

On Wednesday evening, November 18, 2009, the City Council Members met in the Council Chamber.

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

Call to Order by the Mayor:

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

09-293. General Business and Appearances:

None.

09-294. Consideration of the Consent Agenda:

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

No applications as of "press time".

Approval of payroll and bills:

Payroll Warrant dated November 11, 2009, in the amount of \$175,566.23.

Additional agenda item:

Consideration of a request received from Carolyn Drown dba Pecks Flower Shop, located at 27 Winter St., Morrisville, VT for an Itinerant Vendors License to sell Christmas Trees and Wreaths at the former Twin City Equipment location on River Street. The license would begin on November 25<sup>th</sup> and end on December 24<sup>th</sup>, 2009. The vendor has provided a liability insurance rider and has permission of the property owner. The zoning administrator was contacted and no permit is required.

Motion was made by Council Member Sheridan, seconded by Council Member Golonka to approve the consent agenda after adding the additional item. The vote was 6-0, motion carried unanimously.

09-295. Follow-up to meeting on November 16<sup>th</sup> with the Vermont State Auditor of Accounts Thomas M. Salmon. Consideration of establishing a financial management system and establishing a charge for the committee.

**POSSIBLE VOTING ACTION**

Vermont State Auditor of Accounts Thomas Salmon said they met as a working group potentially charged with the opportunity to look at issues relative to a stronger Montpelier, building trust, repairing the deficit in trust and looking at the transactions related to the Scott Construction issue. A variety of different items were put forth by the group and the 16 items that were gathered from this community group are going to be put on the web site. That is not going to go anywhere without the blessing from the City Council for a potential financial review committee to meet every Monday night at 5:15 P.M., to be charged with what they put forth. All of this is in Montpelier's hands in many ways. What we bring is some skill as a former municipal selectman and even more than an auditor hat where there is a process. He helped Fair Haven develop one where you involved citizens but it is blessed by the power structures and trusted. He tends to play the role of honest broker and overseer of the process and facilitator. The discussions they put forth are in the name of transparency a very small group would be formed of citizens. In this way any

communication between committee members could be capture and logged and available to be turned over to the city at the end of this potential project. The potential project is as follows:

*The Montpelier City Council charges the Financial Review Committee to form, observed and facilitated by the State Auditor acting as an ex-officio non-voting member to carry out a review of relevant financial transactions, controls and policies and to hire a CPA firm for a fee not to exceed \$6,500 fostering a public report by January 11, 2010.*

Someone was concerned about the price, and \$6,500 is the top end. In Fair Haven the price was around \$2,500. It grew to \$3,000 because they had additional work done.

It was evident from the meeting that the needs of the city, at least from this community group, beginning with a stronger Montpelier and the underlying theme is to provide something to the citizens in Montpelier's City Report. If you can effectively bring to your citizens not only a process that is transparent on television and giving sustained attention to improving and strengthening Montpelier. As Nick Marro said restoring trust is the underlying theme. The plan is to provide a review of what happened with the Scott transaction and a review of what changed or improved since, and that will be documented and communicated in a report. The additional hope is to look at other processes, look at the audit and look at other things that will improve, strengthen and establish a strong municipal financial management system that will live on past all of us. There were discussions about how comprehensive a project would be. If this project is successful the culture of Montpelier, and the culture of any municipal government across the state, will get to a point where regular review of systems is common place, whether it is through an audit committee, through a mechanism of committees or through appointments by City Council. He doesn't want to presuppose that any of that isn't in place since this happened or even since your last audit.

He said he wanted to ask the citizens who were at the Monday meeting if it was productive for them. If you have a process are people willing to be committed to good government, to the city, if they are very civil because this is not about accusations, if you are fair straight up without an axe to grind, and he is fair, then they will be fine. He just wants to assure the City Council and also the citizens that this is a process they will see on television of people really committed to the best interests of the city, and he thinks it can be eminently be successful and documented.

State Auditor Salmon went on to talk about the make up of the committee. He imagines 3, 4 or 5 members of the community and then one or two Councilors, himself and as advisors Joe Juhasz his Deputy and also Bill Hall from the Vermont League of Cities & Towns is also available for support. In terms of picking the committee members he determined that Jack Lindley, Andrew Brewer and Nick Marro would serve on the citizens committee. He has requested that the City Council appoint those citizens for him to work with. He knows there was a concern from Tom Golonka about allowing additional time for members who were on vacation last week, so there is room to add additional people. They are looking for people who can commit to every Monday night between now and January 11<sup>th</sup>. The value of this is that it is before the budget season begins. The value is a product you can insert into the City Report so the citizens can see documentation. He went on to say that generally in December there are a lot of CPA firm that have time that is open and could be available to work with the committee.

Mayor Hooper said the Council's task is to accept the charge, modify it and then appoint the committee to go forth and do the things under Tom's tutelage. She asked members of the audience if they had anything they would like to add.

Gary Schy said he as a citizen who has been heavily involved in this was not included in the process of who would be on the committee. He would like to make a public request now and request the City Council to add him to the committee. If he wasn't formally included it wasn't by his choice.

State Auditor Salmon said he would add that since Gary brought that up that he didn't come into this without expecting that it won't be perfect. He looked at Gary as having experience in accounting and

auditing as a strength. He did discuss with him before the meeting that this committee would be very focused on a small scope, which means if he has any other investigations, public record requests or other information he is trying to gain from the city it is very appropriate that he do that separate from this committee and then add his input not as a member but still be part of the fabric of the success of the project.

Gary Schy said they did speak about the timeframe. He thinks the timeframe should be noted as a target date only. It is quite possible that after these auditors come in and do their review it could raise more questions not answered. They could advise us to have a more extensive look. He thinks it is a really good thing to make it expedient and try for the 11<sup>th</sup> of January, but a quality good job is something that should be at the forefront. As long as we are going through this process, let's really go through it. There shouldn't be an artificial date set on when it is completed. When the committee feels it is exhausted and when the City Council feels it is at that point, that is when it should be over, that there should be some feeling that we have achieved what we wanted to achieve.

Mayor Hooper said it strikes her that a significant part of what is going to be done by the small group of people is to hire an auditor and you need to tell the auditor you need to have the report by a date certain.

Mr. Schy said they could be in and out of here in a week.

State Auditor Salmon said this is going to be a long term commitment to strengthening the financial management of the city of Montpelier so the key is to make the scope realistic for the timeframe.

Council Member Weiss said the way the charge to the Council is worded January 11, 2010 is not a drop dead date. It is nothing more than a date by which a report will be submitted.

State Auditor Salmon said they want that report on or before that date.

Council Member Golonka said in Mr. Salmon's charge he talks about relevant financial transactions. Is that strictly about the Scott Construction issue or are they going to be looking at other areas? Should it be in the charge restricted to Scott or do they want it broader based to cover examples of financial controls?

State Auditor Salmon replied it is the Scott transaction at this point and if there were some other transactions that came to the committee or were included it could be incorporated. He didn't know at the time of this charge if the draft objectives they started with would be modified to say the Smith-Johnson Special Project needs to be looked at. That could be clarified to say the Scott transaction. Most likely the scope of this is not going to go outside of financial transactions. He asked the committee if they should leave it with some flexibility.

Mr. Lindley said he thinks they are going to want to be a bit careful because this is a construction project and they may want to look at all of the construction projects. Concurrently, there are other construction projects. How were they handled internally within the system as it exists? He thinks the accounting firm can discover that. Will the next construction projects be handled differently? That may be one of the recommendations. It is looking at the systems and how they are changing.

Council Member Golonka said the question he has is more in terms of specific projects that may occur at the same time. Were they handled singularly? Were they handled together?

Mr. Lindley said they don't want to just use the word Scott. It is the projects that have come up over that period of time. The issue is, have significant changes been proposed and made, and can the citizens feel comfortable that this type of situation won't occur again?

State Auditor Salmon said the charge has more latitude. It says \$6,500 and that may be a number that is flexible. The real key is the draft objectives and one of them is the review of the Scott construction payment. How did it happen? How could it have been prevented? How could it have been discovered sooner? Have appropriate changes been made as a result of this incident? When the accounting firm produces a scope of services based on agreement with the committee that this is what is going to be looked at, by then if it changes materially from this the Council will have seen it so they will be in the loop. The charge for now is built to communicate to the citizens that this is transaction based driven. Controls are relevant to this process and policies. One of the meetings might be on the internal control check list and they may have a communication with the public about what is evidence of good internal controls. They are trying to make this an educational process so that every step is explainable and clear.

Council Member Sheridan said he thinks they are leaving you with three people in the ranks pretty thin. Things happen. Somebody gets sick and misses a couple of meetings. All of a sudden there is only one person coming because there are only three members. There are only two residents on the committee. He thinks he should start with five because things happen. Committees tend to thin themselves out naturally because of unperceived events that come up in peoples' lives.

State Auditor Salmon said he is cognizant of that. He is leaving himself open today with three, but he sees adding four or five based on the interest of the Council in terms of that. On the other hand he doesn't have any fear that we don't have enough willing participants. There will be people here who can move the process, and the committee process is just to have a formal process. There are people he has a responsibility to track and report.

Fran Miller said this is the base committee but others can fill in their absence. These three may not be the set people if they aren't here and one from the audience can fill in for any one of them, but this group will make the decisions.

State Auditor Salmon said they do want to leave the station with some clarity. The way he runs this is with a group buy-in. If there is a vote or something that requires contact with the city obviously you want that to be a committee person. This charge is going to be over before they know it if they get started.

Council Member Weiss said at the appropriate time he would like to have the motions in two parts. One would be to approve the appointment of the Financial Review Committee and its charge. The second motion would be related to appointments.

Council Member Golonka moved the charge as well as the recommendations of Tom Salmon. The motion was seconded by Council Member Sherman. The vote was 6-0, motion carried unanimously.

Motion was made by Council Member Weiss seconded by Council Member Jarvis that Vermont State Auditor Salmon is authorized to appoint 3 to 5 citizens. The vote was 6-0, motion carried unanimously.

Mayor Hooper told State Auditor Salmon in the documents he provided the Council he has suggested that one or two folks from the City Council be the liaisons to the group but they would not be required to attend. Council Members Golonka and Jarvis were nominated to act as liaisons. Council Member Sherman would be an alternate.

Mayor Hooper said the committee will meet in City Hall in the Council Chambers on Monday evenings at 5:15 P.M. Everybody from the public is invited to attend.

09-296. Consideration of a request from Jeff Jacobs for an adjustment of his utility bill for 5 State Street.

The four previous quarters had water usages of 12,000, 18,000, 18,000 and 29,000 gallons.

In December 2003, the City gave this building the "one-time" adjustment pursuant to the Montpelier City Council Water/Sewer Rate Resolution, as amended by the Montpelier City Council on January 13, 1999. That Resolution allows the City to make a one-time adjustment for plumbing problems so that the bill resulting from that one-time adjustment is not more than 2.5 times their average usage.

In a memo from Delinquent Tax Collector Beverlee Hill, dated November 3<sup>rd</sup>, she explains that it was requested that the City send the utility bill for this property directly to the tenant in Mantech, Virginia. Mr. Jacobs also requested that the City notify him if the bill is not paid by December 18<sup>th</sup>, and he would attempt to collect "for us".

On November 6<sup>th</sup>, Bev Hill received a message from the property manager, Jessie Jacobs, requesting that the Council discuss this matter.

Staff expects that if this overdue amount is not collected by the Council Meeting, that the Council will be requested to offer the "one-time credit" per the 1999 Water/Sewer Resolution.

Recommendation: Hear request; possible direction to staff.

Assistant City Manager Hill said the Council is being requested to table Jeff Jacobs request for an adjustment to his utility bill until December 9<sup>th</sup>.

Motion was made by Council Member Sheridan, seconded by Council Member Golonka to table this agenda item until December 9, 2009. The vote was 6-0, motion carried unanimously.

09-297. Consideration and review of the City's Rental Policy for the Montpelier City Hall Arts Center (auditorium area).

Recent applications for the rental of this space, and requests for waiver of the rental fee, have suggested a possible revision of the policy. The Mayor requested this item be placed on the agenda.

The Policy/Agreement that staff has on file was drafted with Lost Nation Theater's assistance; their staff handles the rental of this space.

Staff has also copied, for Council review, the City's Code of Ordinances, Article VIII, USE OF CITY HALL, which addresses the use of all meeting spaces within the building.

Recommendation: Review and discuss the City's policy; possible direction to staff.

Mayor Hooper said there have been questions about the policies which have come up as we have considered some requests for waivers recently and the Council wanted to revisit this. Council Member Weiss said we should ask Lost Nation to come talk to us about their rental policy. Kathleen Keenan and Donna Bate are with us. The Council received in their packets the rental policy for the Montpelier City Hall Arts Center and Article VIII, Use of City Hall, which is in the Code of Ordinances. The ordinance needs updating.

Kathleen Keenan said the rental policy was developed 20 years ago and she doesn't believe the base rental charges have changed since that time. It was developed by the City Hall Auditorium Committee and Lost Nation Theatre inherited that rental policy when they inherited managing the space. Lost Nation has been managing the space 10 or 15 years. What that entails is fielding phone calls and e-mail inquiries and people dropping by inquiring about using the space and assisting them with what kind of set up they would like because the auditorium is a multi purpose space and all of its components are modular. Depending on what any given event would be like to be they help people determine what they need and they also provide the staffing that might be required for any particular event, and that is where the technical support fees come in.

The city has purchased over the years a wide variety of equipment and that comes with the rental. There is other equipment the city doesn't have but Lost Nation Theater has so they make it available to people for a nominal rental fee. As you might have noticed by the paper work it is a little bit complicated. There is paperwork so that the staff at Lost Nation Theater can sit down with a potential renter and goes over the equipment that is available and different rates for what is considered skilled labor and what is considered just coverage to protect the auditorium.

Council Member Golonka said in looking at the rental policy for the Montpelier City Hall and the Lost Nation Theater, had that been approved by the Council? The three documents they have seem to be in conflict, the lease agreement, the rental hall policy from the city and the document she has. He is concerned there are discrepancies between the three and it seems time there should be one policy that is approved by the Council so there is some clarity. There are different rental rates between the city policies. There are fees that the Lost Nation Theater charges that aren't listed as rental fees that are possible under the ordinance, and the lease agreement which expired.

Dona Bate said there is a condition between city rental equipment and Lost Nation Theater rental equipment and her supposition would be that the Lost Nation Theater equipment is not covered by the city ordinance.

Council Member Golonka said there is in here a mandatory staffing requirement as authorized under the city ordinance. That is his one concern that he does find discrepancies between the two. He is trying to see if there are some City Council amendments that allowed for that.

Kathleen Keenan said she couldn't speak to that because she doesn't have twenty years of history in her head. That rental policy was developed in a committee and they haven't made any changes to the rental policy. They have definitely been informed that somebody needs to be with any group renting the auditorium.

Council Member Jarvis moved that the Council authorize the City Manager to work with Lost Nation Theater to update the rental policy.

Dona Bate said they should reconsider whether anyone should have the fee waived because you are paying out in material and staffing that you aren't getting any coverage for. You have to look at your investment. They look at the damage. The upstairs is showing its wear for sure. Maybe it would be fairer to just have a base fee for everyone that at least covers some cleaning up that the city has to do so you have a place that people want to come to and have the equipment to clean it and take care of it.

Mayor Hooper said that is an excellent point. She assumes that will be part of what is discussed when they look at the rental policy. She thinks there is an interest on the part of City Council which sees the upstairs as an important resource for members of the community, that we would at least like the latitude to consider whether or not we want to raise the fee.

Dona Bate said it depends on the sheer number of people attending the event, whatever kind of event it is.

Mayor Hooper said there is a huge different between First Night and the Food Fair versus the smaller workshop event.

Council Member Golonka said he is concerned about the mandatory staffing fee that goes to Lost Nation Theater with regards to groups that don't use their equipment. He would like a review of that.

Council Member Weiss said Lost Nation Theater basically has no staff and therefore when this committee meets he would also like to consider management time, the obligation that Lost Nation Theater has to maintain the auditorium on behalf of the city.

Mayor Hooper said one of the things she would be interested in is the scheduling of the auditorium. The city is very fortunate they do all of the scheduling. One of the things that one hears from the community periodically is they can't get in. She would like to be updated on how that is considered.

Kathleen Keenan said the Theater is in place from April through October and that is when the small theater set is in place and they have a variety of productions that happen during that time. They also make it available to other people who can use the space as it is set up at that time. The rest of the year the space is wide open. There are annual events that happen such as the Green Mountain Film Festival, First Night, etc. Those things tend to get worked around the theater. It is often hard to get the space reserved at the time you want because everybody wants a weekend. People want the same times and that makes it difficult. There are also logistical problems if someone needs a wide open space with absolutely nothing but the next day they want a theater setup or a stage set up for music it takes time to put that in place. It may not be possible to go from an event that has a whole stage set up to the very next day having a wide open space event. There are just some time logistics that exclude events from happening as well. They try very hard to accommodate everybody who wants to get in to use the space.

Mayor Hooper said she thinks they are asking the City Manager and a committee to meet and bring us back a draft policy for the Council to consider. We need to update the ordinance as well.

Council Member Weiss said that maybe the Manager and committee needs to look at the other fees the city charges for use of public space. For example, you cannot put a banner up next to the fire house unless you pay a fee. He wonders how many other fees are being charged around the city and the Council needs to look at them all. He doesn't want to have a recommendation come back dealing only with Lost Nation Theater. He would like Kathleen to tell the Council what is happening in December.

Kathleen Keenan said at the end of November they have the Bob Dylan Look Alike/Sound Alike Contest, which is a benefit. On December 5<sup>th</sup> there is the Yankee Fiddle Orchestra doing a concert. December 8<sup>th</sup> to the 11<sup>th</sup> there is a theatre production *It's A Wonderful Life*, and on Saturday December 13<sup>th</sup> there is the 'Touch of Vermont Craft Show. The next event after that is First Night.

Council Member Sherman said they need to make sure there is maintenance and supervision since the theater is part of City Hall.

09-298. Reconsideration of a request from the organizers of *The Touch of Vermont Holiday Gift Market* for a waiver of the rental fee for the use of the City Hall Auditorium for their event to be held on Saturday, December 12<sup>th</sup>, with set-up on Friday, December 11<sup>th</sup>.

This market is a "buy local" event that benefits O.U.R. House of Central Vermont which is an advocacy group for sexually abused children.

At their November 11<sup>th</sup> meeting, Council denied the waiver because there were two licenses approved that same evening for the serving/tasting of wine and vodka; refreshments were being served and Council felt that, according to the current policy, a waiver could not be issued for that reason.

Organizer of the event, Claire Fitts, was not able to attend the November 11<sup>th</sup> meeting but notified the Mayor and staff that the serving of the beverages was not being done by the organizers, but instead by local vendors showing their products like any of the other vendors.

Recommendation: Consider request with Ms. Fitts; possible direction to staff.

Mayor Hooper said the Council considered the request to waive the fee for the use of the space but stopped in terms of what they were reading in the ordinance in terms of refreshments being served. Claire thought it

might be helpful to help clarify what is in fact happening. It may have been envisioned to be something much larger in scope than what it is.

Claire Fitts said there are two vendors who make alcohol, the North Branch Winery that makes wine from Vermont grapes and Vermont Spirits which makes vodka from Vermont maple syrup and Vermont milk. She thinks it is great they have these new value added products from Vermont agriculture and they just happen to be making a controlled substance. They are going to be sampling out their drinks. North Branch Winery is going to be having cups available for people to taste and the vodka will be sold by the bottle.

Mayor Hooper said the only vendor Claire anticipates serving any sort of refreshment is one and they are going to be offering samples of the wine.

Claire Fitts said there are a few food vendors like Butterfly Bakery. She sells packaged cookies, granola, etc. There is a woman selling gingerbread houses. They have been there every single year as part of the event. They do sweep the floor at the end of the event and mop if requested.

Council Member Golonka asked if they charge admission.

Ms. Fitts replied no.

Council Member Golonka said the people are marketing their products. Are they selling products?

Ms. Fitts replied yes. It's a buy local event.

Council Member Golonka said his problem is that they are marketing products for profit and people are selling. That is one of the criteria in the ordinance.

Ms. Fitts replied that it is also a fundraiser for Our House of Central Vermont.

Council Member Golonka said the ordinance specifically says that each of the three criteria must be met to become eligible to be considered for a fee reduction or waiver, and that feature they don't qualify for. That is irrespective of the alcohol consumption portion of the waiver. The alcohol consumption is next which says "Notwithstanding the terms of Section 2-801 no permit issued under this Article for an event at which alcoholic beverages will be served or available shall be valid unless approved." The Council could waive that. His problem is that it is still a for profit venture upstairs for the vendor participants.

Ms. Fitts said her organization is a nonprofit. It isn't a nonprofit in the strict legal term but in a zero gain term. There is a modest payment for people who work on the event but no overall gain.

Council Member Golonka said the fee could be covered by the vendors who are going to participate.

Ms. Fitts replied it could because there is money coming into the event. She is trying to use most of that for advertising to bring people into the event which is why she is looking for the waiver. She wasn't familiar with the ordinance.

Council Member Jarvis said she thinks their hands are tied unfortunately.

Mayor Hooper said they allowed the Hunger Mountain Food Fair. Did they waive the fee for them?

Council Member Sheridan said it never came before the Council.

Ms. Fitts said this is the fifth year they have been here.

Mayor Hooper said the sponsoring organization is not a for profit organization. They are not making money on this.

Council Member Jarvis said it doesn't say that in the ordinance. It just says not marketing a product. The ordinance is poorly written but it does say that each of the three criteria must be met to become eligible to be considered for a fee reduction or waiver – no admission, not marketing a product and provide a public benefit.

Council Member Jarvis moved the city make a donation to Our House in the amount of the rental fee. The motion died for lack of a second.

Council Member Sheridan said he would rather just ignore the ordinance and tell the police not to enforce it.

Ms. Fitts inquired what the city fee is.

Council Member Jarvis replied it is \$150 for a nonprofit.

Ms. Fitts said it is wonderful to make a donation to Our House. The money that actually pays for the rental of City Hall doesn't come from Our House. They make the space available for their raffle and do the advertising, but it is a separate pot of money.

Council Member Golonka asked how much they were paying Lost Nation Theater. Do they need to pay a technical services fee for the 10 hours they are there?

Ms. Fitts met with Kim Bent a couple of months ago and just received an e-mail from Lost Nation Theater that the paperwork has been lost and they are readdressing that. They do waive part of the fee because they promote them as a sponsor in the advertising.

Mayor Hooper said the fees they collect from the folks who participate in the event they are applying towards advertising, insurance and expenses. She said she isn't comfortable to say they should ignore the ordinance and would like another way to accomplish this. It would be inappropriate to say we are going to disregard the ordinance. She believes there is an interest on the part of the City Council in trying to find a way to support the work that is being done.

Council Member Weiss said he wanted to be very clear that he is not the least bit interested in supporting this particular group only on the basis of the fact that in the last couple of months they have not supported other groups who have made similar requests to them. The Council needs to have parity.

Mayor Hooper said the Council is not going to reconsider the action they took at a prior meeting that they would not waive the fee.

09-299. Update from the Committee of City Employees whose charge it has been to research the City's health insurance coverage and consider cost savings.

Committee members will be meeting with the City Manager on Monday, November 16<sup>th</sup>, to finalize their recommendation and proposal to the City Council.

Recommendation: Receive update from staff; possible further direction to staff.

City Manager Fraser said there are two members of the Employee Committee present and Tim Ford the consultant. Sharon Blatchford and Bob Gowans appeared on behalf of the committee.

Mayor Hooper thanked them for the amount of work they put into this trying to solve a problem.

Bob Gowans, a member of the Employee Committee, gave the Council a brief history of how they got to this point. Members of the Employee Committee were himself representing the Fire Department, Bill Clifford representing the Fire Department Union, Mike Potter representing the Public Works Union, Tom Koeneman representing the Police Department as a police dispatcher and the President of the Police Union, Sharon Blatchford from Finance and Sandy Gallup from Finance. They started meeting in May and met as a group for 4 or 5 months. Their group met with representatives from the League of Cities and Towns, CIGNA, Blue Cross, MVP and a private broker. Throughout the process they discovered they needed some help. It was constantly moving and evolving. In mid September they sought some outside help and they brought Tim Ford on board as a consultant. Tim will review the plan they have put together and address some concerns some of the employees had throughout the process.

Tim Ford, a consultant with Hackett, Valine & McDonald in South Burlington, appeared before the Council said he was brought into the process to help save money on health insurance and at the same time not significantly reduce their benefits. This is very challenging. His marching orders were to put in front of the three unions as well as the non-bargaining employees a plan that is relatively similar to what they have today, which is an extremely rich plan, while at the same time saving a significant amount of money for the city. The committee was very helpful and open to suggestions and had already gone down the road of looking at some of the options that were available.

For the purpose of this meeting he has tried to lay out what the benefits are the city currently has. Today the three unions, the Fire, Police and DPW and non-bargaining employees, all have the same plan and make the same contribution for the plan. Today the city is paying net of employee contributions of approximately \$1.1 million for the plan being offered through CIGNA Health Care through the League of Cities and Towns. Rather than tackle looking at alternative carriers, which in the state there are limited carriers like Blue Cross and MVP Health Care, or looking at the funding of the underlying insurance such as self-insurance and raising all those issues they would have had to go through with the union of plan changes and network changes and the risk the city would have to take on for self funding. He recommended they stay with CIGNA Health Care and look at their high deductible health plans. The Committee had already reviewed this plan and was overwhelmed by the information they received.

The city actually received through the League from CIGNA a rate reduction in their health insurance, which is very rare. The trends in health care vary from carrier to carrier, but the trends range in the 11 to 13 percent range. To receive a 3% rate reduction was startling and surprising. If the city does nothing the city would save approximately \$34,000 over what they paid in 2009. This is far short of his marching orders, but if they do nothing the city can save \$34,000.

What he recommended and what the committee came on board throughout the process with is a plan called a high deductible health plan. It is what they sometimes refer to as a CDHP, a consumer driven health plan. More particularly, it is a high deductible health plan coupled with an HRA, a health reimbursement arrangement or typically called a health reimbursement account. There are many different variations of high deductible plans and many different variations of funding mechanisms. What they chose through deliberations with the committee was to recommend a health reimbursement account. What the city does is actually buy a high deductible health plan through CIGNA so the savings is derived from buying less insurance through the carrier. The family will now have a \$4,500 deductible and could in fact pay up to \$7,000 in insurance costs, which is assuming they stay within the CIGNA network of doctors. He has spent time with the committee and held a citywide meeting as well as meeting with each individual union and they have talked primarily about in network benefits. It's not untypical at all for a plan to have in and out of network benefits. That is a significant difference from what the employees are used to now. The employees now really have no deductible. The plan they have right now is a very rich plan.

On face value a \$7,000 deductible of course is going to save the city money. In fact, the premium differential between what you would be paying CIGNA and what they would under a high deductible plan is in excess of half a million dollars. That is not the whole story, of course. They could never sell to the unions a plan that would have this deductible. He suggested they couple it with a health reimbursement account. A health reimbursement account is not an insurance product. It is as it sounds. It's a debit card arrangement. It is self funded by the city. They have recommended that the city budget 65 percent of those funds. The city would commit \$3,000 to every single account and \$6,000 to every two-person and family account, and then budget 65% of the utilization in that fund. It is statistically impossible for the entire fund to be used. That would mean that each family would have to exceed \$12,500. The industry averages were between 55-58 percent and he has recommended to the committee and the City Manager that we budget 65 percent. It could be higher, and it could be lower, but 65 percent is a very conservative number.

There are some administration costs for the HRA and they have actually embedded in this number a rollover of HRA funds. Part of the success of consumer driven health plans is the theory that people will be wiser consumers of health care and take more ownership in their plan. Over time it has been proven that is actually the case. It's certainly not the silver bullet. They aren't talking about health care costs that are falling across the board but they are trying to level the plain and this is exactly what this plan is for.

This plan is meant to have long term viability for the city. These savings are not one-time loopholes and not one-time little games they are playing. It is fundamentally reducing the cost of the insurance the city is paying and the plan itself is putting enough money into these funds. It wouldn't be misrepresented to say that everyone agrees the plan they have on the table is a very good plan relative to what people have today. He forecasts the city would save approximately \$180,000. That savings could be significantly more and it could be less, but that is based greatly on the 65 percent assumption in the fund. They have about 275 clients. Most of his clients are multi-state and multi-site national clients and they actually see fund utilization that is less than this. But the big carriers like Aetna, United and CIGNA would actually tell you that it is in the 50% range. He feels very good financially speaking about what they have put on the table.

Furthermore, he looked at what 2011 might look like. What they recommended to the City Manager was they guaranteed the fund contributions for two years. He is very familiar with bargaining units. The reality of the situation was they were talking to groups and every one of the groups was in the middle of a contract. DPW comes up next summer. They had to in good faith put something in front of them they felt was a reasonable plan, and he thinks people around the committee would certainly agree they were comfortable sitting in front of them and saying what they were offering them was good. They recommended to the City Manager was they guarantee the fund, the \$3,000 and \$6,000 commitment, through 2011. Based on the 15% increase in the health insurance premium in 2011 the city would save an additional \$100,000 in 2011 versus what they paid in 2009.

Sharon Blatchford said she was really pleased the way it turned out. When they first started the process she would not have dreamed they could have saved a targeted amount of money for the employer as well as keep the premiums relatively the same for the employees with the same coverage and services and a few additional enhancements to the services.

Council Member Hooper said he was familiar with HSA and not HRA.

Mr. Ford said during the last Presidential election you heard a lot about HAS which is a health savings account. The insurance product itself is the same whether or not is HSA or HRA. HSA has federal regulations on the minimum deductibles and the amount that can be put in. Fundamentally, the difference is that with a health savings account you actually physically transfer the money into peoples' accounts as opposed to an HRA which is a commitment to pay. A lion's share of the savings is the fact that we are budgeting only 65% of those funds as opposed to simply 100% of those funds. Health savings accounts tend to be beneficial in limited situations to employees. If you have turnover the money follows, but HRAs are predominantly used in this market. It is structurally very similar, but there are some significant differences.

Council Member Golonka said the city isn't physically funding every employee with \$3,000 or \$6,000, are they?

Mr. Ford said they will engage a Vermont vendor through the Vermont League of Cities & Towns. He is an employer and they have employees in Burlington, St. Albans and Cambridge. They have a high deductible plan and have recommended the same vendor they use and the same vendor being endorsed by the League of Cities and Towns. It is called Choice Care Card. It is not only a Vermont company but a preeminent leader in this industry, and it is a cottage industry. There are a lot of companies in it and you have to be careful. It is based on credit card transactions. We are going to engage Choice Care Card and they are going to actually put the money on a debit card. People will not use that card very often, but they will use it when they get bills for health care costs. If a family uses nothing, the city will not pay anything. What they have done to encourage proper utilization is allowing 10% of the fund to actually roll into next year. If a family only uses \$3,000 they would roll \$300 into next year.

Council Member Golonka said if a family goes out of network and uses \$14,000 worth of medical care, the city is on the hook for \$6,000.

Mr. Ford said there is cost accumulation one way. If you go out of network it accumulates against your in-network but in-network doesn't accumulate against the out of network. It is pretty rare that someone would go out of network. Most care is done here where most all CIGNA doctors participate, but if you went out of network it would work the same. The first \$6,000 would come from the fund and anything above that would be the responsibility of the employee. If you stayed in network there is a \$7,000 out of pocket but the city is going to put \$6,000 on the card. There is a \$100 RX deductible. You pay \$20 for a specialist. You pay \$65 or \$50 for a preferred. Anything above that you would then reach into the fund. Above that they have recommended that we reduce so embedded in these numbers is a reduction of the two-person and family contribution by \$500 per year. The \$1,000 donut hole is now going to be reduced by an additional \$500, and then on top of that the committee is also recommending that we continue the FSA contribution that the city has been making provided the employee makes the \$2 matching contribution. By any measure the plan they have on the table is an outstanding plan. There have been some issues around how long the City is going to commit the funds, what the contribution is going to be and that is why Sandy recommended to the City Manager that we keep the fund for two years.

Mr. Ford reviewed the financial information provided to the council.

Mayor Hooper said HSA was the lifesaver a few years ago. Now everything has gone up hugely. Won't this do the same thing?

Mr. Ford said HSAs are still around. Administration of HRAs has been perfected quite a bit over the last 3 or 4 years; that is the biggest key. The underlying insurance plan would not change. Most insurance company products are identical whether you use an HSA or HRA. They make sure their plans are safe harbor plans against the federal regulations for health savings accounts. The plan we have here would qualify under the HSA regulation. The consumerism piece of this has been a little bit overplayed. Are you going into a pharmacist and say I want the generic and is there going to be the transparency in the system to know what the pricing is and infection rates and success rates are? Right now the technology hasn't really caught up to the engineering of the plan. You should not expect that the health insurance costs will go down. It is just a way to mitigate the increases. Doctors are used to these types of programs. The administration of the HRA itself is as close to perfect as it can be. They will not only have the HRA funds on the card but actually stack the FSA on the card at the same time. The technology in the debit card world is phenomenal. On the card an employee would have \$6,000 for their family, the \$250 FSA fund the city has committed plus their own FSA money, and the card will be able to tell at the time of purchase which of those buckets the money comes out of. The HRA money has actually never been on that card. It has been committed by the city in real time. The City will set up a fund which will be funded as the accounts are used, and the FSA money is employee money. If they don't use it they lose it just like today. What you

don't see in this is approximately \$4,000 of FSA savings because in that HRA is actually the cost of the FSA they are paying separately today.

Mayor Hooper said when they talk about the administrative costs is Sharon doing the work or who is handling these costs?

Mr. Ford said the administration is primarily going to be done with Choice Care Card. The behind the curtain work is relatively minor. There is a banking transaction that will be set up with the city and it is real time. Those cards have to be available and have the money real time, and there is very little work that will have to happen. Will there be some questions that come up because these are a little different? Certainly there will. Administratively these are very smooth plans, have been around a while and a lot of the wrinkles have been worked out on the administration side.

Mayor Hooper said she has a card, swipes it and it doesn't work, she'll come see Sharon and they are going to help her figure it out.

Sharon Blatchford said it really wouldn't be any different from what has been happening for the last several years.

Mayor Hooper asked if they could use each other's cards.

Mr. Ford said first of all your card will only be used for you and your dependents. Each person will fill out an application. There is fraud in every system, but if you use it for non-eligible dependent, which you would be, your benefit would become taxable and they would jeopardize the entire city. If someone were to do that he would highly recommend they be immediately terminated because that is insurance fraud. He would hope that wouldn't happen.

Ms. Blatchford said the current company requires authorization for every transaction so they would have to provide documentation anyway.

City Manager Fraser said with the health benefit card we have now if a member of his family goes to Montpelier Pharmacy he receives an e-mail saying his card was used at the Montpelier Pharmacy.

Mr. Ford said it is actually a debit card. It's not really an insurance process. The IRS requires that there is paper documentation with every single HRA or FSA transaction. If you gave your card to somebody then that would get denied eventually anyway because they would see it wasn't for you. Most people never even have to file paperwork because it is already done electronically. Sandy Gallup and he talked a lot about the advantages of using different debit card services so they came to the conclusion that Choice Care Card is local and less expensive, plus a lot of their technology is state of the art so it would be very unlikely someone could actually give someone their card.

Mayor Hooper asked what some of the concerns the employees were raising.

Assistant Fire Chief Gowans said he thinks Tim addressed most of them. One was the HRA portion of \$3,000 and \$6,000. For 2010 that is in place, but will it change in 2011? That is why they made the proposal that it stay in place for a minimum of two years until January 2012. The flex spending plan Tim talked about, that it also stay in place for two years. Those were the two main concerns.

City Manager Fraser said at the employee meeting those were the concerns he heard. The major fear was that because the city is allocated a funding for the deductible up to a certain amount we would do it for this year but next year if the budget is tight we'll only do \$5,000 and \$2,000 and they felt they were targeted. We bargain benefits and everyone agrees this week they will do amendments to contracts to implement this. He believes the city has always acted in good faith with regards to these kinds of things. They are hoping to see some commitment by the Council tonight before the employees decide to move forward.

Mayor Hooper said in fact the only way it can work is if the unions accept it and it becomes part of their contracts so there is a guarantee built in that we can't touch it.

Assistant Fire Chief Gowans said some issues came today concerning the employees contribution piece. In the package it said 30%. Tim is going to be addressing those issues with the individual unions so it shouldn't be an issue.

Mr. Ford said he did run the numbers based on the fund. The family is 22 percent; the 2-person is 20 percent, and the single is 5.5 percent. If in fact the insurance premium went up in 2011 by 15 percent the employee contribution would follow. Maybe there was just a misperception of the percentages.

Council Member Jarvis said thank you to the employee committee for taking this on and taking ownership of it. It speaks volumes. We know our city employees are valuable and care about the city and their jobs. This is nice to see. We are in the middle of a hard budget season and the terrible financial loss from Scott Construction so it means a lot to the Council to see the employees stepping forward to meet the Council.

Mayor Hooper said they have received information, but she thinks it is very important to provide some very concrete feedback in terms of the Council's intentions, which is they would commit to the plan for the two year period and commit to continue to work with all of the employee groups to make this work well.

Motion was made by Council Member Golonka, seconded by Council Member Hooper that the council accept the City Manager's recommendation to go with the high deductible health plan with a health reimbursement account funded by the city at the rate of \$3,000 for single coverage and \$6,000 for two person and family coverage for a two year period.

Council Member Weiss said as discussions continue they may want to modify the plan.

City Manager Fraser said they can always amend it. The issue would be that there be the intention to fund at this level. The proposal is to have this done in six weeks. There aren't going to be any other changes to this plan other than what has been proposed.

Mr. Ford said because of the time constraint he was under one of the first decisions they made was to keep it with CIGNA Health Care. That helps enormously because you aren't talking about re-enrolling with a carrier. The protocol is we'll let the League of Cities and Towns know we are going to enroll in the new plan. He believes Sharon and Sandy are going to meet with the Choice Care Card people on Tuesday and get that process rolling. The League has agreed to do a dual choice which would mean run the current plan with the HRA. If that were to be the case he would highly recommend that it be done in mass so if the Police Department decided not to come along they would take the current plan. His numbers are based on a full takeover with everybody moving to the new plan. The issue is probably a misconception about the premium, and if they can put peoples' minds at ease that it is what we have discussed. Bob and he both heard at meetings that this was a really good plan, and if they get over that hurdle we'll be fine.

City Manager Fraser said the plan runs on a calendar year.

Mr. Ford said the deductibles all run on a calendar year.

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

Mayor Hooper said she wanted to add all of the Council's thanks because this is extraordinary. She complemented everybody, including the City Council, because other communities have chosen to work with their employee groups much differently. We asked our employees to figure out something that will help the community, and they did. The Council is grateful to them for working to serve this community well.

Mayor Hooper noted that Sharon Blatchford and Sandy Gallup are zone in on how to figure this out and we are extremely fortunate to have them as advocates on all of our behalf.

Mr. Ford said he has been in this business a long time and they have a lot of very large clients. When they took on this project he would have thought it highly unlikely they would have something saleable and save \$200,000. The committee did an outstanding job of supporting his idea.

09-300. Follow-up discussion regarding the redevelopment options for the 55 and 58 Barre Street properties to house the Montpelier Senior Activities Center.

City Council requested that staff provide an update at their November 11<sup>th</sup> meeting; additional questions were raised and staff was asked to try and have some answers in time for this evening's meeting.

Recommendation: Following an opportunity for staff to answer those additional questions; discussion, and direction to staff.

Assistant City Manager Bev Hill and Garth Genge, Community Development Specialist, appeared before the Council to provide an update.

City Manager Fraser said at the last meeting we were talking about some issues on Barre Street with regard to insulation and the oil tank. They don't have evidence the oil tank is leaking but that it is just very old and well beyond its replacement date.

Assistant City Manager Hill said Garth's position has been right from the beginning that any money we put into the boiler system will come back regardless with what we do with the building. It seems pretty unlikely they will allow that building to be torn down. Even before Garth came to work for the city he had said to her we should do something with the boiler system because it can add value to the building in the long run.

Elizabeth Dodge and Doug Zorzi were present representing the Senior Center.

Community Development Specialist Genge said the easiest savings is by putting insulation in the roof. That is probably the most cost effective thing to do. From the Gossens Bachman Architect report there were two recommendations from the mechanical evaluation. One short term fix was connections and controls, which was a \$40,000 to \$80,000 estimate. Option 2 is to replace the full system.

He talked to Todd Law about both buildings and the boiler rooms in each building has sufficient room inside to have smaller tanks put in. One of the options is to go in, drain the tanks that are there, install smaller tanks inside the boiler rooms, and he thinks \$10,000 would cover draining the existing tank and to install two 275 gallon tanks in the boiler rooms and then put a system in to keep the fuel oil contained if it spilled.

The recommendation had \$15,000 for the structural roof support, but the engineer's indication on the walk through was that they might not have to do anything. The announcement for the RFP for the energy grants came out, and it isn't all that wonderful. There is a Letter of Commitment that needs to be in by December 8<sup>th</sup>. It is broken down into four different types of programs to be funded. It has a \$50,000 cap. When you read the proposal the match is very important. Gwen and he talked about the \$50,000 and it doesn't really make sense to do one for each building. Is \$50,000 going to cover enough to do one building? They need to figure out what they can do with \$50,000. Part of it is going to be how much the city is going to want to put in and how to allocate it.

The total option of using option 1 of maintaining the boiler comes to \$125,000. He doesn't recommend putting \$40,000 to \$80,000 into those controls. Option 2 is an option but only based on half way. Option 3

is the basic energy upgrade as recommended in the Gossens Bachman report. Down below it shows what you would save on the different options and they are all pretty conservative.

Whatever plan comes up for the redevelopment should include most of the major costs and he would try to spend as little ahead of time until that has been decided upon.

City Manager Fraser said if they were going to move forward they might want to do the roof analysis, insulation and possibly a temporary oil tank.

Community Development Specialist Genge said if they just do the roof insulation that is \$15,000 and \$5,000 for the structural engineering. If there were improvements it would be \$15,000 to support the roof, and that is just for 58 Barre Street. Part of it is that the \$15,000 for supporting the roof probably would not be able to be used as a match and he doesn't think it would be appropriate for the use of the funds from the Department of Energy so it would be outside the grant. The structural analysis and the roof insulation itself would make sense to do now. It would still give you the option of doing a full scale renovation without misusing what is being done now. Just doing the insulation of the roof the payback is probably a year and a half.

Assistant City Manager Hill said anything they do to the roof now would be salvageable as part of a renovation and restoration project.

Council Member Weiss asked how much money exists in the Senior Citizens' budget now, some of which could be allocated to support one or more of these projects.

Assistant City Manager Hill said she didn't think there was any money.

Council Member Hooper said if they are going to do this they need to do it tomorrow because we are coming into the heart of the heating season.

Community Development Specialist Genge said the grant formula was pretty restrictive as far as which expenses would qualify. Part of the grant application may be for additional things to be done before the grant would actually be awarded. The preliminary application goes in December 8<sup>th</sup>. If you are approved and chosen out of that group, they have \$4.6 million to distribute and hoping to approve \$5.5 million so it would still be competitive. You would do a full application in December and it could be next fall before you would get the money. The roof insulation portion and fixing the oil situation almost has to be taken as being a dollar spent, but he is hoping for at least a match in the application.

The Vermont College of Fine Arts has called about working with the city to get grant funds through this also. It is another portion of this RFP. They have four different targets. You can get up to \$250,000 for incentives for somebody like Vermont College to upgrade their buildings. There would be two applications. Are they competitive? Are we competing against ourselves? It is basically the city getting money to incentivize others to upgrade their buildings. If Vermont College is going to do \$50,000 worth of upgrades we could give them \$25,000 to help them improve it.

Mayor Hooper asked if it was to create a pot of money to help any private group.

Community Development Specialist Genge said he believed so. If Vermont College was going to put up a million dollars then they could probably get the \$250,000 and be competitive in their application. We may be competing among ourselves because he doesn't know whether they have distributed to each of the programs or decide after the pre-applications.

Assistant City Manager Hill said last week Garth gave the Council the printout for the development analysis for 58 Barre Street. A group of seniors will be going on November 30<sup>th</sup> up to Swanton and over to St. Albans to visit a couple of senior housing complexes. The one in Swanton has a Senior Center component.

Community Development Specialist Genge said Waterbury and Waitsfield have similar projects.

Council Member Golonka said last week they were talking about some state requirements for remediation of the existing center. We are talking about getting a temporary oil tank. What about the old one? That to him would probably be the big can of worms.

City Manager Fraser said there is no smell or any visible sign of leakage in the building. We are just concerned about the oil and the sludge. It is clearly over due for replacement. The tank at the Senior Center was put in 1968 and it is supposed to be replaced every 20 or 25 years. The tank at the Recreation Center was put in 1954.

Council Member Weiss said assuming the Council is going to make some approvals tonight, how many permits do we need to get in order to do the work requested?

City Manager Fraser said zoning, design review, and historic building. They won't be making any external changes to the building so we wouldn't need design review. They would probably need a building permit for the other work.

Community Development Specialist Genge said the permitting wouldn't be that extensive for this project.

City Manager Fraser said the costs are:

Structural engineering for the roof:	\$ 5,000
Roof insulation	\$15,300
Temporary oil tank or remediation	\$10,000
Another possible	\$15,000 if the engineer says they need to do more.

The total would be \$30,000 to \$45,000.

Community Development Specialist Genge said he did think they should do something about the heating system, but after talking to Todd either you do the whole thing or just try to make what you have work until you decide what you are going to do.

Mayor Hooper asked if it was \$430,000 to replace the whole heating system in the building.

Community Development Specialist Genge said the Gossens Bachman estimate is \$385,000.

Council Member Golonka said another option they talked about at the last meeting was perhaps shutting the building down for the winter and moving the seniors to the building next door. Has there been any further thought on that option?

Community Development Specialist Genge said the building is 25,000 square feet with about 8,000 square feet per floor. The Senior Center is using 8,000 to 10,000 square feet.

Assistant City Manager Hill said they are using about 7,000 square feet downstairs and using two rooms on the second floor.

Community Development Specialist Genge said their projections for space needs when they are looking for new space is 10,000 square feet.

Mayor Hooper said if they shut down that building there would still be costs associated with maintenance.

Elizabeth Dodge, member of the Senior Center Advisory Board, said when they are talking about shutting down the Senior Center building which next door building are they talking about moving into?

Assistant City Manager Hill said temporarily there is the possibility of St. Michaels.

Council Member Sherman said if the Council were to approve the \$45,000 to go ahead with the roof and insulation would it be habitable by the Senior Center as the work is being done?

Community Development Specialist Genge replied it should be. The roof insulation is fairly low impact. When they do the blown insulation they will probably run a tube up the outside. If there is some structural work it will be some small carpentry group.

Assistant City Manager Hill said the Senior Center does shut down the week between Christmas and New Year's. They have their hardwood floor refinished every year, but she delayed that in May as a cost containment issue. They feel it really needs to be done so they are planning on doing that during that time as well.

Community Development Specialist Genge said the fuel situation probably could be done.

Council Member Weiss said the Senior Center has some endowment funds. Can any of the funds be used for projects like this?

Mayor Hooper said especially if they could be replenished with the savings.

Assistant City Manager Hill said the Senior Citizens Center pays rent to the city and they are a tenant. That is her concern about the endowment. She doesn't know how the endowment was set up. This work is for the good of the whole building and not just the Senior Citizens Center so there might be some concern about using the endowment money unless we made an arrangement for it to be replaced.

Mayor Hooper said they could float us a loan from the endowment in exchange for rent which would all be reimbursed out of the cost savings. Garth seems pretty confident that if we do some insulation work we can save some money.

Community Development Specialist Genge said the savings in fixing the roof would be fairly substantial right away.

Assistant City Manager Hill asked if they could repair the fuel tanks regardless of what happens with the roof. Could we get the approval for that?

Council Member Golonka moved they do the insulation and replace the fuel tank for a cost not to exceed \$45,300. Council Member Hooper seconded the motion.

Mayor Hooper said these are rough numbers and they are giving him a ballpark.

City Manager Fraser said hopefully they won't need the structural report.

Community Development Specialist Genge said the first steps would be dealing with the oil situation and the fuel tanks. They would get prices and if it seems to be way out of the \$10,000 they would come back. He doesn't know what the structural engineer's timeline is and how busy they are. He needs to see what the city's procurement policy is. It changes the snow load on the roof so the structural value of the framing has to be looked at. Again, the \$5,000 was their quote for evaluating both buildings and both roofs. He would recommend having them go through the full scope of both buildings and give us the recommendations.

Assistant City Manager Hill said she didn't know how much Todd Law updated the Council on the work that the Building Inspector had requested be done. That includes fire door latches and moving some of the alarm lights on to a temporary outlet. She said she didn't want additional tenants while the issues still needed to be addressed.

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

Assistant City Manager Hill said she regrets to tell them that the cook who was a favorite of all of the seniors is resigning to take a full time position with McDonald's with paid benefits. They are looking at some options. The Senior Center was having meals three days a week on Tuesdays, Wednesdays, and Thursdays. Wednesdays were minimally attended and Thursdays aren't much better at this point. They eliminated Wednesdays. They are looking at other opportunities as to how to handle this situation. While Hunger Mountain Coop was remodeling they actually used the Senior Center kitchen a year ago and the seniors liked them. They came in recently to do the volunteer dinner. They will be looking at the Coop and NECI for a number of ways to do this. There is a lunch every day of the week at one of the local churches and many of the seniors are attending those.

Community Development Specialist Genge said on the grant applications the pre-application is due December 8<sup>th</sup>. He will try to put some information together for the Council after talking to Vermont College and also what the application would look like for just 58 Barre Street. Efficiency Vermont will be able to give some subsidy and support for electrical upgrades so that would also be a comparable match for funds. He hopes to get the insulation covered in the grant. The electrical upgrades and what the match would be needs to be worked out.

Mayor Hooper said there are a lot of commercial properties in this town, particularly rental housing properties, and she doesn't know if they would be eligible as participants in the grant. In terms of the social benefit and the economic needs within the community if it were possible to create a pot of money that we could use to encourage energy upgrades that would be a great outcome for the community.

Assistant City Manager Hill asked if community development funds could be used for commercial groups?

Community Development Specialist Genge said there are a couple of unrestricted funds and the most of the capital is in the restricted funds that serve lower income levels. He thinks this would have to be at least a one to one match to be competitive. He believes other cities are going to be doing two to one matches because even getting a third of the cost picked up is still pretty big.

Mayor Hooper said as an underlying policy question does the Council wish to just help one entity, Vermont College of Fine Arts and they write the grant themselves, or do we wish to create a pot of money that would be available to other people which would be a workload on the city staff.

Community Development Specialist Genge added that it says specifically it can't be a revolving loan fund. It has to be almost fully targeted towards the sub-grantee.

Council Member Golonka proposed that the Council not talk about the Vermont College of Fine Arts grant proposal at this point because it wasn't warned and he has no information on it.

Council Member Hooper added he suspects that other municipalities are in the same shape that Montpelier is and aren't going to be putting forward three to one matches right now.

Mayor Hooper suggested the Council leave this to the judgment of the city staff. The Planning Department can consult with the City Manager because we basically don't know what we are talking about.

09-301. Continued discussion of legal opinion concerning release of documents subject to attorney-client privilege. (This item was tabled at the City Council's November 4<sup>th</sup> meeting and again on the November 11<sup>th</sup> meeting, pending a response from the City's insurer related to the release of the e-mails.)

Recommendation: Review opinion, discussion; direction to staff with regard to release of documents.

Mayor Hooper said they have received a response to their inquiry from their insurer with the Vermont League of Cities and Towns. It essentially says that if they are going to cover this claim they object to the release and if they aren't going to cover the claim they don't care.

Council Member Jarvis said her interpretation was that if they aren't going to cover it the release could still potentially interfere with the city's ability to recover. There is no green light here.

Council Member Hooper said they have released the dates and the parties of the documents. They have been mentioned in open sessions.

City Manager Fraser said their document disclosure described which documents are not released and why. That put us in a difficult position with regard to the documents. He talked with Steve Jeffrey today and then was visited by the head of Group Services and the head of the Department Casualty Fund to talk about the status of the city's claim. Finance Director Gallup and he had a long talk with him this afternoon. He was convinced after that discussion that they are working pretty diligently. He let them know the urgency with which the Council viewed this and they understand that. They said they are looking at mid December before they would have a determination. What he had failed to appreciate is they are members of a national pool so if a claim of this size is going to be paid most of that money is going to come from a national insurance fund so they need to be able to show that fund how we would qualify and exactly what terms of coverage and what the legal basis so they don't become challenged and have their fund denied or be dropped out of that pool. They anticipate that if the city isn't covered that it is possible that the city might bring action against them. They need to put themselves in a position where they can answer the questions and justify what is happening. They were very professional. The impression he received is they are trying to figure out how they can honor the claim and still muster with their group. One of the points he made to them was that the city is part of a municipal trust and pool and we don't expect to be treated like a private insurance company might find ways to deny. They are certainly seeking a positive outcome for the city, but he hadn't thought about them getting the money from other sources so they are going to have to show the legal basis for the claim. They are researching cases, practices and other municipal claims. They said this is their highest priority claim. Right now they certainly recognize the visibility and they hope to give us an answer in mid December and will communicate with us if there is any change.

Mayor Hooper said this has been an issue of intense interest. She wants to make it clear that the city has received a letter November 17, 2009 from the Vermont League of Cities and Towns that reads:

*The answer to your question depends on the perspective (?) that if the claim were to be covered the VLCT/PACIF would object to the release of the documents. Allowing the release of the documents could potentially interfere with litigation strategy and recovery efforts made on your behalf. Or, in the other instance if the claim is not covered the release of such documents could still potentially interfere with the city's ability to recover. In this case, the group would encourage you to follow your counsel's advice on the best way to handle the documents.*

It is a pretty strong statement in terms of the proposal to release. As Council Member Hooper pointed out, we have clearly stated what the documents are, what the dates are and our reasons for not being able to disclose them. She would suggest that whatever motion we have on this, since we have some sort of finality to this, is that we make the commitment that when it is appropriate that of course these will be released. She would like to have a motion on this.

Council Member Hooper moved to table this issue until the status of these documents is further resolved.

Mayor Hooper asked if they wanted to table them or not release them.

Council Member Weiss said if they looked at the agenda this has been tabled twice. If you really want to discuss it and do something we need to take it off the table first.

Council Member Jarvis said Mayor Hooper wants a motion to affirmatively withhold the documents until the claim is resolved.

Mayor Hooper said first they need to take it off the table.

Motion was made by Council Member Sherman, seconded by Council Member Golonka to take the agenda item off the table. The vote was 1-5 with Council Member Sherman voting in the affirmative. The vote to take the item off the table failed.

09-302. Other business related to Scott Construction.

Council Member Golonka said one issue he has is they set aside Council meetings to discuss the Scott Construction issue. Since the Council has set up a committee to investigate the Scott Construction issue he doesn't think the Council should be having other meetings with regards to what they are doing. He would suggest they not have those meetings.

Mayor Hooper said we have asked a group to do some work. They should do the work and report back to us.

Council Member Golonka replied that in the interim the Council shouldn't talk about it.

09-303. Review and discussion of the National Citizen Survey ... if the final version has been received.

There were 558 replies from the 1,200 surveys sent out (46.5%) which far exceeds the 30% expected norm.

City Manager Bill Fraser is hoping to have a final report for review and discussion this evening; if not, he will review, with Council Members, these results.

Recommendation: Review and discuss the Survey results; possible direction to staff.

City Manager Fraser said they do not have the final version but they expect to have it by the end of the week. He thinks it would be important to have a public presentation of the results. There is a summary of it and we are going to talk about it in advance of the budget because there are certainly issues that will relate to the budget. They had originally planned to have a December 2<sup>nd</sup> meeting which was going to be the budget presentation meeting. December 9<sup>th</sup> now is going to become the overview of the budget; December 16<sup>th</sup> will be budget discussions and a Saturday meeting on the budget. Perhaps Wednesday night on December 2<sup>nd</sup> at a 4:00 or 4:30 P.M. time we could do a public presentation of the survey right after Thanksgiving where it would be open to the public and the press. He believes by the time they do a presentation, answer questions and have a discussion it shouldn't take more than 45 minutes to an hour.

Council Member Sheridan said he would rather meet early on December 9<sup>th</sup>.

Mayor Hooper added there are other issues out there so in addition to the budget discussion there is a compressed budget timeframe they are working with. There are issues with the Carr Lot that need to be addressed. The survey should be worked into their budget decision.

City Manager Fraser said they were going to have a report in our hands and people will want to see it. They will be setting on a public document and he wanted to get it out.

Mayor Hooper said the Council needs to make some decisions on the Carr Lot.

Council Member Weiss said he doesn't know how they can discuss in a lot of detail regarding the Carr Lot until they get straightened out in terms of whether or not all of that property is in the flood plain and what it means to have it in the flood plain. Do we just want to black top it? What if we want to put a building on it? What does that mean in terms of it being in a flood plain? That is a key issue.

City Manager Fraser said for the survey they need to host a public discussion. It would have to be a Council meeting.

Mayor Hooper added they asked their citizens to invest it and this should be driving decisions we are making into the future.

Council Member Sheridan said he would rather start a meeting night an hour earlier.

Mayor Hooper said her only concern about that is there are five members. They can start an hour early on December 9<sup>th</sup>.

Council Member Sherman said Bill suggested they make it a public event so why not have a reception and encourage people to attend.

Council Member Jarvis felt it was important for most of the Council to attend the first time it is presented.

09-304. Report by the City Council

Council Member Golonka reported they had a Library Board meeting tonight and he brought up the concerns the Council raised with regards to an inside or out type of budget, and they agreed. They agreed to having the entire amount outside of the city budget. They would like a chance to come in to a Council meeting on December 9<sup>th</sup> and discuss it. They would like some input in terms of the wording on the ballot.

Council Member Weiss gave congratulations and complements to Montpelier Alive. They have a great series of ads running in the local newspapers "Meet Me in Montpelier." He thanked them for doing it.

Council Member Sherman reported there are a lot of CAN meetings happening and information about emergency services which has been reduced to a single brochure. North Street has a meeting scheduled and College Hill had a meeting last night.

09-305. Mayor's Report:

Mayor Hooper had nothing to report this evening.

09-306. Report by the City Clerk-Treasurer:

City Clerk & Treasurer Hoyt had nothing to report.

Status Reports by the City Manager

City Manager Fraser reported there will be a budget presentation on December 9<sup>th</sup>. They would like to do as many budgets as they can that night. They plan to get the budget documents out to the Council Members in advance so they can review the documents and the numbers. On Saturday, December 12<sup>th</sup>, there will be a work session on the budget with the Fire, Police, Parks, Cemetery and Planning. They hope to get those done on Saturday. The following Wednesday, pending whatever other business there is, would be mostly the Department of Public Works with Streets, Water, Sewer and the Capital Plan. They do want to include 58 Barre Street and the Senior Center. There will be two weeks of holidays. On January 6<sup>th</sup> they will meet for last minute budget adjustments. The public hearings will be January 13<sup>th</sup> and January 21<sup>st</sup>.

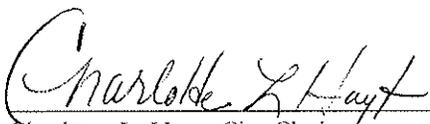
Agenda Reports by the City Manager:

09-307. Other Business

Adjournment:

After motion duly made and seconded by Council Members Jarvis and Hooper, the council meeting adjourned at 10:10 P.M.

Transcribed by: Joan Clack

Attest:   
Charlotte L. Hoyt, City Clerk