

CITY COUNCIL MEETING STATED MEETING & PUBLIC HEARING MARCH 9, 2011

On Wednesday evening, March 9, 2011, the City Council Members met in the Council Chamber.

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

11-063. Call to Order by the Mayor.

Mayor Hooper called the meeting to order at 7:08 P.M.

11-064. Opportunity for the new City Council Member, and the two members re-elected, to be sworn in by the City Clerk.

Mayor Hooper swore in Council Members Golonka, Jarvis and Timpone and thanked them for their willingness to serve the City of Montpelier.

11-065. Election of President, Vice President and Parliamentarian of City Council.

Council Members Golonka and Jarvis nominated Council Member Hooper for President. The motion carried on a unanimous vote of 5 to 0 with Council Member Hooper abstaining.

Council Members Jarvis and Sherman nominated Council Member Golonka for Vice President. The motion carried on a vote of 6 to 0.

Council Members Golonka and Hooper nominated Council Member Weiss for Parliamentarian. The motion carried on a vote of 6 to 0.

11-067. Re-adoption of Council's Ethics Policy.

Motion was made by Council Member Jarvis, seconded by Council Member Sherman to re-adopt the Council's Ethics Policy. The vote was 6-0, motion carried unanimously.

11-068. Re-adoption of City Council Rules of Procedure.

Motion was made and seconded by Council Members Sherman and Weiss to re-adopt the City Council Rules of Procedure. The vote was 6-0, motion carried unanimously.

11-071. General Business and Appearances.

City Manager Fraser thanked the members of the Public Works Department who did an outstanding job of getting the city cleaned up and back in business by Tuesday. He has received some questions about the post storm clean-up. They post their schedule for clean-up on the city's web site. Because of the volume of snow it took longer than expected normally the first night involves the clean-up of downtown and the schools. All of the snow dumps are filled and they are using the Elks Club to dump snow.

11-072. Consideration of the Consent Agenda.

- a) Consideration of the Minutes from the January 5, January 20, February 9, and February 23, 2011 City Council Meetings.
- b) Summary Budget Report by Department for General Fund and Detailed Budget Status Reports for General Fund, Water Fund, Sewer Fund, Cemetery Fund, Parks Fund and Senior Center Fund for a seven-month period beginning July 1, 2010 and ending January 31, 2011.
- c) Consideration of approving a professional engineering contract with the design team of Marsh Engineering Services & Knight Consulting Engineers to conduct a geotechnical assessment and develop a slope stabilization system with related road repairs for a section of Ridge Street. The Ridge Street Stabilization project is an identified Capital Improvement Project (CIP) in fiscal year 2011. The design work requires the involvement of the specialized field of geotechnical engineering. The Public Works Department solicited competitive proposals using the RFP process and received six technical and cost proposals. A memorandum of recommendation to award the contract to the Marsh Engineering/Knight Consulting Team was prepared and submitted to the City Manager's office detailing the proposed evaluation process, a copy of which was provided to members of the City Council. A maximum limiting contract amount (MLA) of \$30,330 is recommended which is to be funded through the "professional services" portion of the CIP. DPW staff further request that the City Manager be designated as the City's duly authorized agent for all contractual matters.

- d) Consideration of an Application for a Taxicab Vehicle License from David Pecor, Jr., d/b/a Twin City Taxi, LLC. Address of this business is 10 Diane Lane, Graniteville, Vermont.
- e) Consideration of three Applications for Taxicab Operators' Licenses from David Pecor, Jr.; Cathy Owen; and Daniel Casavant.
- f) Acting as the Liquor Control Commission, City Council Members may now consider the following permits:
 - 1) Annual renewal of Liquor Licenses (City Clerk will distribute list of applications at the meeting.) Attached to minutes.
 - 2) Annual renewal of Tobacco Licenses (City Clerk will distribute the list of applications at the meeting.) Attached to minutes
 - 3) Application for a Catering Permit from Langdon Street Pub Company, d/b/a McGillicuddy's Iris Pub, for a Legislative Open House at the lobbying firm of MacLean, Meehan & Rice on Thursday, March 24th, from 4:00 P.M. to midnight at their 12 Court Street location.
 - 4) Ratification of a Catering Permit request submitted by Yebba, Inc. d/b/a The Abbey Pub and Restaurant for a cocktail reception at the Cedar Creek Room at 115 State Street on Tuesday, March 8, 2011 from 3:00 to 7:00 P.M.
- g) Payroll and Bills.

General Fund Warrant dated February 24, 2011 in the amount of \$268,139.50.
Payroll Warrant dated March 17, 2011, in the amount of \$32,709.78 and \$117,247.63.

Motion was made by Council Member Jarvis, seconded by Council Member Sherman to approve the consent agenda.

Council Member Weiss asked to have the Summary Budget Report removed from the consent agenda and be considered separately.

Mayor Hooper called for a vote on the motion after removing the Summary Budget Report. The vote was 6-0, motion carried unanimously.

11-072A Summary Budget Report by Department for General Fund and Detailed Budget Status Reports for General Fund, Water Fund, Sewer Fund, Cemetery Fund, Parks Fund and Senior Center Fund for a seven-month period beginning July 1, 2010 and ending January 31, 2011.

Council Member Weiss said in the City of Montpelier General Fund Summary Budget Report on the second page it is named Re-entry Program. It has no budget and it has expended \$38,629. He wonders how that is possible. Where is that money coming from? How much more may be expended in the remaining five months of this fiscal year?

City Manager Fraser said those are grant funded programs. We have been awarded the grant and it may not have been billed and received yet. There should be an offsetting revenue.

Motion was made by Council Member Weiss, seconded by Council Member Sherman to accept the Summary Budget Reports. The vote was 6-0, motion carried unanimously.

11-073. Appointments to Montpelier's Tree Board.

- a) The terms of Jean Jolley and Clare Bootle Rock expire this month; staff advertised and as of the deadline e-mails had only been received from Jean and Clare, both seeking reappointment.
- b) Recommendation: Appointments, both are 3-year terms.

Motion was made by Council Member Jarvis, seconded by Council Member Golonka to reappoint Jean Jolley and Clare Bootle Rock to the three year terms on the Montpelier Tree Board. The vote was 6-0, motion carried unanimously.

11-075. Consideration of replacing the City's retiring Fire Chief.

- a) Chief Schneider has notified management of his intent to retire as of April 30th.
- b) Staff has already advertised for his replacement but at the Council's February 23rd meeting, Councilor Alan Weiss asked that time be set aside at this meeting to discuss the hiring process, the possibility of combining this position with additional responsibility, etc.

- c) Recommendation: Discussion led by Councilor Weiss; possible direction to staff.

Council Member Weiss said he hoped they could get a discussion going as to the advisability of having both a Fire Chief and a Chief of Police. We have gone for about six months with a Fire Chief working approximately 70 percent of the time. During those six months he believes the Fire Chief had the opportunity to take some vacation days and the Fire Department operated well and we did not have an active full-time Chief during that period of time. We haven't had a discussion yet about what this is going to cost if we have a newly appointed Fire Chief in terms of funding which need to be expended for coming for an interview or funds for moving, and about whether or not we are talking about a one-year or multi-year contract. He wonders if it is advisable to wait before the position is filled until we receive a report from our management study consultants. When they were doing the budget he did indicate he was in support of funding the position for a full-time Chief and he believes that money is in next year's budget, but the questions he is asking now of our Manager and others to help determine whether or not we will have any benefit with having one leader for our protective services and how this might tie into the study which the Council has authorized. We are in the midst of an extensive study about combining services with Barre City, Barre Town and Montpelier for dispatch, emergency, ambulance and fire. Why can't they wait until after the management study is complete and see if they have any notation regarding continuation or some other format.

Council Member Golonka said he understands Council Member Weiss' point with regards to the management study. In terms of the regional study the timing on that is really not until 2012 or 2013 so he thinks nothing will happen until that time. He doesn't think the regional study will have an impact.

Council Member Sherman said she believes the Fire Chief and Police Chief are full-time positions and it would be hard to consolidate and make them each half-time positions. She would think the requirements and certifications for each are different and they would be greatly reducing the services and protection for the city residents if they were not to have a full-time Fire Chief.

Council Member Jarvis said she could see waiting for the results of the Matrix Study. Her assumption is that if they have a public safety director you also have to have someone in charge of the two departments so it feels like it would be adding a layer rather than reducing what we already have. There might be some administrative functions that could be combined. It is hard for her to imagine there being a recommendation for them to eliminate the Chief of both of those departments and create a unified public safety department.

City Manager Fraser said they have looked at this in the past and it isn't the first time it has come up. Some larger cities have gone to a Public Safety Director

and the City of Barre did that recently. In that particular case they do have a Deputy Police Chief and a Deputy Fire Chief that run the day to day operations. Also, the Chief of Police in Barre his career in the State Police has been as an arson and fire investigator so he understands those types of issues. There are different certifications and training requirements. Secondly, the City of Montpelier is not that big. We have a Deputy Fire Chief but no Deputy Police Chief so we have three people running the two departments now. He doesn't think they need to structure it any other way. Their departments work closely together and there is good coordination. He thinks our present Police Chief would tell them that he doesn't think he has the qualifications to run a fire department. He thinks the leaders of the Fire Department will tell you they don't feel comfortable running a Police Department. Another issue in departments of our size is the response of the folks in the department. What has been a problem almost across the board, unless they hired a civilian person, they don't understand how each other is run and it leads to credibility and leadership of the departments. He doesn't see any savings.

With regard to the regional study if in fact something significant is put in place regionally that will mean a major change of personnel in all of our departments. There are ads out now for the position. His recommendation would be to continue as they have.

Mayor Hooper said a question she has is that both our Fire Chief and our Police Chief are also active officers in urgent situations. Certainly, when she has been to fire scenes the Fire Chief is calling the shots and saying how things are happening and coordinating that, and she can't imagine somebody without that sort of extensive training being in charge of that. Similarly, she just observed our Police Chief in an emergency situation. She can't imagine somebody without the sort of specialized training a police chief has being able to coordinate with that sort of urgent command and authority that those types of situations require when they are happening. There are in large places combined offices but that strikes her when the person at the top is clearly a manager and doing the personnel stuff and doing all of the things our chiefs do. Our Fire Chief is also our Health Officer and also our Building Officer.

During the budget discussion there was the question of why we didn't have a full-time person on board. She doesn't see any compelling reason to combine the two positions. The analysis that the regional group put together it appeared to her there would be multiple layers they were looking at. She doesn't see this hindering that from moving forward.

Council Member Weiss said he appreciates the responses and he will let it rest.

Chief Schneider presented an update on the potential of flooding for Montpelier. He said they have been putting up preliminary notifications to people. They have looked at the river and the conditions in terms of the ice and the amount of rain that could come over the weekend period. There is a lot of ice above the Main Street Bridge and near the Pioneer Street Dam. If the ice should lift up and break loose from the banks and coming down near cemetery curve and near the high school there is the danger of it getting hung up. They want to emphasize this is only a precaution. Forecasting is a tricky business but they felt they would be negligent if they didn't give people the opportunity to take action if they needed to. If a flood should come we really don't have any control over it. The potential exists for a flood. If it does occur the problem is that it comes very quickly and just a matter of an hour or two that the downtown is flooded. In past years they have talked about a crane being available and it is about \$20,000 to have a crane on standby over a winter's period of time. They feel this is probably the time to bring a crane in. If they bring in a crane it will cost around \$8,500 to start. Within 24 hours they could expect to have the equipment on site.

City Manager Fraser said there are enough indicators and a weather pattern during the middle of next week that is also a cause of concern and we would have the crane for a month.

Fire Chief Schneider said the idea of dredging the river isn't an option because it is state and federally regulated.

Mayor Hooper said the way people can receive information about any flooding and precautions is by going to the city's web site.

11-074. District Energy Update.

- a) Planning Director Gwen Hallsmith, and possibly members of the Montpelier Energy Advisory Team, will provide this update.
- b) Recommendation: Receive update; opportunity for discussion; possible direction to staff.

Commissioner of Buildings and General Services, Michael Obuchowski, and Wanda Minolli appeared before the Council representing State of Vermont Buildings and General Services..

City Manager Fraser reported the city is scheduled to go before the House Institutions and Corrections Committee on Friday. They felt it was important that the City Council have the same information as the Committee and understand what they are saying.

City Manager Fraser said he had sent the Council Members a summary which was largely cribbed from the state's consultant along with the city's information. He tried to explain the history of the project and some of the finances as they understand them today. (Copy of summary and Timeline attached hereto and made a permanent part of the record.) The Energy Committee discussed this last night and the Council is going to hear from them. Council Member Weiss is the Council's representative to the Energy Committee and they have been meeting on a regular basis.

Dan from the Energy Advisory Committee said they are quite excited about the prospect of this biomass heating plant. They would like to recommend that the Council consider a future issuance of a \$2 million bond to add matching city support to the State Capital Funds which will be allocated for the construction of the new biomass plant. The proposed investment from the city would cover the infrastructure costs of a piped hot water distribution system to all of the major city buildings. The system would also have the ability to provide for heating services as well to downtown commercial buildings which may decide to connect to the system.

The Committee believed that the Council's indication of approval of such an investment would provide several benefits to the city. They would convert future operating expenses and capital costs with such an investment and that would create a certainty about stabilizing such expenses to a predictable and manageable level. Biomass fuel costs have a remarkable stable history of costs and a probable future whereas we may all have noticed that oil costs are escalating rather unstably and massively so the consideration of alternatives to our continued oil heat is a big issue to say nothing of its environmental consequences. They think it is a major point that the availability of such stable and predictable heat sourcing will offer buildings and downtown businesses an opportunity to also stabilize their heating costs. Such heating cost stability would make Montpelier an exceptionally competitive site for locating future business.

Council approval of such matching funds would strengthen the city's position as sort of having some flesh in the game and the development of the project with the state and would help make the matching for the DOE grant to continue the whole grant package. Finally, while the approval of a \$2 million commitment will move things forward negotiations with the state will continue and if there is a problem the awarding of such a bond could be withdrawn or postponed.

Commissioner Michael Obuchowski said while he lived in the city and up until the time he became Commissioner he wasn't aware of the project. The Legislature charged BGS with looking at a proposal that was to be developed by the City of Montpelier and they are waiting to see that proposal. In the interim the people from BGS met with the Governor-Elect at that time and he indicated support for the project. What was a soft commitment by the former administration for a \$4 million match of the \$8 million federal grant became a hard commitment and then negotiations ensued. The administration stepped forward again and offered another \$3 million which will mean that other communities and projects are either not going to happen or going to happen at a lesser level.

They are at a point where more money is necessary to make this project happen. In order to find that money they are going to have to act as friends and partners to bring the project to fruition. It is his judgment having spent some time in the Legislature that unless they go united at this point in the session we are going to come away with very little. His best estimation is the city is going to need to bond for more money than \$2 million in order to reach a deal. They approached the Governor's Office today and the Governor indicated he has gone as far as he can go in terms of the \$7 million. While it isn't good news he deliver remembers that the Governor is on the side of the project and wants it to occur. They will continue to work with the city to fulfill the legislative charge.

Mr. Garabedian said they looked at calculating air emissions and what are they currently know with the current heating plant together with school and municipal buildings and looked at what it would be with the new plant in terms of being centrally located with a new boiler and new control equipment. There will be a net reduction both in the plant and the elimination of the lower emissions in the city in total.

Mayor Hooper added in the Council's conversations about the project they have been focused on the commitment they made to themselves about not seeing their operating costs increase over what they have if they stayed on the path they are currently on. That is the way the state has regarded the financial commitment. There are some really important other benefits that are happening as a result of moving forward.

Planning Director Gwen Hallsmith said they have been exploring alternative sources of funding and it looks promising. They have been talking to the Clean Energy Development Fund in the state and she is going to be in Washington next week talking to our delegation and have some ideas there that might be appropriated for the city to complete the project. They heard from the Commissioner that the Governor is willing to work with the city to ask the

delegation for a piece of funding that would help close the gap between what we need for the project and what we have right now. One of the funding possibilities is with the General Services Administration because they are looking to hook up the federal buildings to the facility. They might be able to capitalize some of their operating costs over a longer term by investing in the facility. Senator Sanders serves on that committee and did offer that as a possibility. They hope to have some answers by the next Council meeting.

City Manager Fraser said they all wish DOE had more money to give the state and the city. Everyone is dealing with their own constraints.

Mr. Garabedian said they have been looking at how to take an operating expense and convert it into an investment and that is the model they are constructing. They are looking at what are both the current expenditures by the city and the schools for heat with some projections and compare it to what it would be with a district heat system. Heat is essential and they are going to pay for it one way or another. They consume over 100,000 gallons of fuel oil a year. They know how old the furnaces are. They are trying to make an informed decision.

Board Member Timpone asked how long would this system last.

Mr. Garabedian replied 40 to 50 years easily but well over the life of the bond. Trying to project future energy costs is incredibly difficult. They have used Moody Analytics as the base so what they see in the model right now is their information. There are a number of other ways that forecast it. He has some comparisons of how their numbers compare to the DOE numbers. He has numbers to show historical fuel prices.

Council Member Hooper said he noticed the CEDF loan. It adds to about \$140,000 over 20 years. He wonders why that isn't the \$700,000 of the loan.

Mr. Garabedian replied he added that over the weekend and to get the full effect of that you need to extend the spreadsheet out beyond 2029.

Council Member Golonka said he has a bunch of concerns he would like to raise with the state. The City of Montpelier doesn't have a bottomless endless pot of money. Their accountants at their last meeting told them they had a lot of debt and more than he sees in most towns in Central Vermont. Their current debt ratio is about 46 percent and that is using assets such as City Hall. If you look at what type of assets the city has in terms of the debt load we currently have we are pushing up into the 60 percent level, and he thinks that is getting excessive. He is very concerned about adding any more debt to the City of Montpelier. Debt per capital right now is about \$3,400 per person in Montpelier; that's high.

For other towns you see \$500 or \$600. Our debt service as a percentage of the budget is about 7.2 percent. We are getting to the point where we can't fix our roads let alone add more debt for different projects. Our debt as a percent of the grand list is about 3.1 percent which includes all of our nonprofits and the state, and in the end it is probably closer to 5 or 6 percent.

There are five concerns he has that he wants to put on the table because he doesn't see himself supporting a \$2 million bond unless these answers are met.

1. There is a \$4.5 to \$5 million gap that is listed in the spreadsheet and the memo they received from the City Manager. Who is going to cover that if we don't get the funding from the CEDF grant? What about cost overruns? Are contingencies built into the model? What's the limit?
2. A lot of the benefit of this accrues to the schools. He asked at the last meeting whether or not the School Board had been contacted. They have a long term contract with Honeywell. Can they get out of it? What are the costs associated with that? We cannot control the School Board over their bonding. If we are going for \$2 million a majority of the \$2 million does benefit the school. Why isn't it a school bond? Why is it a city bond?
3. He sees the benefits accrue in the year fifteen. Years 1 through 14 is more expensive for the City of Montpelier so to get a memo that says we are going to save \$700,000 over 20 years he thinks is highly misleading to people. Years 1 through 14 we are going to pay more and then the benefits accrue in year 15 through 20. He can't imagine anyone being able to reasonably predict 15 years out.
4. He has real concern about the debt load to the city.
5. He has a lot of concern raised by constituents asking why the roads aren't being fixed and there are potholes in the streets. The city is not doing projects because they can't afford to. How can we afford \$2 million? He doesn't see a way that the City of Montpelier can afford \$2 million at this point, particularly with all of these questions.

City Manager Fraser said the immediate problem to be solved is they are \$3.5 million short.

Planning Director Hallsmith said by looking at design and implementation issues and how they could cut costs that might also be a way to close the gap. They did just complete a major bidding process and one of the bids came in at \$17 million. If they look at alternative pipe routes and alternative technologies for a heating

plant they might be able to bring the cost down within range of where they are now.

City Manager Fraser said this is \$2 million they are spending on fuel anyway.

Mayor Hooper said the point Council Member Golonka is raising is capital money versus annual money. We are annually facing exactly the same issue the state has. The state is annually spending more than it would be bonding for over the term of the bond.

Council Member Jarvis asked if he could speak to the bonding capacity separately?

City Manager Fraser replied they are certainly well below their legal bonding limit. It is a policy decision. They have looked at this particular option for 15 or 16 years and during that time period no better technology has presented itself.

Council Member Golonka said his concern is that as a city what they control is three buildings basically out of this project that is \$22 million. Five years from now when new technology comes along we could potentially save money and throw this project out and not have it as part of the city. If we are going to be fiduciaries for the City of Montpelier we have to compare this project to what we could do as a city to protect the citizens of Montpelier financially. He understands the benefits that will accrue to the state and the benefits that will accrue to the school.

He is having trouble understanding the benefits that will accrue to the city other than the liability side. That is why he is having problems with this project. He understands what they are trying to accomplish here. He is just finding they are being faced with an unfair amount of burden based on what the percentage of the project is and who is going to benefit. He applauds Gwen for getting the grant money but he is afraid they are letting that blind us in regards to what liabilities or opportunities the city is going to give up in the future if they go down this path. He was hoping for better information from the consultant so they weren't being pushed to say yes or no on a bond vote.

Planning Director Hallsmith said she would like to address the point Council Member Golonka and the City Manager raised. What happens if five years from now there is some great new technology that would really lower everybody's costs? In the energy field there is that sense because new types of electric generating capacity come on line. There is a lot more opportunity in electricity than there is in heat. Heat is stupid energy. Electricity is smart energy. Heating with electricity has never been a good idea. They thought it was back in the 60's

and installed all of these electric heaters but we learned from that and today most of the electric heaters are taken out of buildings. It is not an inexpensive or efficient way to heat buildings. Heat really is much simpler than that. She has been in energy work for a long time and her estimates of the likelihood of coming up with a different kind of energy that is going to beat wood when it is locally grown, contributes to our economy and does produce heat are very unlikely in our foreseeable future.

Mr. Garabedian added the other issue with waiting for the new technology is there has been a lot of new technology that has been promised, people have spent money and it just hasn't delivered. He agreed that you want to advance technology but at the same time when you are making a commitment like this you want proven technology that is going to be there for the next 50 years.

City Manager Fraser said he understands everyone's concerns. He isn't asking anybody to commit to a bond but lay the cards on the table if there isn't a commitment to continuing discussion about funding at this level.

Council Member Weiss asked if the \$2.2 million goes into the construction, where will the money come from to put in all of the pipes and hookups to the schools, City Hall, Police Station and the Fire Station.

Planning Director Hallsmith answered that the city side hookups are included in their current construction estimates. The \$2 million is contributing to the total project cost. The total project cost includes those hookups. There is another source of funding waiting for us. It is a Green Village pot of money that the state allocated a couple of years ago in the amount of \$100,000 which would be coming to the project to specifically help fund those public building hookups.

Council Member Weiss said the City Manager distributed a fine report today that had a financial analysis. The second paragraph it reads: "Under that scenario the \$2.2 million the city and schools might save up to \$750,000 over a three-year period averaging between \$25,000 and \$37,000. What is the interest rate anticipated on our \$2.4 million bond because if it is more than 1.5 the interest rate is going to eat up that so-called \$25,000 to \$37,000 savings.

City Manager Fraser explained it includes the total cost of debt service so it compares the total cost of debt service, including interest, and an annual fee we pay to the state. Harold Garabedian has compared the payment stream of investment plus our cost of heating with wood versus our payment stream under oil and the upgrades that will need to happen over the next 20 years. He thinks the state has done a similar analysis for their own budget. The interest normalizes to about 3.9 percent.

Council Member Golonka said the benefits they are listing here don't accrue according to the spreadsheet until the year 15 and you can't predict out that far. That is why he is concerned.

City Manager Fraser said the consultant's job is to talk to people and make contacts with private industries, which would be an income stream to the project. Presumably, there will be an income stream to both the state and the city.

Mayor Hooper said there is a fundamental question on the table in not asking for a commitment of any type but if the Council can get answers they are comfortable with would they be willing to consider a \$2 million bond to make the project work?

City Manager Fraser said they have talked about the project for a long time, particularly since they received the grant, and at one time they were talking about \$22 million and \$40 million bonds and everybody went through this. He said they won't bring on the project if the budget gap isn't met because they aren't going to build a plant if it isn't going to pay the bills.

Council Member Golonka said he isn't willing to support bonding to renovate the schools and they are 77 percent of the project. That should be a school budget item.

City Manager Fraser said they are presenting a joint bonding effort to the School Board.

Council Member Weiss said the report that the City Manager presented if it is used in its entirety will kill any presentation to any legislative committee. It is too confusing and complicated. He hopes they can simplify the presentation for the House Institutions Committee for Friday. He will not support in any way a proposal to bond for \$2 million.

Council Member Sherman said she thinks this is a very valuable project and has watched it for many years. It should continue and the search for additional funding sources must go on. We can't afford not to do this in her view.

Council Member Hooper said he will always vote on the information in front of him and the information right now says we are speculating that in 15 years we will break even on a project that is 77 percent for the schools. On that information he can't ask the taxpayers for money.

Council Member Jarvis said she feels like she can't get her hands around this project. She is very concerned that whatever we bond for will keep us from bonding for some other projects and ongoing needs. What if we take some extreme efficiency measures now with our boilers? What if we look at our city facilities and converting them to wood pellets? What could we be doing as an alternative to this project? She needs more information.

Council Member Timpone said she has been following this for the past few months and is glad to have the information. She is concerned about the school not being contacted knowing they are benefitting from a lot of this. She would like to see further actions from the School Board.

City Manager Fraser said the original and ongoing goal of this project was to create a district energy system throughout downtown Montpelier. That is the model it is based on from 16 years ago. Certainly, running a pipe from the state to the city buildings just didn't prove our point.

Mr. Garabedian said this always has been the vision to give an opportunity to the community. They may want to have a public hearing on this project and have an opportunity for the building owners to come in.

Council Member Jarvis said they have just been justifying it on a cost basis and she still needs to hear this is what the community wants and it is going to work out on a cost basis.

Mr. Garabedian said in terms of the vote for the charter change on the November ballot it was 88 percent in favor, and he doesn't remember it being that high in support of any one project. This is really an opportunity to give the downtown community an alternative for their current heating systems. If the goal is to take what we spend on oil, which is a distant fuel, and spend it on a local fuel, this is really the only way to go. A variety of small individual systems isn't going to work in the long run. They would be disappointed in what the quality would be like if they had a lot of different small systems operating. There would be concerns about delivering the fuels, storing the fuels and in terms of the community downtown this has always been the way to go.

Council Member Timpone said she appreciates the vision they all have but she would love to hear some public input. It's really about the vision of the community.

Mayor Hooper repeated it is a vision that has been offered up for 15 or more years ago and we have asked people through their voting if they meant it. Having a public hearing and asking people to come in is wise. What she is

hearing people say here tonight is they want more information. We have set a really high bar for making this project work and we haven't thought about the other values besides the costs. She thinks the House Institutions Committee is going to say they need more information, too.

Council Member Weiss said the City Manager has had an RFP out or due shortly regarding a study of the maintenance of city facilities and he would like to have that information as part of the overall discussion.

City Manager Fraser said there is a time issue here and he can appreciate everyone's concerns and these questions have all been asked over and over again but he is still left with what to say to the representatives in the committee on Friday afternoon. What position is the city taking on this? They need to make a credible presentation to the House Institutions Committee on Friday. The Department of Energy is waiting to hear what happens with the House of Representatives because they have a Congress ready to take the money back.

Mayor Hooper said she thinks the state will say there is a project here that they are willing to put \$7 million into and the city will say there are a lot of questions that need to be answered but we think we can do \$2 million. There is a gap we have to find the money for and they hope that is credible enough for the Institutions Committee that they are willing to leave the \$7 million in. It will go to the Senate, and if the \$7 million isn't there we are done.

Planning Director Hallsmith said the city corporation that is our general fund budget and there is the city that is the city plus the schools, and then there is the city plus the schools plus the downtown, and then there is the city which is the State Capital of Vermont. All of those cities are what they have been working on with the energy plant. She also lives in the city and pays taxes here. As a taxpayer whether the debt is in the city or in the schools it is still city debt and part of her taxes. It is true that moving it to the schools might save us money because of the education formulas, but that hasn't been a critical issue for our considerations because we are looking at this as something that benefits the whole city. If we only look narrowly at the city corporation, sure we could replace our boilers with pellet plants but that isn't going to help the downtown convert to renewable energy in an era of increasing oil prices. She went on to say one of the reasons she prepared the history for the Council of all of the different studies that had been done over the years, which started back in 2001, is that every single feasibility study we have done has showed this project can save the city money. It is true that the majority of the money that is saved because of this project is on the state side and all of the city studies have showed that because of the improved fuel they will be able to use. The biggest savings is on the state side, but there has always been a projected savings in energy costs on the city

side as well. They aren't asking the question about whether this is a good decision for the city because we know it is from all of the studies that have been done. All they are trying to do right now is keep the ball rolling because if the city isn't in this for some amount of capital money the project is over. She agrees with Council Member Sherman that we can't afford not to do this project. The state can't afford not to do this project. It is unfortunate that it is happening in a moment when capital money is tight.

Council Member Sherman said there really is a capital district heating plant and it might have been built when the Capitol was built, but about 30 years ago it was converted from oil to wood chips. It is worth looking at what is going on there now because it isn't like we are just inventing it. The city has an opportunity to move it ahead and increase that technology.

Council Member Jarvis said in terms of Friday the Council has a clear message which we need to support a \$2 million bond. That's not a policy statement but a fact.

Mayor Hooper said if we don't support it and it doesn't go through we will return \$8 million to the federal government and cease working on the vision this community has had for 15 plus years.

Mr. Garabedian said when he talks about the city he is talking about community and they haven't parceled out the school parts versus the municipal corporation parts but looking at it as a community project. This project at one time was a \$30 million bond. They have been trying to move the project forward in a way that makes sense to everybody. The contractor is going to work to design some alternative routes that may provide some opportunity for cost savings and they are continuing to look for additional funding. There are enough balls in play they should try to continue to advance this vision.

Mayor Hooper asked Commissioner Obuchowski if they had enough to talk to the Institutions Committee on Friday.

Commissioner Obuchowski said he thinks they have enough to talk about but the concern he has is whether it is the right message to convey. Seven million is coming from other projects so it is going to be a tough consideration for any member sitting on that committee to make a judgment in the city's favor. His perfect vision would be for the Council to have a unanimous vision on what you can agree on because that would give the legislators more confidence. It is going to be difficult for them to recommend the cuts to support the \$7 million and it will be just as difficult for the legislators to support those cuts. It's an uphill battle. In terms of legislative fiscal analysis the analysis most legislators will make

is the city is short \$2 million they want to contribute plus short another \$3.5 million. The capital bill once it goes out of the Corrections and Institutions Committee has to go to the Appropriations Committee, and he thinks the Appropriations Committee would give it a tough going over.

Mayor Hooper said if there was ever a thought they would walk out of here this evening saying yes to a \$2 million figure and a \$3.5 million figure that is just not going to happen. She believes the numbers they have been given. They are solid and conservative numbers. How we bond is a question they can get to. The \$2 million is a pretty cheap price to create what we want to create. We have covered our costs at a very conservative estimate. We know there is at least one business that wants to be signed up. We know there are other opportunities to find other money out there.

Council Member Hooper said the comparison to roads is not taken lightly. We have a lot of infrastructure we aren't maintaining. This is going to be another set of roads that we own and he doesn't know in the coming economic times if we will be able to continue to maintain what we have let alone more.

Mayor Hooper said they are going to have to maintain the heating system we have now anyway.

Discussion continued.

Mayor Hooper said there are three who are not willing to say yes and three that say yes, and she agrees. Unfortunately, it isn't a strong message. She believes this is the future of our community. The future is clearly bringing very high energy costs and old communities like ours with leaky old buildings are going to die as everybody moves out to the insulated strip malls.

City Manager Fraser said by saying we are willing to consider this and keep our options open and the city is willing to continue working it allows us more time to get more answers and look at other options. They had a conference call with DOE yesterday and they want to know what is happening because they are being asked to get their money back.

Wanda from Buildings and General Services said it is important to send the message that the city is committed to proceeding with this project on Friday to the Legislature. The state has been committed to working on this project and trying to make it work. It's a viable project and the numbers have been hashed over. To advance it for the Friday discussion and having the support from the Council understanding you still have questions that need to be answered is important to deliver and let them know, but there is a commitment to proceed

with the project. The Council's questions are no different than what they at BGS have had in discussions with the Governor's Office, the Governor's staff and Administration are asking the same types of questions. They are moving to the point where final decisions will have to be made.

11-066. Review and discuss "*City Council Overview*"

City Manager Fraser presented an updated goals and priorities process for the Council. He suggested they renew their commitment on communication and keeping informed with the same level of information.

11-069. Discuss process for updating Council's Goals/Priorities

Mayor Hooper said there have been times when they have invited senior staff in for their meetings.

Council Member Weiss said he would like to see a long meeting with the understanding that each person attending would submit 10 days in advance 5 written goals and a subcommittee would categorize the goals. It is easier for a group of people to react than it is to create.

Council Member Sherman said there are goals they have been working on for quite awhile and some may want to select some they have been working on to retain.

Council Member Jarvis said she felt it was valuable when they spent time with department heads as a way of introducing a way to frame challenges.

Mayor Hooper said it isn't just what we want our staff to accomplish on the community's behalf but what we as a Council want to accomplish. We also need to learn about what it is we want to do and inviting the senior staff to learn from them. We want to do economic development and she doesn't think the Council knows or understands what that means. She asked Members if they wanted to hire somebody to help them through this process.

City Manager Fraser added he sees three different areas that need to be gone over. One is the issues facing departments, whether there needs to be a new fire truck, etc. Another is what hopes, dreams and goals the Council Members have as leaders. The third is how the Council functions.

Council Member Weiss said he didn't want to meet in any goal planning session with any department heads. He prefer that in August they meet with department heads and ask the same questions because then it would be helpful to start thinking about budget development for the next fiscal year.

Mayor Hooper said she really wants the Council to learn from the department heads. These are the professionals that are doing the day to day operations. They could do that at a Council meeting. Following that the Council needs a time to talk about what they are trying to accomplish.

Council Member Weiss inquired if there would be a specific direction and an outline the Council wants the department heads to follow. He still doesn't see the connection between listening to them and the goals the Council wants to establish.

Mayor Hooper said she found it valuable when Sandy Gallup came in and said it is her fiduciary responsibility to run through what the issues are that the city has taken. As the Finance Director this is her obligation to tell them what keeps her up at night. Her purpose in wanting to do this is not to say yes or no to their wish lists. She wants to learn from people that we rely on what they are confronting and to use that information to develop sound policy moving forward.

City Manager Fraser said the whole reason for doing the goals is so they are all focusing their efforts on the same thing and prioritizing the same things.

Mayor Hooper said they could ask a portion of the department heads for our next meeting for 15 minutes each. Then, on Saturday, April 2nd, the Council could have a goal setting workshop. Her proposal would be to ask the Police, Fire and Public Works in on March 23rd and hear their presentations. Or, they could meet on March 30th or April 6th before the regular meeting.

The Council agreed to meet at 5:30 on March 30th for a goal setting work session.

11-070. Committee Assignments

Mayor Hooper suggested they should see what their goals and objectives are before they make committee assignments. They should defer committee assignments.

Council Member Weiss said he has identified 7 committees which are not on the list.

11-076. Council Reports.

Council Member Golonka thanked members of District 1 who voted him back on the Council.

Council Member Jarvis thanked the voters of District 2 for voting her back again and welcomed Angela to the Council.

Council Member Timpone thanked the voters of District 3 for voting her for the Council. She thanked everyone for coaching her and helping her through the process.

Council Member Sherman reported she is receiving a lot of calls about the roads.

11-077. Mayor's Report

Mayor Hooper said they need a Council representative on the bargaining discussions. Council Member Sherman volunteered.

11-078. Report by the City Clerk-Treasurer.

None.

11-79. Report by City Manager.

City Manager Fraser thanked the crews for the great job they have been doing during the storms. They have had questions about snow removal and pickup. There is a lot more snow than normal so it is taking longer. All of the snow dumps are full except for the one at the Elks Club.

11-080. Agenda Reports by the City Manager.

City Manager Fraser said he would like to discuss bargaining and another case they have pending and he would like to go into Executive Session.

Motion was made by Council Member Weiss said it is consistent with Title 1 V.S.A. § 313(a) (1) to go into Executive Session to discuss contractual matters. Council Member Hooper seconded the motion.

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

After proper motion the council came out of executive session in accordance with V.S.A. Title I, Section 313(a)

Adjournment.

After motion was duly made and seconded the council meeting adjourned.

Transcribed by Joan Clack

Attest: _____
Charlotte L. Hoyt, City Clerk

CITY OF MONTPELIER**Council Meeting****Consent Agenda****March 9, 2011****Liquor License and Tobacco Renewal Applications**

American Legion Montpelier Post #3 Inc 21 Main Street	First Class Liquor License for Club
Cumberland Farms #8024 37 Berlin Street	2nd Class Liquor License Tobacco License
Elks, Montpelier Lodge of, #924 & Country Club 203 Country Club Road	1st Class License for Club
Good Fortune Enterprises Inc dba House of Tang	1st Class Liquor License
Grace & Duane Inc 89 Main Street	1st Class Liquor License
Hunger Mountain Cooperative Inc 623 Stone Cutters Way	2nd Class Liquor License
Hyzer Industries, Inc dba Three Penny Taproom 108 Main Street	1st Class Liquor License
Kaminski Enterprises, Inc dba Berlin Street Mobil 3 Berlin Street	2nd Class Liquor License Tobacco License
Inndeavors Inc dba Inn at Montpelier 147 Main Street	1st Class Liquor License
Meadow Mart, Inc 284 Elm Street	2nd Class Liquor License Tobacco License
Mohammed, Naoman dba Barre Street Market 203/205 Barre St	2nd Class Liquor License Tobacco License

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Liquor License Renewals
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Perry Robert		2nd Class Liquor
	License	
dba Perry's Service Station		Tobacco License
152 State Street		
Positive Pie, Inc.		1st Class Liquor License
24 State Street		
Rite Aid of Vermont, Inc	2nd Class Liquor License	
Rite Aid Pharmacy #4581	Tobacco License	
29-31 Main St		
Royal Dragon Inc	1st Class Liquor License	
Royal Orchid Thai Restaurant		
38 Elm Street		
Sarducci's Inc.		1st Class Liquor License
3 Main Street		
Skinny Pancake – Montpelier, LLC	1st Class Liquor License	
89 Main Street		
Slimain Handy's Convenient Stores, Inc	2nd Class Liquor License	
dba Simon's Store & Deli of Montpelier	Tobacco License	
377 River St.		
Sykas, Stephen	2nd Class Liquor License	
dba Yankee Wine & Spirits		
126 Main Street		
W. Parker Corporation	2nd Class Liquor License	
Parker's Quick Stop	Tobacco License	
15 Berlin Street		
Wesco Inc	2nd Class Liquor License	
Champlain Farms	Tobacco License	
5 Memorial Drive		
Wesco Inc	2nd Class Liquor License	
Fastop	Tobacco License	
108 State Street		