

On Wednesday evening, July 13, 2011, the City Council Members met in the Council Chamber.

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

Call to Order by the Mayor:

Mayor Hooper called the meeting to order at 7:05 P.M.

11-179. General Business and Appearances.

Robert Hockensmith, Public Information Officer for FEMA at the Joint Field Office in Burlington; his associate is Carl Sherrill and their photographer were present to update the council on their efforts and provide information on some of the programs that were available to residents, businesses and nonprofit organizations.

Robert Hockensmith said first and foremost people and businesses need to register. Unless you register you will never know what kind of assistance is available, and, secondly, they will never know they need assistance. There are four ways to register:

- By phone – 1-800-621-3362 (3362 stands for FEMA)
- Online – go to [www.disasterassistance.gov](http://www.disasterassistance.gov) and register on line
- Smart Phone – m.fema.gov and register
- Go into a Disaster Recover Center (DRC). There is a DRC opened in Barre and it is open 7 days a week from 8:00 A.M. to 6:00 P.M., including holidays.

When you do register your business or as an individual you are going to get an SBA application.

Carl Sherrill said SBA partners with FEMA in providing assistance, and this is the only program where they provide assistance to individuals. Probably 80 percent of the assistance they provide here in the county will go to individuals who are renters and homeowners. The form of assistance that SBA has is in the form of long term low interest loans that come directly from the U.S. Treasury.

Mr. Hockensmith said there are four disaster recovery centers in Vermont. They are located in Newport, Mallets Bay, Swanton and Barre.

Mr. Sherrill said the way they work together on the program is they are designed to get the most money to the most people as fast as possible but their constituents need to take the steps they outlined. Insurance is certainly the first line of assistance if you have insurance that covered these damages. Because FEMA funds are grants you need to have the insurance settled before they can provide the grant funds. SBA's funds will be in the form of loans can take an assignment of insurance proceeds and get them some funds so they can begin their recovery and use the insurance to pay off the loans later. It is very possible that people recovering from these disasters would use some FEMA funds, some SBA funds and possibly some insurance funds to get their total recovery.

Mr. Hockensmith added there is also some tax impact. When he isn't working for FEMA as a Disaster Information Officer he is a certified public accountant and a tax attorney. If people lose property and end up spending money and not receiving assistance or reimbursement, either from insurance or FEMA funds, and they end up expending money and losing it there is a tax deduction available to them if the loss they incur exceeds 10 percent of their gross income.

A question and answer period followed.

Council Member Weiss asked if there was a public meeting coming up shortly to cover this topic.

Mayor Hooper replied there is one tomorrow evening at the Barre Auditorium at 6:00 P.M.

11-180.

Consideration of the Consent Agenda:

- a) Consideration of Minutes from the June 8 and June 22, 2011 City Council Meetings.
- b) Consideration of an "Agreement for Services with Faith in Action" for the Community Innovations for Aging in Place

CIAIP) REACH Care Bank Project. Staff is recommending that the City contract with Faith in Action for a total of \$17,400 for the purpose of providing project support services for the REACH Project.

- c) Consideration of a Contract Extension for Technical Services, through the month of July, between the City of Montpelier and Community Biomass systems, Inc. (including subcontractors) for the Montpelier Community District Heat Project. The Amendment would add \$6,100 to the “not to exceed” total limited of the amended agreement.
- d) Community of Vermont Elders: Consideration of approving a contract that will transfer management and operation of the REACH Care Bank to COVE. Contract value: \$50,000 plus REACH operating expenses.
- e) Consideration of a street closure request from the “*Meadow*” neighborhood for their Annual Block Party which is held each year, closing Summer Street from Spring Street to Winter Street. This event is scheduled to be held on Saturday, July 30, 2011, from 3:00 to 10:00 P.M., with a rain date of Saturday, August 6<sup>th</sup>.
- f) Consideration of a (partial) street closure request from Tom Bivins, Executive Chef at the New England Culinary Institute, for their Second Annual “Great Vermont Community Picnic” scheduled to be held on Saturday, August 20<sup>th</sup>. He is requesting that the westbound lane of State Street, between Governor Aiken Avenue and Governor Davis Avenue, be closed off from 11:00 A.M. to 7:00 P.M., leaving the eastbound lane open for emergency vehicles and allowing access to state parking lots.
- g) Ratification of a poll vote taken of Council Members on June 23<sup>rd</sup>, authorizing the Police Chief to purchase the 2011 Chevrolet Impala Police Cruiser that had been built and delivered to Cody Chevrolet. The approved budgetary amount for this vehicle (plus equipment) is \$25,500. The purchase price of the vehicle was \$29,910.
- h) Consideration of “voluntarily recognizing” the maintenance position for the Cemetery Commission as included in the

Department of Public Works Union. At a special meeting held on Wednesday, June 22<sup>nd</sup>, the Cemetery Commissioners voted unanimously in favor of this inclusion; staff does not object and once Council approves, language will be drafted amending the current agreement accordingly.

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

1. Ratification of a poll taken for the issuance of a Catering Permit to Vermont Hospitality Management, d/b/a New England Culinary Institute, for a Reception scheduled to be held on Thursday, June 30, 2011, from 5:15 to 6:30 P.M. at the National Life Guest House.
2. Ratification of a poll taken for the issuance of Catering Permits to Vermont Hospitality Management, d/b/a New England Culinary Institute, for:
  - a) Dinner Reception on Sunday, July 10<sup>th</sup>, from 5:30 to 7:30 P.M. at the National Life Guest House.
  - b) Dinner Reception on Tuesday, July 12<sup>th</sup>, from 6:00 to 8:00 P.M. at the National Life Guest House.
  - c) Dinner Reception on Wednesday, July 13<sup>th</sup>, from 5:30 to 8:30 P.M. at the National Life Guest House.

j) Ratification of the Tax Rate for FY 12.

- 1) City Councilors were polled on July 8<sup>th</sup>, being asked to consider setting the FY 2012 Municipal Tax Rate of \$0.9285, the Sewer Benefit Charge of \$.02 and the Sewer Separation Charge of \$.07. With Education Taxes added, the Total Residential Tax Rate is \$2.3152 and the Non-Residential Tax Rate is \$2.4029. (See attached spreadsheet for details.)
- 2) Total Residential Tax Rate is down 6.8 cents. Total Non-Residential Tax Rate is down 8.1 cents.
- 3) The voter-approved municipal spending is up \$132,000 from FY. \$40,000 of this increase is the voter's approval of a new bus route.

- 4) The Residential Municipal Tax Rate is up 1.2% (up 1.1 cents) from the FY 11 Tax Rate. Education Tax Rates are down due to the increase in the Grand List's CLA. Overall, the Grand List is up 0.2%, the projected increase was 0%.

k) Payroll and Bills

Payroll Warrant dated June 23, 2011, in the amount of \$119,305.17.

General Fund Warrant dated June 29, 2011, in the amount of \$236,710.91.

General Fund Warrant dated June 30, 2011, in the amount of \$42,021.86, \$25,200.00 and \$25,690.42.

Payroll Warrant dated July 7, 2011, in the amount of \$30,023.94 and \$121,340.97.

Mayor Hooper asked to pull off b) and d) which are the REACH Agreement and the COVE Agreement be removed from the consent agenda and be considered separately.

Council Member Weiss requested that C) contract extension for Technical Services be considered separately.

Motion was made by Council Member Jarvis, seconded by Council Member Hooper to approve the consent agenda after removal of the requested items. The vote was 5-0, motion carried unanimously.

11-180(a)

Consideration of an "Agreement for Services with Faith in Action" for the Community Innovations for Aging in Place

CIAIP) REACH Care Bank Project. Staff is recommending that the City contract with Faith in Action for a total of \$17,400 for the purpose of providing project support services for the REACH Project.

Community of Vermont Elders: Consideration of approving a contract that will transfer management and operation of the REACH Care Bank to COVE. Contract value: \$50,000 plus REACH operating expenses.

Mayor Hooper said there is a slight change in the contracts and she wanted an explanation.

Planning Director Hallsmith said in the Planning Department goals for this year was to find another home for REACH. This represents an opportunity for REACH and COVE to become not only sustainable but sustainable in a well suited organization. COVE stands for the Community of Vermont Elders. They are a statewide group that supports elders and advocates for them in the Legislature. There were just a couple minor changes to the wording of it, which is on page 3 where they are talking about how they could change the payment schedule with mutual agreement by the parties and they added a budget. It says: "The City and COVE may request changes to the above payment schedule and such change may be a financial agreement." The other thing they changed was the date of the staff transfer to August 1<sup>st</sup>, so even though the contract will become official if they sign it tomorrow they are delaying the staff transfer by two weeks just because of health insurance issues and payroll planning so there is no interruption in any of the staffs' coverage on health insurance and it fits in with COVE's payroll a little better.

The idea is that the entire program will be under COVE's wing and management but we will still be maintaining the grant piece until the fall. We still have to do the reporting to the Administration on Aging. There are provisions in the process for them to provide us with the reporting information and the reimbursement schedule. The other thing she circulated to them today they didn't have on Friday because they were still reconciling the end of the year financial information within their own shop on what they had spent on REACH up until the end of June so they didn't want to commit funds they didn't have or had spent already. Now they have arrived at an operating budget that will be transferred into COVE. There is still one minor math error which has to do with how they present the budget. They decided at the last minute to combine personnel and fringe in the budget which is partly because the benefits available to city employees are quite different than the benefits available to COVE. The totals for personnel and fringe for the first period of the operating budget, which is the remainder of the federal fiscal year, is \$31,109.07 and the total for personnel and fringe for the operating budget for the federal fiscal year from 2011 to 2012 is \$214,259.43. They would not have to consider the Agreement for Services with Faith in Action.

They have decided to transfer the contract with the Central Vermont Council on Aging to COVE. It didn't make sense for us

to be approving another contract with them tonight that would extend our obligations so they are just transferring the money that was in that contract and the responsibility to COVE.

Council Member Hooper asked what the plan beyond September 30, 2012 is.

Planning Director Hallsmith replied the hope is that it will continue and be sustainable and be an embedded system in not only Montpelier's life but in the whole state. That is one of the exciting parts of COVE taking it over is that it will have the potential to be a statewide program, which will actually work a lot better than a program that is based locally because so many people don't live right in the same town as the rest of their families. They do have the partnership with Timebanks USA and one of their responsibilities as well as replication they have envisioned them spending a lot of their resources in Vermont but the idea is that they will replicate it nationwide in other areas they serve.

Council Member Hooper asked if that relationship was also transferred to COVE.

Planning Director Hallsmith said that is one relationship they retain partially because they have two responsibilities – one is replication which has nothing to do with COVE and the other is the independent evaluation.

Council Member Weiss said he had looked at many of the agreements and he thinks they have created an octopus. The city is basically the head of the octopus and then various tentacles are fake reaction to many Vermont elders – Timebanks, REACH, and Central Vermont Council on Aging and the Administration on Aging. They overlap the duplication and triplication of effort of authority of responsibility which leads him to believe that this will not work. His recommendation is they don't accept this tonight and ask the various parties to come back and tell us specifically what the areas of authority and responsibility are and how they are going to coordinate and cooperate. There is so much overlap and duplication he doesn't think it is worthy of consideration tonight.

Planning Director Hallsmith said his concerns about overlap they really are delegating the large responsibility for the program to COVE and the various other parts of the program COVE will be

managing for them. That was the explicit goal of the Council in the beginning of the year and by doing this they are following through on that commitment.

Ginny Milkey said she would like to address some of the concerns about the overlap. COVE has taken on a number of grant funded programs over the years and right now their main program is called the Senior Medicare Patrol. They work to educate people around the state regarding Medicare and other kinds of fraud, how to recognize it, how to prevent it and how to find errors. She supervises that Program Director and she supervises all of her staff. She does her budget. COVE takes care of the payroll for all of the staff that works for them. REACH would work the same way. Daniel Hecht is the Director and she would be Daniel's supervisor. It is pretty much the same as any organization operates. REACH is going to be part of COVE and they will be COVE employees. They will be plugging REACH into some of their public relations work and they can take their information to different parts of the state when their programs are there and save expenses. The Administration on Aging as the grantee gets what they need, they produce it and Daniel is going to be doing budgets and reports and she will be working with him. That goes to the city because the contract with the Administration on Aging is still with the City so she doesn't anticipate any duplication of effort there.

Planning Director Hallsmith said they thought it was better to put the continuation of their services under REACH in the COVE contract and they will continue to manage that service. REACH will report to COVE.

Council Member Hooper moved the acceptance of the contract that will transfer management and operation of the REACH Care Bank to COVE as amended. Council Member Jarvis seconded the motion. The vote was 5-0, motion carried unanimously.

Mayor Hooper thanked them for fulfilling the desire of the City Council and she agrees that this is a great partnership.

- 11-180(b) Consideration of a Contract Extension for Technical Services, through the month of July, between the City of Montpelier and Community Biomass systems, Inc. (including subcontractors) for the Montpelier Community District Heat Project. The Amendment

would add \$6,100 to the “not to exceed” total limited of the amended agreement.

Council Member Weiss said under the technical services between the City of Montpelier and the Community Biomass Systems, Inc. they are asking for \$6,100. They are already getting \$95,490 and they are supposed to support the city in negotiations with the State of Vermont. They are supposed to explore options related to Montpelier schools and he believes a special committee has been set up and approved by the Council. They are supposed to help the District Heat Service do its planning and assistance plus a variety of other things. He doesn't see them doing any of these and he doesn't see the justification for another \$6,000 when they are already getting \$95,000.

Planning Director Hallsmith said this wasn't to expand the scope but just continuing the services they are providing under the existing contract through the end of July which is when they hope to get approval from the DOE for budget period 2 which allows them to move into the construction phase of the project. They have been very helpful in terms of helping us with estimating and preliminary design. One of the tasks they have to complete between now and the end of the month is to submit a completed budget timeline and statement of project objectives, etc. to the DOE. The other thing that is going on simultaneously is working with the state to make sure that the specifications that the state is developing for the energy plant, which includes our heat exchanger, meets our needs. That is one of the areas of work that they are well qualified to do. That is why they decided to extend the contract until July 31<sup>st</sup>. They anticipate that once they have approval for budget period 2 they will negotiate a new contract with them to continue a range of services. However, they are also going to be issuing a Request for Proposals for engineering services to bring them into final design and construction. That is another large piece of engineering work. She understands they are likely to submit the proposal for that work so they aren't involving them in the drafting of the RFP or any of the details. They are still incorporating comments they received from the National Renewable Energy Lab, from our own Department of Public Works and Biomass Energy Resource Center and some other people she has asked for advice because it is a very important piece of work.

Motion was made by Council Member Sherman, seconded by Council Member Timpone to approve an amendment for a contract extension for technical services with Community Biomass Systems, Inc for an amount not to exceed \$6,100. The vote was 5-0, motion carried unanimously.

11-181A. Consideration of appointments to the Development Review Board.

Kevin O'Connell and Jack Lindley have indicated an interest in being reappointed for another three-year term.

Kevin O'Connell said he remains concerned about the fact that they just haven't had the applicants that they had not too long ago. He isn't sure what the solution is, perhaps they need a little more proactive publicity. He also suggested looking at changing the renewal dates to sometime around Town Meeting when people are feeling a little more civic responsibility.

Motion was made by Council Member Jarvis, seconded by Council Member Sherman to appoint Kevin O'Connell and John Lindley to another three year term on the Development Review Board and advertise to recruit another member. The vote was 5-0, motion carried unanimously.

11-181. Consideration of appointment to the Design Review Committee.

- a) Design Review has had an Alternate position vacant since Muffie Conlon resigned in January 2011.
- b) Staff advertised and received a letter of interest from Tim Senter, 56 Wheelock Street.
- c) Recommendation: Opportunity to meet applicant; appointment to fill the unexpired 3-year term until October 2012.

Tim Senter had been away from Montpelier for 22 years and had returned. His passion is historic preservation and has also helped out with some committees at the Central Vermont Regional Planning Commission. He thought this would be a good fit and he believes he could make a contribution.

Motion was made by Council member Jarvis, seconded by Council Member Serman to appoint Tim Senter to the Design Review Committee for the unexpired three year term. The vote was 5-0, motion carried unanimously.

11-182.

Consideration of an update from the Street Lighting Committee: Status, Process and Goals

- a) A presentation about the possibility of converting leased mercury vapor city street lights with new city-owned LED (Light Emitting Diode) street lights was provided for the City Council during their regular meeting of February 9, 2011
- b) The City Council authorized the City Manager to execute a Memorandum of Agreement with Efficiency Vermont (E-VT). As per the agreement, the City is following the steps described in the E-VT publication "Guide to Improving Efficiency in Municipal Street and Public Space Lighting" which outlines the process for developing a LED upgrade project to replace inefficient street lamps and assuming municipal ownership.
- c) The City Manager and the Assistant Public Works Director were granted authority to organize a Street Light Advisory Committee, advertise for volunteers and make the committee appointments. The committee was formed and now consists of the following members: Paul Markowitz (Chair), Ann Watson, John Snell, Kate Giusti Nicolet, Jeff Prescott, Andy Boutin, Harold Garabedian (Energy Committee rep), and Tom McArdle (DPW).
- d) Committee representatives will describe their progress thus far, what the process entails, and the steps that will be accomplished to complete the project. the outline of the steps are:
  - 1) Form a team
  - 2) Conduct a needs assessment
  - 3) Prepare street light inventory
  - 4) Determine ownership of fixtures
  - 5) Identify and eliminate unnecessary lighting fixtures
  - 6) Determine how new LED fixtures will be controlled and maintained
  - 7) Prepare final project scope and budget.

- e) Back-up documentation can be reviewed by going to the City's website, [www.montpelier-vt.org](http://www.montpelier-vt.org) and clicking on the Street Light Committee under "City Government/Boards & Commissions." Council may also look at additional information under "Relevant Documents," and specifically, the E-VT publication.
- f) Recommendation: Receive presentation; review and consider LED street light assessment, elimination, and improvement, and LED conversion process. Either endorse or provide recommendations or suggestions to the committee.

Tom McArdle, Assistant Director of Public Works, presented a briefing and status update on the Street Light Committee. An opportunity came about with Efficiency Vermont and they signed a Memorandum of Agreement. They have formed a committee and met about six times working through the process. It is a long process reviewing essentially every street light in town. Green Mountain Power is replacing the mercury vapor lights with LED light. These replacement light are at a higher cost to the City. That is why it is important they complete the work, review the lights they have, determine what they need to keep because they do all cost whether it is city ownership or leased. They are looking into taking over the lights and owning them and then entering into a maintenance contract with Green Mountain Power.

Paul Markowitz, Chair of the Street Light Committee said Tom McArdle was great to work with. He works for Efficiency Vermont and head of the municipal street light initiative for Efficiency Vermont in terms of helping towns across the street improve their efficiency. What better way than to learn on the ground what is involved than to work in his own town?

They have divided their work into two chunks. One is to identify opportunities for removal of unnecessary street lights, and the other is to replace the remaining lights with LEDs. They are following the guidebook that Efficiency Vermont put together that provides the guidance. He continued by reviewing the process the committee was following.

Council Member Hooper said he was in favor of reducing lights that people agree aren't serving that purpose. Is there much to be gained from taking ownership of the lights?

Assistant Public Works Director McArdle said we are an old town and a lot of our streets are old. They grandfathered our lights. He continued by reviewing the rates. There is a contract the city will have to negotiate with Green Mountain Power, and then there is a grant from Efficiency Vermont they will apply for that gives \$300 a light which will help offset that cost. There will be some financial implications. Green Mountain Power would be maintenance as needed and not a regular maintenance plan.

Mr. Markowitz said they are going to change to LEDs not matter what because it makes sense. The lighting quality is better, it will save money. Efficiency Vermont is the tool and will help calculate the costs of leasing versus ownership and give the City payback information. They will come back to the Council with that data. Green Mountain Power while they have decreased the cost for the leasing for LEDs the energy charge for municipally owned LEDs has become more expensive. These are cash cows for them and they want to hold on to their infrastructure.

Acting City Manager Hill said the thing they hear the most is that it appears that the lighting on the downtown crosswalks in the busy section aren't as bright as they were, or could be or should be. When we go to the LEDs there will be a brightness that we don't have right now. The feedback they are receiving in the Manager's Office is the crosswalks seem dark.

Mr. Markowitz said they are also looking for opportunities for increasing lighting in certain areas. One of the most important reasons for lighting is pedestrian/vehicle conflict, basically crosswalks. They want to have a uniform standard when they have a crosswalk to make sure the lighting levels are uniform and make sure they are adequate.

Discussion continued on the process and concern about the lighting on the bridges was discussed.

Mayor Hooper said she was concerned about public outreach. She can imagine going through this very thoughtful and careful nicely designed process and then turn off the lights and people would be horrified, outraged and distraught. She asked if they had any advice

in terms on how to substantively involve people so they understand the process.

Assistant Public Works Director McArdle replied they would use the mapping and get it on the city's web site. They are trying to come up with a way of identifying on the map so you can find out where your home is and whether you are in the area where there are lights which will be removed. The information will go through a press release. There will be a map here during the recommendation part and then there will be a 3 or 4 week comment period. There are those who do not react to any of that and react only when the light is gone.

Mr. Markowitz said the specifics on how they get the word out to the public is a critical piece. They would want some type of appeal process. There will be an outreach process and a public hearing. They should involve the CANs, the Citizen Action Network, and get them involved.

Mayor Hooper said people will be concerned. We will be most successful if we do the outreach beforehand so people understand it. During the vote on the district heating project many people in the community said to them they needed more information. They talked about this absolutely every Council meeting and article after article in the paper yet folks didn't get it. She would prefer not to repeat that sort of experience. They may want to send notice out when they send out the water and sewer bills.

11-183.

Consideration of Water and Sewer Rates:

- a) The Water and Sewer Committee met on June 16, 2011 with the Finance Director and the Director of Public Works to review financial reports, rate history, revenue trends for future budgets and rate increases.
- b) The Water and Sewer Rate Committee is looking forward to receiving information concerning the capital needs of the City's water and sewer utilities from this summer's CIP Council Committee.
- c) The Water and Sewer Rate Committee is making progress on establishing a new water rate structure. The new structure will

have higher fixed fees that cover customer-based service (administration) costs and debt expenditures without being dependent on customer usage. Also, a fee may be considered that would pay for the elimination of the water fund deficit (perhaps over 5 years). This rate structure needs more time to be developed and communicated to users before implementation (approximately 6 months).

- d) In the interim, the Water and Sewer Rate Committee recommends increasing quarterly fixed (readiness to serve) rates by \$10 per quarter for water customers effective July 1, 2011. All other Water and Sewer rates would remain the same at this time.
- e) Recommendation: Accept update from the Water and Sewer Committee, and adopt the FY12 Water and Sewer Rate Resolution with the increase in Fixed Cost Charge of \$40 per year.

Finance Director Gallup said she was part of the Water and Sewer Rate Committee. Water in particular is struggling. She thinks the sewer funds will right themselves in the next year or two. Water is really the victim of a very nice plant with a lot of debt through no growth and conservation efforts. We have dug ourselves into a hole with water, and unless there is growth there is no way to pay for our annual operating costs and debt. The Council has instructed the Water and Sewer Rate Committee to find a way out of this situation and take action to alleviate the debt. They do not have that completed and hope to have that completed in six months. There is a concept of changing the rate structure which would mean that we would identify the costs of the fix expenses in our operating budgets and our debt and determine how to make sure we will raise those funds, and then have the variables that they can attach to usage. That structure uses an equivalent residential unit which is called an ERU which is why it has taken so long; there are 3,000 accounts and they are going back two years. They are determining their usage. Based on their usage they get an average residential usage, apply that to nonresidential so if you have a big company you would use their usage to give them a number like 150 ERUs so therefore they would have to pay a fixed cost that would be 150 times what a resident would use.

Their recommendation in the meantime is last July, the first time in many years they had not increased sewer and water rates at all. They have been bumping them up 5 percent for the last three or four years so last year everybody got a pass. Just because they are not ready to put their new structure in right now the Committee wanted to take into consideration that we needed to increase rates at least somewhat for July 1<sup>st</sup> of this year to help ease the hurt the water fund is in right now. There is a recommendation to change for July 1, 2011 to raise the fixed rate cost to \$40 annually per customer, which is \$10 per quarter. That is going to raise about \$116,000.

Council Member Jarvis said Sandy started this out by saying we've gotten ourselves into this. In fact we haven't gotten ourselves into this but the federal government has gotten us into this. She didn't know the story behind why we have the over capacity we do. That is a real important story to tell, that we are not in this situation because of a lack of financial management. It's a combination of being forced to construct a facility that is much more than what we need and then having a rate system that encourages conservation.

Finance Director Gallup explained the effect that conservation was having on the water fund.

Council Member Jarvis said it is understood that this is not an easy step to take because of the fixed cost. It's not something people have control over. She thinks the Council as the financial managers of this fund would not be exercising their fiduciary duties to allow this fund to sink further into deficit.

Council Member Hooper said as another member of the Committee he feels sorry on the other side. This change is a long time coming. The costs are fixed and have most of the income be variable creates bad incentives. We have had companies in our town who have made a very large investment in conservation which has effected the city's income.

Council Member Sherman spoke about the water that was unaccounted for and the need to figure out where it was going.

Finance Director Gallup replied it is consistent and it's unbilled. It is leaking.

Council Member Weiss said on the first page it is going to go up \$10 per quarter. Will that apply to both metered and non-metered users?

Finance Director Gallup replied it is just the metered users. There are a few people that are on a fixed rate for water.

Council Member Jarvis said the Water and Sewer Committee did not make any recommendations about that.

Council Member Weiss said on page 2 of the resolution under sewer connections the City Council of the City of Montpelier, acting as the Board of Sewer Commissioners... He asked if the Council also acts as the Board of Sewer Commissioners.

Mayor Hooper said she understands and appreciates the work which has been done on this. She has had probably as many concerns raised over the costs of water as she has had over taxes. The water discussion and where they come from she finds the most painful because people are desperately trying to hold down their costs and she finds this to be a very regressive sort of structure. There is no relief whatsoever for people. She worries about going increasingly to increasing our fixed costs and spreading that over a larger group. She understands the economic rationale and using it to drive to decisions, but we really need to pay attention to the burden this is placing on folks. With property taxes there is a relief valve when people don't have the ability to pay. At a minimum the discussion aside from the resolution in front of the Council it strikes her they ought to give some thought to finding a relief valve they can provide to people who are struggling. Maybe it can be tied into the property tax. She is worried about shifting the burden increasingly to those who can't pay for it. She also wonders if there is a shift from commercial to residential, and she worries about that a lot when they watch property taxes and they should worry about it here as well.

Finance Director Gallup said she worried when they were doing this that they were looking at apartment buildings and some of them have very small apartments and they are expensive.

Mayor Hooper said in addition to doing their fiduciary responsibility to the utility they have this other responsibility to the residents of the community.

Council Member Jarvis said she appreciates what she is saying but she thinks it is two different conversations. The first is how do they get this fund out of deficit and the other is how do we help protect our residents from the burden that is placed on them.

Mayor Hooper said they have to happen at the same time because in getting it out of its deficit you can't do damage to the residents. Let's protect the people that it is going to place a great burden on. They need to do the two things together.

Council Member Hooper added that along with that second piece of protecting individuals he thinks they can help the policy of increasing residential densities by noting that it is one major hookup to serve 8 units and apartment buildings and each of those units is going to use less than a stand-alone house. They need to create a unit which incentivizes more dense development on the water and sewer system.

Motion was made by Council Member Weiss, seconded by Council Member Hooper to approve the Water & Sewer Resolution as amended. The vote was 5-0, motion carried unanimously.

11-184.

#### Reports by City Council

Council Member Jarvis suggested that the Acting City Manager meet with the League of Cities and Towns about the water and sewer rates. Other towns must have the same kind of issue, whether they create a relief fund or combine it with property taxes. She reported she had a great meeting with a group of District 2 voters this past week and had an interesting conversation about all kinds of topics. This reminded her of the importance of the Council's communication with the public and we need to engage the public more to have some more informal communications.

Council Member Timpone reported they had their first Barriers to New Housing in Montpelier last week. As an update on the Flood Relief Fund they have awarded just over \$20,000 to area businesses mostly in \$1,500 checks and they have a surplus of just over \$9,000. They didn't receive as many applicants as they would have liked. They are thinking about using some surplus money to help with an early warning system.

Council Member Sherman reported they had a splendid 3<sup>rd</sup> of July celebration and the weather and crowds were wonderful. The city banner was wonderful. Sandy Pitonyak designed it. There are some street improvements in progress. Sarah and she just received a list of about a dozen serious needs in District 2 and will pass them on to Tom McArdle.

11-185.

Mayor's Report.

Mayor Hooper reported she and Council Member Sherman rode on the inaugural ride of the circulator bus. It was interesting to watch the team figure out where to stop.

She attended the Montpelier Business Association and they have been talking about all of their infrastructure, waste water treatment plant and Todd mentioned how much more water was going into the waste water treatment plant during the storm event which backed them up into talking about the storm drains not being separated from our waste water. They are talking about the downtown and all of the roof drains that are tied to our waste water disposal system. Todd reminded them they have an ordinance that says they must be separated but we are not allowed to do that. She was thinking about the meeting of the Montpelier Business Association when she asked what would they like the city to do for you in terms of flood mitigation. Maybe we should be enforcing our storm drain separation ordinance and as a way to help people in the downtown to do that is to have some incentive money to do the separation. Bill Fraser had suggested the city might also want to think about putting some money to help people who had been affected, and this strikes her as something that might be worthy of a conversation. We know we need to separate them and have heard from property owners.

She has been meeting with a group of people in Barre City looking at the corrections population, crime and how to make that a safer and more welcoming community. Our Police Chief works very closely with that group, but while the focus has been on Barre this is clearly a regional public safety community justice system issue. They are trying to understand what works and what doesn't work in terms of the state's response to public safety and the judiciary's response to public safety related issues. One of the things they are

looking at is possibly creating a different scenario for housing in Barre.

11-186. Report by City Clerk-Treasurer.

City Clerk & Treasurer Hoyt reminded people of the BCA meeting where they are going to be discussing the legislative reapportionment next meeting. The property tax bills will be going out Friday, July 15, 2011.

11-187. Status Reports by the City Manager

Acting City Manager Hill said back in 2010 the employees formed their Health Insurance Task Force to look at ways they could save money not only for the city but for themselves as well, and at that time they agreed to a high deductible insurance plan which saved roughly \$190,000. However, in 2011 the increase is going to just about eat all of that savings up so the Health Insurance Task Force decided with Finance Director Gallup's encouragement that it was time to reconvene and take a second look. At the same time this was happening the Vermont League of Cities and Towns also announced that it will no longer be offering insurance products in 2012.

Mayor Hooper asked if they were dissolving the health trust.

Acting City Manager Hill said that instead they are going to be offering a variety of competitively priced plans and basically focusing on the three carriers in Vermont – Blue Cross/Blue Shield, MVP and Cigna. They are going to act as brokers. Tim Ford who Sandy and the Task Force have worked with in the past met numerous times with both Tonya Chambers who works for the League. Tim Ford is aligned with Hackett, Valine & McDonald. On the Health Insurance Task Force there are representatives of the unions and the personnel plan. Bob Gowans has chaired that committee. The two proposals from both agencies were very close, but the Task Force felt very strongly about the wellness program that the League has always incorporated into the insurance program. Today Bob Gowans recommended to our Finance Director: “The Health Insurance Task Force has over the last two months meeting with and evaluating proposals from VLCT, Tonya

Chambers and Tim Ford. After careful consideration in evaluating both proposals they have decided it would be in both the city's and employees' best interest to remain with the Vermont League of Cities and Towns. The Task Force remains committed to our relationship with the League." Based on that recommendation Finance Director Gallup sent her a memo today said she recommends assigning VLCT as the city's broker of record for health insurance.

Council Member Hooper said it is great that the wellness program helped to drive the decision in favor of the League. What has come up previously and Bill suggested that one of the reasons the Health Trust was falling apart was that the larger cities are self-insuring.

Finance Director Gallup who sits on the VLCT Health Trust Board said what has happened over the last few years is the over 50's get in the Vermont League of Cities and Towns Health Trust separated from the under 50's so they all pay the same rate. She isn't talking about age but the number of employees. They rated the over 50's, but they only had one product. Unfortunately, with the rates going up so high all the time people like her were forced to say I have to sit this out every year. The League didn't have that service. They just had a product. They have suffered a bit as things have changed over the last few years and what has happened is the healthiest towns that have the youngest people have moved away and they are left with some of the older heavier users. The group has not been a great group to belong to, and this has just evolved. With the fact that she feels obligated for over a million dollars' worth of premium she has to shop every year, and she can't do that with them. It's forcing people like the City of Montpelier to consider moving away. We had a horrible year with health claims last year so they knew there would be another 20 to 25 percent increase coming, and you just can't sustain that. The group pooling didn't work any longer and they decided to offer choice. They are partnering with Hickok and Boardman who have a lot of business in the state with health insurance so they are going to go around and ask cities and towns to sign broker of record letters so they can shop with them. The interesting thing that is going to happen is that the product that we have may not be replicated out there; it may not exist. That is why the Task Force is so important because they have to pick the product they want. The broker of record is the first step.

Mayor Hooper said the recommendation from the Task Force wasn't about a particular product although we want something that looks like an apple.

Finance Director Gallup said the League wants to get a lot of broker of record letters and go to Cigna and Blue Cross/Blue Shield and MVP with some clout and get us the best product at the best price.

Mayor Hooper asked if she needed any action from the Council.

Finance Director Gallup said because they aren't making a big change a broker of record is something they have not done before but she wanted to keep them aware that this is a little bit more than what the Task Force thought they were getting themselves into with the League changing so much.

Mayor Hooper asked what we have in our budget for the second half of the fiscal year for health insurance.

Finance Director Gallup replied about 15 percent. It is half and half because it is on a calendar year. It's a hit because she had budgeted 12 percent and then it was 20 percent. For 2012 she budgeted 13 percent.

Acting City Manager Hill said she had a meeting with the Executive Committee of the Central Vermont Economic Development and at that meeting, in conjunction with the FEMA piece they had tonight, one of the members of that committee indicated they had applied for a VEDA loan which is a \$25,000 loan at 0% interest for the first year. They want to emphasize that to the businesses.

Adjournment:

After motion was duly made and seconded by Council Members Jarvis and Sherman, the council meeting adjourned at 9:38 P.M.

Transcribed by: Joan Clack

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