city. When they run their businesses they have to live within their budgets. The prices of his products are printed on the products. He can't raise prices to make up deficits. Every time the city needs something they come up with a new tax. He would like the city to live within its means the way he has to live within his means which means going without sometimes and learning the difference between what the city needs and what the city wants, and stop making every want a need. Every want doesn't need to become a ballot item. This is a community wide problem and now just the merchants. We have become the most expensive city in the state and yet our infrastructure is terrible. We don't

have our priorities right. Our spending priorities are not correct. To make up that deficit by diminishing the downtown merchant community is just fundamentally wrong and he urges the Council to reject this.

Terri Youk, owner of the Savoy Theater, said he has a question and comment rolled into one. One of the things to consider for a business like the Savoy Theatre, which is a little different than some of the other merchants where you can just take a 1 percent tax and add it on, but in a business like theirs they have to have a flat rate for those people standing in line. They have to absorb that 1 percent. Capital purchases made within Vermont as well as energy purchases are also subject to that 1 percent. Is that correct?

Mayor Hooper replied there is a long list of exemptions.

Mr. York said looking at his budget broadly he would have to eat about \$3,000 to \$5,000 in an organization that is suffering as it is on margins. This kind of tax would put a huge burden on the Savoy Theater. He will do everything in his power to make people aware and educate them when this does come on the ballot so they understand the ramifications for all businesses.

Mayor Hooper said if he is purchasing items for resale those items are exempt under the current statute and would be exempt under this.

Mr. York said he is talking about technology and oil for heating.

Mayor Hooper said they would move on to the room and meals tax.

They received a phone call from Jack McCullough saying he is strongly in favor of a local options as a way to get people who don't live in our city but come in on a daily basis using our infrastructure and services to contribute to the cost of our infrastructure and services.

Brian Cain said he would like to comment on the phone call that just came in. It is very easy for somebody to say we are going to levy a local options tax on room and meals and that particular rooms and meals tax is going on to the out of towners or out of stater. He has done a little homework with the Vermont Department of Taxes. Montpelier is a very unique town. It is a town that is restaurant strong and hotel bed-based weak. What that means specifically for sales is that in general the City of

Montpelier does about \$19 million in sales just in food. In alcohol on top of that they do about \$3.7 million, so there is about \$22 million in sales from the different restaurants. For hotel rooms it is only \$3 million. That means through NECI and through independent restaurants there are a lot of great restaurants in this town, and for all of its residents it is something we can be very proud of. Also statistically it is proven that in the state of Vermont, and in Montpelier as well, over half of those sales come from locals. Over half of the \$19 million we are doing in revenue in our restaurants is coming from local residents. It is a very unsafe assumption to be able to say that this 1 percent option tax, whether it is room, meals and sales, is going to come from out of staters or out of towners. He feels strongly it is a levy on citizens and it's those citizens and customers that are choosing to do business in our restaurants, hotels and shops. It is a disguise to come up with a way to call this a local option tax. You have to remember that all of us went through two floods this year and are all hanging on a string.

Phil Dodd said he supports the rooms and meals tax, not necessarily the sales tax. It is not as radical a concept as it may seem. Thirteen other cities and towns in Vermont have such a tax and none of them have repealed it. The voters actually approved a meals and alcohol tax 20 years ago. The Legislature wouldn't let us pass such a thing and get it enacted so it never came into play. It passed by a 61 percent margin. There was support for it in the community at that time. It did not include rooms at that time but meals only. We do have this burden of being a regional center. The Police Chief told him that more accidents in town are not involving Montpelier residents. We are supplying fire protection and police services to state buildings. We have more traffic and stop lights than we would have if we were just a community of 8,000 people. In the downtown there are expenses for sidewalk maintenance and plowing as well as the parking to maintain and street lights. The residents do contribute towards decorations in Montpelier Alive, and there is a cost to all of this. He really likes the downtown and wants it to thrive. In case of the rooms and meals he doesn't think it really would have an effect. Looking at it as a taxpayer he would be better off living 100 yard into East Montpelier. He could still come down and shop in all of the fine stores and eat here and not have to pay what the residents of Montpelier do. This kind of disparity between some of the people who are using the downtown is growing because the population has been growing much faster in the U-32 towns so we are seeing more use of our downtown and more use of our roads. In essence Montpelier taxpayers are subsidizing these other users. We do want to see people from out of town and visitors from other places helping to contribute to these costs of running a city with a substantial business district. In the

case of the meals tax we aren't talking about a lot of money. An \$8 lunch means an extra 8 cents and it would be 40 cents on a \$40 dinner. He doesn't see that driving away business. In these other communities that have the rooms and meals tax it seems to be working. They have all been added in the last 20 years. This is not that an unusual approach. He would like to see the voters get a chance to consider a rooms and meals tax.

Fred Bashara, owner of Capitol Plaza, said it will affect your servers in your restaurants and your employees. When you go to a restaurant you look at the tip. If the total is too much the server is going to get less. These are people who work hard. The minimum wage for them is \$3.40 or \$3.50 and they deserve their tips. What is the infrastructure – just roads or water and sewer? Didn't we already pass a bond last year for road work? They are trying to put the burden on the commercial community downtown which is less than two miles. There are 73 miles of roads in this city and 20,000 people don't shop in all our businesses downtown. If we all saw that many people our buildings would all look like Williston and they would all be box stores. It's a tough thing to do, especially when the economy is bad and unemployment is still high. Our expenses are high. We have had two floods this year. The businesses do pay their fair share. Their buildings are taxed at a higher rate than residential properties and many of us who live here pay residential and commercial rates.

There was a phone call from Mary Alice Bisbee who suggested there be separate language. She supports meals and alcohol and doesn't support rooms and sales taxes.

Peter Nielsen said he sympathizes with all of the people in the room with the thin margins downtown and he understands their struggles. He also has deep empathy for everyone who is paying the high property taxes in town. He was listening to a couple of realtors talk about selling a house in Montpelier versus one right up the road in East Montpelier and it is the same house for the same price. There is about a \$6,800 tax bill in East Montpelier and about \$10,000 tax for the same house in Montpelier. This is an unsustainable situation where the property values in Montpelier will not keep up with the surrounding areas. You are going to run into a much bigger problem in the city if you don't take this unfortunate step forward and start acting like the regional hub we have to be. You are going to have to find other tools in the future to diversify the revenue streams. This is one change he really encourages the city to make.

Linda Setchell said we have a big elephant in Montpelier – vacant buildings and they have been vacant for a while now. You can levy a local options tax but you are now dealing with the same sort of downtown that some of these other downtowns are dealing with. That same landlord who has all of these vacancies also appealed a bunch of his tax rate increases and won five of the appeals. We have another problem that needs to be addressed before we start levying local options taxes. It's not a destination any more. A third or quarter of downtown is empty. Look at State Street. It's looking a little rough. Look at Main Street right in front of City Hall; it's looking a little rough. It didn't look like this when she moved here in 2005. It was bustling and vibrant. It's looking a little rough. We've had two floods hit our businesses. She has worked with some of these business owners and knows they are struggling and they are feeling so much competition from the internet. There are just a lot of factors in this. We have to deal with some of the other things before we levy this tax. This is not the right time.

Brian Cain said the last call wanted to separate the rooms and meals tax that can't be done. It's the same thing. He feels the local options tax is going to be a toll booth over our city and for anybody who doesn't think the Berlin Mall isn't going to advertise this or Barre is not going to advertise this, that is local marketing and our neighbors will do it against us.

Mayor Hooper closed the public hearing on these two proposals and opened the public hearing on the third charter change. They would like to bring it back to the City Council. Mayor Hooper reviewed the handouts for the audience.

In 2009 she asked Council Members Hooper, Jarvis and Weiss to look at revenues and expenses in the city and to think about how we are spending money and what the opportunities are to change our revenue stream. They have talked about what the employees have done to hold down our insurance costs. There is an active group looking at regionalizing services because they believe there are some opportunities to get some economies of scale if they put their fire and police departments together. The City Manager put some information together about local options taxes and what they would generate and what the average citizen in Montpelier would pay in rooms and meals taxes against paying for the same services through property taxes. Folks have suggested growing our grand list which would mean getting more from property taxes. Our grand list would have to increase to the equivalent of two National Life buildings or 400 new houses.

She is at a dilemma of how we continue to provide the services this community expects on our property taxes and appreciates the distinction between the wants and needs. Most of the time what they hear from the community is why aren't the roads and sidewalks better and please add to the services we have. She is curious about the responsibility for taxes now and sometime in the past. In 1985 about 53 percent of the grand list was on the residential properties. Today 66 percent of the grand list is on the residential properties. In that 25 years we have been watching this slow shift of paying for services over to residential properties.

Council Member Golonka said he has been against these taxes for a while. It is poor public policy to go after the very people who have suffered the most over the past year in Montpelier. This is just slapping them in the face. He will vote no and encourage everyone on Town Meeting Day to vote this down because it is poor public policy.

Council Member Timpone said she isn't convinced this is the best tax and it is regressive. However, she sat on the Capital Improvements Committee and saw how we had been putting off equipment purchases, taking care of our roads and this is one of the options they came up with. Tonight she will be voting yes for both items. She appreciates all of the comments they have heard from the business owners and downtown but she has also received many phone calls from voters saying they want to vote on this and want it on the ballot.

Council Member Weiss added he will vote no on both. He is opposed to the taxation but is more opposed to the wording of the articles. Article 10 says that 20 percent of revenues will be dedicated for business development and/or promotion. That's \$80,000 going for what and to whom? All he has heard from the Council is that it is under our jurisdiction. Eighty percent in Article 10 will be dedicated to offset property tax revenue. There are different ways to offset property tax revenue, one of which is to spend the 80 percent for some project and tell the voters we did this nice project and didn't raise their taxes. The language is faulty in addition to the unfairness and implications of the tax. Article 11 going back to infrastructure he would agree that falls under the jurisdiction of the Council but it isn't comprehensive or detailed or enough. You can count on his vote no.

Council Member Sherman said she believes they have gone through this decision process thoroughly. The proposed budget for FY'13 has nothing unnecessary in it and preserves the essential services we need this year and the services we want to

continue. She sees the trend that the property tax burden is shifting to residential and we need to do something to balance that and mitigate that shift. The key thing that distinguishes Montpelier from all of the other cities and towns that were compared to would be state government and what happens downtown with tourists and lobbyists associated with our unique role as state capitol. We need to find a way to get support for the city from nonresidents. Taxes are a way to support what the best interest of all visitors and residents in the long run. We need to invest in the city and its resources. She will vote yes on both items.

Council Member Hooper said he has been an opponent of local options taxes for a long time and mostly for the reasons that George Malek brought to our attention about the inefficiencies of them. We are giving a lot of money to people other than ourselves by collecting taxes through our businesses, but in the past year he has been persuaded that despite that we need additional money to improve our infrastructure and the residential property owners are on the verge of revolt. Other towns have tried this and not had a reduction in their net sales. It is time to try it here and will vote to put it on the ballot.

Council Member Jarvis said she intends to vote yes on both. We have voted no on local options several times in the past and the Council has refused to enact them because they felt there was something else they could do. They have been under spending on our infrastructure and equipment. She has been concerned about how this might affect the business community which is why she has insisted on the 20 percent appropriation for business development and promotion. She doesn't think this is a conflict of interest but she is on the Board of Montpelier Alive and Chair of the Economic Development Committee.

Council Member Sherman moved the Council approves Article 10 and Article 11 for inclusion on the warning for the Montpelier March Town Meeting Day ballot. Council Member Hooper seconded the motion. The vote was approved on a vote of 4 to 2 with Council Members Golonka and Weiss voting no.

Mayor Hooper opened the public hearing to discuss Article 12.

John Bloch said he hopes they have a deep and probing discussion of this item because it far transcends whether you are going to put a 1 percent tax on somebody. It goes to the very root of a representative democracy. It is crappy public policy and insane when they have to go around and herd people to volunteer to do things. Let's

just do away with elections and ballots because by raising by 100 percent the number of signatures required sends a very clear message out that unless you are a very powerful organization we don't want to hear from you and don't muck up the ballot. He beseeches them to think this through before they jump off the diving board. It has disastrous dilatory effects on the general populations. When they were collecting signatures they had a ball. Most people are totally unaware of what they proposed. The Council is not the keepers of the public to keep them from doing stupid things. What they should be doing is encouraging with the constituency so it doesn't come as a big shock to the public. He asked them to dump the whole thing because it isn't going to accomplish what they most fear – restricting the request for more money. Those organizations that are well oiled will go about taking their employees and their constituents to get the necessary signatures. If we want to restrict the request for money we need a more elegant tool to accomplish that end. What he fears is for non-handouts when it is public policy time to talk about something that people feel it is too much of a push. He spoke to this Council against raising it 100 percent when his own Councilor from his own district was proposing it. He begged them to vote it down.

Phil Dodd said he has a process question about the outside agencies and the ballot items. In recent years they have been kept inside the budget if they did not request more and this year they were all put on the ballot without needing to petition. What will happen a year from now?

Mayor Hooper said for the past eight years it has been handled differently.

Council Member Weiss said the Mayor proposed the Council create in early 2012 an entire policy for outside agencies to be reviewed in its entirety. He anticipates that will happen.

Michael Sherman from College Street said our constitution gives us the right to petition the government and they are raising the bar and making it harder for people to come to the Council and put before you questions that are of concern to a fair number of people. By doubling this you are making it that much more difficult for citizens to express their concerns. These petitions start in January and it's not easy to stand out on the cold street and go door to door in January to collect signatures. He has been involved with four petitions. Getting 325 names is not easy in a short period of time. This proposal suggests that it is easy and he wants to emphasize the fact that it takes effort to get these petitions to the Council. Raising the bar by 100

percent puts an unfair burden on smaller organizations and small groups of people who have a great commitment to get the citizens voted to think about these issues. He urges the Council to rethink this and keep it where it is and allow groups and citizens to come to the Council with proposals so the voters may make a choice.

Mayor Hooper closed the public hearing on the proposed amendment to the Charter.

Council Member Hooper said he wonders what might fall in the legally binding but not appropriation category.

Council Member Jarvis reminded the Council we are a representative government and anyone can come to the Council and ask us to appropriate money or to create ordinances.

Council Member Golonka said it isn't necessarily to stifle participatory democracy. It is really a way to get Council into the discussion of some of these articles. He feels they have lost complete control over negotiation with the Library. He thinks they need control over the Library and feels this will help us. This is a collection of years' worth of petitions they have collected. At what point do we require them to repetition.

John Bloch said he feels they have lost control also and not just for the Library but a number of issues. If there are streams of funding coming into these larger organizations why are we being hit again? The wording is unfortunate becomes it does not become immediately clear. He thinks they need to look at the whole budgeting process to see if it meets the common good. What mechanisms can we take to make government more viable and more accessible and transparent? He absolutely agrees about the control issue.

Council Member Sherman said the letter was sent out in October telling nonprofits saying they didn't have to come to the Council if they were in the budget. She doesn't know that they want to negotiate with all of these little organizations. The Library is different.

Council Member Weiss said Article 12 shall amend item 5, sections 1 and 3. Sections 1 and 3 do not require anything in terms of a specific percentage except for special meetings. He isn't sure the Council needs this as referenced in sections 1 and 3. Then it adds a new section 4.

Motion was made by Council Member Golonka, seconded by Council Member Jarvis to place Article 12 on the Annual City Meeting ballot. The vote was 4-2, with Council Members Weiss and Sherman voting against the motion.

12-030.

Conduct a Public Hearing to consider the following Article and its inclusion on the Warning for the City's March 6th Annual Meeting.

a) **ARTICLE 9.** Shall the voters authorize the City Council to borrow a sum not to exceed \$870,000 for *infrastructure improvements and equipment purchase*? If approved, bonds for these capital items would be issued for a term of 20 years. With a 20 year bond, approximately \$23,500 would be required for the first year interest payment and approximately \$74,300 for the second year principal and interest payment and future payments declining each year as the principal is repaid. (Requested by the City Council)

b) Recommendation: Conduct the Public Hearing; direction to staff.

Mayor Hooper opened the public hearing at 10:00 P.M.

Tim Heney said basically there is about \$1.1 million or \$1.2 million in maintenance projects in the budget of which about \$700,000 or \$800,000 has been used for paying other capital debt we have. We are trying to come up with more money for needed capital improvement projects.

City Manager Fraser said because they are behind we need to do a lot of capital projects. It was really both projects and equipment for bonding. They are all capital purchases.

Mayor Hooper closed the public hearing at 10:05 P.M.

12-031.

Consideration of a Necessity Resolution for Agenda Item #12-029 which reads: "RESOLVED, that the public interest and necessity demand that certain infrastructure improvements be made, viz. street improvements 

including retaining walls, storm drains, culverts and street rehabilitation, fire truck purchase, facilities repairs, and ADA renovations at an estimated aggregate cost of Eight Hundred Seventy Thousand Dollars (\$870,000) ..."

City Manager Fraser reminded everyone that the necessity is the need to borrow.

Motion was made by Council Member Weiss, seconded by Council Member Sherman to approve the Necessity Resolution. The vote was 6-0, motion carried unanimously.

12-034. Conduct Second Public Hearing on Warning for the March 6, 2012 Annual City Meeting.

- a) Council conducted the First Public Hearing on January 11, 2012; this hearing is the deadline for all petitioned ballot items.
- b) Recommendation: Conduct the Public Hearing; approve final warning for presentation to voters.

Mayor Hooper opened the public hearing at 10:08 P.M. No one came forward to comment and the public hearing was closed.

Motion was made by Council Members Jarvis, seconded by Council Member Hooper to approve the final warning for the March 6, 2012 Annual City Meeting. The vote was 6-0, motion carried unanimously.

12-035. Status Review of Major Projects.

- a) Council has requested regular progress reports regarding major projects.
- b) Reports have been prepared indicating project budgets, sources of funding, expenses to date, and anticipated project schedules. These will be updated quarterly.
- c) Recommendation: Discussion, accept reports.

Council Member Weiss moved the Council receive the major project reports and review at a later time. Council Member Timpone seconded the motion. The vote was 6-0, motion carried unanimously.

City Manager Fraser said they have been tracking these projects for years and have found it quite useful.

12-036. Reports by City Council

Council Member Weiss reminded that the Manager has advertised for volunteers to serve on the Redistricting Committee and he hopes folks will contact his office and volunteer.

Council Member Jarvis mentioned that the Economic Development Committee of Montpelier Alive is meeting on February 7th at 4:00 P.M. to talk about their vision of what economic development is and everyone is invited to attend the meeting.

12-037. Mayor's Report

None.

12-038. Report by the City Clerk-Treasurer

None.

12-039. Status Reports by the City Manager

City Manager Fraser reported that the city signed the District Heat contracts and testified before the Senate Institutions Committee on Wednesday. It was a very interesting and educational meeting.

There was a period of time in the city when the city switched to a May Town Meeting vote so they could start their budget process in January and February since the fiscal year starts in July. That lasted a few years and got voted back. This is a legal option that is available to the City and would allow us to have better information available for the new fiscal year.

Adjournment:

After motion was duly made by Council Member Jarvis, seconded by Council Member Timpone, the council meeting adjourned at 10:17 P.M.

Transcribed by: Joan Clack

Attest: _____
Charlotte L. Hoyt, City Clerk