

**Montpelier Planning Commission**  
**January 24, 2005**  
**City Council Chambers, City Hall**

*Subject to Review and Approval*

**Present:** David Borgendale, Chair; Carolyn Grodinsky, Vice Chair; Anne Campbell;  
Curt McCormack; Marjorie Power, Richard Sedano  
Staff: Valerie Capels, Planning & Community Development Director

**Call to Order**

The meeting was called to order at 7:10 p.m. by Mr. Borgendale.

**Minutes**

Ms. Grodinsky made a motion to approve the minutes of the November 29, December 10, December 13 and December 22, 2004 Planning Commission meetings. Ms. Grodinsky said that the references to Nancy “Sheridan” in the November 29 minutes should be corrected to Nancy Sherman.

Mr. McCormack said that the statement attributed to him on page 2 of December 10 minutes (third paragraph) was placed out of context; it belonged in the last paragraph on the first page. His comment related to a situation in which Mr. Zorzi was being questioned about whether he should have recused himself in a past experience. Mr. McCormack said that he did not agree that a citizen should be able to question Mr. Zorzi on a past case that was unrelated to the case Mr. Zorzi had brought. Ms. Power said that Mr. McCormack’s statement on page two had to do with the question of whether, in the future, the conflict of interest issue could be used to derail any public process. Mr. McCormack said he recalled making both of those points. Ms. Capels said that the minutes would reflect the essence of those points.

Ms. Power noted a typographical error in the last sentence of the second full paragraph on page 2 of the December 13 minutes. She said that the sentence should be corrected to say “. . . will continue to apply to parts of the city after the Sabin’s Pasture zoning is adopted.”

The Commission voted unanimously to approve all of the minutes with the noted corrections.

**Review of Agenda**

Mr. Borgendale noted that election of officers by the Planning Commission is be on the agenda. He said that he would like to move the Master Plan amendment discussion to occur after item #7, the Fiscal Impacts of Development presentation. He wanted to give Mr. Crane the opportunity to give the presentation before the Master Plan discussion. The Commission will need to discuss some comments from the City Attorney regarding the Master Plan amendment.

**Public Comment**

Mayor Hooper thanked the Commissioners for their hard work. She said the Commission members came, as individuals, to the City Council in December and said help was needed in presenting the Commission’s work to the community. Mayor Hooper said she would write an Op-Ed piece and that Bill Fraser will use the City page in the Bridge to provide opportunities. Mayor Hooper asked what other help the Commission wanted for public outreach. Ms. Power said that she had been thinking of Michael Hoffman’s description of workshops that she participated in where there was a conceptual presentation to show what an area would look like if it was built out as permitted under the present zoning. Something

like that might be helpful, not only with Sabin's Pasture, but also with the overall Master Plan review. It might also be possible to make use of model exercises where planners and developers participate in designing sites in ways that are actually buildable. Mayor Hooper noted that those types of initiatives will require more of the Planning Commission's time. She will be interested in hearing how they might fit into the Commission's timeline.

Ms. Campbell said that it would be nice to be able to work in another public meeting like the one that was previously held at National Life around Town Meeting day. Ms. Grodinsky said it would also be good to meet with a professional group facilitator to talk about density or T1 zoning and to talk about ways to meet the goals. Ms. Capels said that she has been exploring with Vermont Forum on Sprawl to see if it would be willing to work with the Planning Commission to do that type of thing.

Mr. Sedano said the recent meeting with the City Council was helpful and that he hoped that the two bodies can maintain regular communication. Mayor Hooper said that was an excellent point. She suggested that the Commission think about timing and that she will be interested in hearing the results of those discussions.

#### **Comments from the Chair**

Mr. Borgendale said that the Fiscal Impacts of Development study may be the most exciting thing that the Planning Commission has done during his tenure. Michael Crane will be providing the presentation of the study.

Mr. Borgendale said that, in December, he announced that he would not be willing to continue as chair of the Commission. He has been chair for almost two years and that it has been an interesting experience. If he had any disappointments, it was that the Commission has not been able to progress further in its review of the Master Plan. He suggested proceeding with the election of officers. Ms. Grodinsky made a motion to move this item to the end of the meeting. Ms. Power seconded the motion. The motion was approved 5-0 with Mr. Borgendale abstaining.

#### **Fiscal Impacts of Development Presentation**

Mr. Borgendale introduced Michael Crane and said that, last August, the Planning Commission selected Crane and Associates to do the study.

Mr. Crane said that he would provide an overview of the model. The model is a long term growth model based upon the Planning Commission input regarding what would be most useful. The report analyzes the effects of cumulative development over the ten-year period from 2005 to 2015. The report also analyzes the effects to the general fund only and does not address general enterprise funds, most notably sewer and water funds. This is a marginal cost model that looks at the capacity of the City and whether costs are fixed or variable. The model is not a black box in that the Commission will be able to see all of the formulas and use them. The down side to that is that users may alter or use the formulas inappropriately. Mr. Crane then presented the analysis. His comments (and the Commissioners' questions and comments) are summarized below:

### Growth

Growth is defined in the study as increases in population (residential and daytime population), increases in jobs within the City limits, increases in square footage of buildings (for any use) and increases in the amount of City-owned capital infrastructure.

### Methodology

- Meetings were held with each department head. The department budgets were reviewed and fixed and variable costs were identified. Cost factors were developed for each department. The cost factors are the per-unit costs of development. Revenue factors were developed.
- Capacity was assessed through the department head interviews. The effects of 15% growth on the capacities were analyzed. For this model, infrastructure includes people such as administrative employees. The study looked at the City's capacities including Department of Public Works, schools, public safety and administrative capacity.
- The base data includes demographics, taxes, grand list and revenues.

### Scenarios

- The discrepancies in the names given to the scenarios will be corrected.
- Total residential equivalent population (TREP) is the daytime population plus the nighttime population. The daytime population addresses factors including residents, labor force, outbound commuters, students, legislative, shoppers and visitors. The estimated daytime population is 18,574 for 2005.
- The analysis carries through the ratios of location and type of growth from today. Only the quantity of growth changes.
- In the status quo scenario, the population remains flat, school age population is declining, employment is rising and housing is increasing. Mr. Borgendale clarified that the status quo does not mean that everything remains the same. Instead, the status quo scenario continues current trends at the same rates.
- Growth Scenario 1 assumes a 15% growth in population. In this scenario, the population increases and trends in school populations, housing and employment remain the same.
- Growth Scenario 2 assumes a 15% growth in population and in employment. Other trends remain the same.

### Findings

- Local taxes for non-residents stay the same for the first two scenarios, but increase with the increasing employment scenario.
- All of the scenarios are inflated to 2015 dollars. Mr. Borgendale asked whether that meant the baseline assumption is that inflation will be cumulatively 23% over ten years. Mr. Crane said that was not correct. It is saying that there will be no increase. Mr. Borgendale said it appears that some of the growth rates are inflation adjusted rates. Mr. Crane said that they are inflation adjusted dollars. Ms. Power said it appeared that, in items like State Pilot, there is an assumption that the State will adjust payments due to inflation. Mr. Crane said that was correct. Ms. Power said that, in that case, the percentage would change if the State did not make adjustments for inflation. Mr. Borgendale said the percentage of increases under the two State items are basically before inflation while the other numbers are after inflation. He thought that should be clarified. Ms. Power said it appeared that there is assumption of an increase in State payments due to inflation, but not due to growth. Mr. Crane said that was correct. That assumption is based on the State and Local Government Inflation Index. Mr. Sedano said it is important to recognize that there is some controversy related to the

relatively low rate of increase in residential tax revenues and higher rate of increase for nonresidential revenues. He did not want to get into that discussion now, but that assumption will need to be considered.

### Costs and Revenues

- Costs are assigned to the departments.
- The Planning Department is broken into two parts. Planning services are seen as a per capita increase in cost. Development review costs are not associated with population, but with new development applications.
- It was not possible to discern Police call data by land use type so that number is increased on a per capita rate. Mr. Borgendale said the report appears to say that, if nothing changes, the police cost will increase by 18%, but, with a 15% increase in population growth, the police cost will increase by an additional 1%. The growth in employment scenario would lead to an additional 1% increase. Mr. Crane said that was a correct interpretation and it identifies what may be the biggest weakness in the model. Community activity affects the costs of fire and EMS differently than residential uses. It could be expected that impacts to police costs would be similarly affected, but that cannot be proven at this time. Ms. Power asked whether the fact it does not change as an aggregate of all these uses say that it is more like a fixed cost. Mr. Crane said most of the costs in police, fire and DPW are fixed. Ms. Power asked why there would be a greater increase in fire costs than in police costs. Mr. Crane said that is because the fire data allowed an analysis of cost per type of unit which is not understood for the police. Police costs are estimated as a cost per capita. Mr. Borgendale asked if those costs were based on the census data. Mr. Crane said they are based on the TREP. Mr. Borgendale pointed out that the baseline costs for things like DPW are huge compared to things like the City Council even though the rates of growth are similar.

### Findings:

- Net revenues show a very slight (less than 1%) increase for the general funds without schools for the status quo scenario and for Scenario 1 (15% increase in population).
- Scenario 2 (15% increases in population and employment) generates \$1.2 million more revenues than costs. The large capacity in schools and *decrease* in revenue from equalized pupils causes the impact of schools to be negative. This does not mean that there will be a fiscal deficit in 2015 because voters will always pass balanced budgets. These numbers represent the amount of change to the budget needed to provide a similar level of service. Mr. McCormack asked whether the second scenario assumes no employment increase. Mr. Borgendale said the status quo scenario continues existing trends so that about 1,200 additional jobs will be added. The 15% increase will be over and above the current growth trend. There might be a problem because the school age population trends are not changed to address the 15% of growth in the population. Mr. Crane said he believed that the model does that, but it does not show up well on the graph. Mr. Borgendale asked whether the assumption was that the age mix remained constant. Mr. Crane said yes. There will be new students under the population growth assumption. Mr. Sedano said there is an increase in the school age population, but the problem is that the vertical axis of the graph changed.
- In summary, Montpelier has excess capacity in many of its departments. This means a 15% increase in growth will not increase the fixed costs. New residential units and jobs can be added without having any negative budgetary impact. Although many other studies have shown that housing does not pay for itself, those studies have mostly related to new development on land that required new infrastructure. Montpelier is different because growth will be more like infill and there is the

capability to absorb some growth without increasing costs too greatly. Therefore, policies that would increase employment growth would benefit the City fiscally in the General Fund.

- It is important to remember that the model addresses fiscal impacts only. There are many nonmarket benefits such as historic values and quality of life that are not addressed in the model. The benefits of growth on the General Fund should be balanced with nonmarket benefits.

Mr. Borgendale opened up the presentation to questions and comments from the Commissioners. He asked whether it was correct that, under the status quo, the City faces a situation where either the school budget has to be reduced by \$5 ½ million current dollars or school taxes have to be raised by that amount. Mr. Crane said that was correct or some other revenue to the school would be needed. Mr. Borgendale said it also appears the population growth does not help much. It appears to say that, if there is a fiscal crisis in the community, it relates to school funding. Mr. Crane said he would not say that. The City would have to make adjustments to balance the budget. Mr. Sedano said that is really saying there could be a fiscal crisis or an educational crisis depending on the budget that is approved. He noted that Montpelier is currently going through the process of downsizing schools, but that did not appear to be addressed in the analysis. That would mean some things that appear fixed may not actually be so. Mr. Crane said that was correct. He gave the example that, while personnel is typically considered to be a fixed cost, the number of teachers is adjusted in this model to decrease by one teacher for each decline of 35 students. Mr. Sedano said that would say the school cost trajectory is not inevitable. Mr. Borgendale said he did not think it was inevitable. Mr. Crane said he is familiar with the school consolidation issue. If the school assets were to be sold, the numbers in the model would change significantly. Ms. Power said the new proposal for consolidation will be likely to reduce the amount of excess capacity. She noted the proposal is on the ballot this year and wondered how that will affect the analysis. Mr. Sedano said that analysis has not yet been done, but he would like to see it done if the ballot proposal is approved. Mr. Borgendale said the 15% growth scenario projects 128 students over the baseline trend. The question is whether the physical plant would be reduced to the point that it cannot accommodate 128 additional students.

Ms. Power said that sewer and water bills are paid by the users including property tax payers. In considering impacts, she would like to see if those user fees would increase. She gave the example of whether new development would cause a new fixed cost, like a water tower, to occur sooner. Mr. Crane said there is a great deal of capacity in the systems and the 15% increase would not exceed the capacity or create the need for a new water tower. Ms. Power said the problem is that the need is location specific and if all the new development occurred at a location requiring the tower, then the tower would be needed. Mr. Borgendale said he thought the idea was that, unless all 15% of the growth occurred in the location that needed the tank, it would not have an impact. He agreed that it would be nice to have enterprise funds included in the analysis, but the Commission pushed the report budget pretty hard to get the information that it has. Ms. Capels added that the effects on user fees would be likely to be neutral because rates would adjust to the increased numbers of users paying into the funds.

Mr. Borgendale asked if the public had any questions. Carol Dorflein said she appreciated the work that went into the study and the words of caution that were included. She was uneasy with the conclusion statements which are too broad. They should be qualified as appropriate. She gave the example that the blanket statement saying that policies that favor growth in population and employment would be beneficial should be qualified to say “. . . policies that favor a 15% growth . . .” would be beneficial. Also, the report assumes development will occur primarily as infill, but there are large open parcels in the city where large scale development could be proposed. The use of the three conservative scenarios seems to

imply that Montpelier does not need to worry about rapid growth, but there are scenarios like Sabin's Pasture where 600 units could be added very rapidly. It is important to make sure that the study is well qualified and explained to avoid misinterpretations.

Ms. Campbell said the report does say that it only considers fiscal impacts, not historic values, environmental values, community identity and other values that make up the quality of life. She added that it does not even calculate all of the economic effects. She asked if Mr. Crane could speak to the issue that the analysis assumes a status quo in the density ratios when, in fact, they are expected to change significantly. Mr. Crane said the Commission would now have the basic structure of the analysis in place and it would be able to address those kinds of changes fairly easily. He said the Commission could also use the formula to address the scenario of 4,000 people being added at a certain location. There is room in the model to address locational costs. Ms. Campbell asked Mr. Crane if he could comment on how increased density might impact the conclusions. Mr. Crane said that he was unsure. Higher density would have more cost demands on fire and public safety and lower public works costs. Mr. Borgendale said the Commission was basically being given a spread sheet model that the Commission can use to plug in other assumptions about the variables. The Commission will be able to go beyond the scenarios in the report.

Ms. Power asked whether the number used for existing household units included the units at Westview. Ms. Capels said it did not; 2000 census data was used. Ms. Power asked whether the zoning ratios used were based on built densities or zoning densities. Mr. Crane said he did not recall but would follow up with the answer.

Nancy Wasserman asked that Mr. Crane identify, based upon his experience, which assumptions were the most critical for the end result of the model. She did not need the answer at that time, but would like to see the answer in the report. One of the scenarios assumed there would be growth in employment. In light of Mr. Zorzi's comments on the reduction in the size of the GB zone, the Planning Commission should think about where that growth would occur. It would also be interesting to use the model to find the scenario that gives the optimal fiscal impact and then overlay all of the community impacts. Ms. Power said she would like to follow up on Ms. Wasserman's question and asked where the growth in employment has been occurring. Mr. Crane said that 40% to 50% is government-related and another large segment is in office uses, predominantly professional services. He had looked back to 1970. Mr. Borgendale asked how the rate of change was accounted for. Mr. Crane said it was based upon another study that was done for the Regional Planning Commission which looked at economic trends related to demographics and employment. Ms. Capels said the Planning Office has a copy of that report. She noted that the report aggregates the information for Montpelier with East Montpelier.

Ms. Campbell noted that the 15% population growth over 10 years is equal to 649 new units, but the number is based on 2000 census data. She asked how many housing units are in the pipeline. Ms. Capels said that she can get that number. Mr. Borgendale said the kind of buildout rate needed to reach 15% growth is much higher than Montpelier has historically experienced. Mr. Crane agreed. He had originally proposed to use a higher growth rate, but the Commission's reaction was that the rate would be too high. Mr. Borgendale said the conclusion should be qualified by saying that the projections are based on growth rates that are feasible based upon historical growth rates. The limitations and context should be defined.

Ms. Power asked whether there would be a change in the analysis if there was a sudden rapid increase in development. Mr. Crane said the result would change if the increase in development affected fixed costs,

but if the increase just absorbed excess capacity, it would not change the results. Ms. Power said that if the personnel experienced a sudden increase in demands, they might be inclined to add employees.

Ms. Campbell said that fiscal impact is analyzed only for the General Fund. The report does not look at increased costs like street widening and sidewalks. Mr. Crane said it analyzes an increased number of miles of road and sidewalks, but does not account for the impacts of increased volumes on those roads or sidewalks. Mr. Borgendale said the DPW has a way of addressing that question, but it may be too complex for this model. Ms. Capels said the General Fund figures do not include the Capital Budget, which is where projects such as road widening are addressed. The general fund addresses maintenance cost increases.

Mr. Sedano said he wanted to mention that the model offers the Commission some ability to work with it. The City needs to think about the cost of maintaining the model. Ms. Capels said the presentation has been helpful to understand the kinds of questions that the City might want to address and the type of maintenance of the model that might be needed. The possibility of future contracts for those efforts can be considered. Mr. Borgendale said that could be placed on the Commission's "wish list" for the mayor. Mr. Crane noted that one of the departments the study found to be at capacity was the Planning Department. Ms. Capels added that this was before the planner position was eliminated. Mr. Sedano said that the minutes should show nervous laughter at this.

Gordon Hall asked whether there is excess capacity in areas beyond sewer and water. Mr. Crane said there was excess capacity in schools, public safety services, some roads, and personnel except for the Planning Department. Ms. Capels noted that Public Works Department budget presentations gave her the impression they were stretched thin. It might not be able to absorb the maintenance of additional roads. Mr. Borgendale said the baseline reflects some fairly significant costs and suggested that point be included in the conclusion. Ms. Power asked how the excess road capacity related to the perception that there is gridlock downtown. Mr. Crane said he did not think that the 15% increase in employment would affect the perception of grid lock.

Mr. Borgendale thanked Mr. Crane. Mr. Crane offered to accept additional comments over the next couple of weeks and intends to produce the final report by mid-February.

#### **Consideration of Proposed Amendments to the 2000 Montpelier Master Plan**

Mr. Borgendale said Commissioners had received final Master Plan amendment drafts reflecting the changes approved at the January 19 meeting and copies of the transmittal with the summary. He complimented Ms. Power on the quality of the summary.

Mr. Borgendale said the Commission has received a memo from Ms. Capels regarding comments from the City Attorney. Ms. Capels said she had the conversation with the City Attorney that afternoon. One suggestion was that language be added referring to the work that has been done on the Natural Resource Study and the Views and Vistas study to make it clear that the Planning Commission is still working on that information and on related recommendations. Another suggestion was that language be added to clarify that the land use map shows types of land uses and boundaries to be used as guides, but they are not intended to be rigidly applied. It was also suggested that the definition of Reserve be refined to be more explicit about the purpose of the designation and to better put it in context.

Ms. Capels acknowledged Mr. McCullogh's e-mail with suggested language. Mr. Borgendale asked whether the Planning Commission wanted to incorporate the suggestions of the City Attorney into the Master Plan amendment. Ms. Power made a motion to adopt the most recent draft of the Master Plan amendment with the first two changes suggested in Ms. Capels' memo of January 24, 2005 (one change to page 12 and one change to page 78) and to adopt the report to the City Council describing the amendments. Ms. Grodinsky seconded the motion. Ms. Campbell said that, in the first suggested change, it would be more accurate if the last sentence said that ". . . the City recognizes that this work will be considered in the additional work to be done". Ms. Capels suggested a further change to say ". . . though neither study has been finalized, the City recognizes that this work will be considered in the additional work to be done". Ms. Grodinsky said that the last sentence should say ". . . Sabin's Pasture emerged as an additional area of concern and portions of it are served by infrastructure". Ms. Power said that she could accept those changes.

Mr. Sedano said he has recused himself on the subject of the map. He could vote on the motion if pages 76 and 77 are removed and voted on separately. Ms. Power agreed to the change. Mr. Borgendale said that the motion was now that the Planning Commission formally approve and pass on to the City Council the proposed amendments to the 2000 Master Plan except for pages 76 and 77 and to include the suggestions from the City Attorney as modified by friendly amendments. Ms. Power said that was not quite right. The motion was to include the suggested changes for page 12 and page 78 with the exception of the suggested change to the definition of Reserve.

Ms. Grodinsky said that item 1c on page 26 should say "Create incentives for development or preservation . . ." Ms. Power said that the language is trying to create incentives for a particular type of development that encourages preservation of high quality open space. Ms. Grodinsky said she understood.

Ms. Campbell said that she had some corrections: "additional time" is repeated on page two; the word "elevation" should be dropped down in the chart on page 12; and that 3.2.1a on page 18 should say ". . . key views and vistas. . .".

Ms. Campbell said the recommendation that the Open Space Advisory Committee prepare a complete inventory should say "resources permitting". Mr. Borgendale said he wanted that phrase deleted in order to directly commit to getting the work done. Ms. Campbell said she questions whether it will happen without the needed funds. Mr. Sedano said the point is that the Planning Commission wants it done and the City should make it a priority to make the funds available. Ms. Campbell said that was acceptable as long as the Commission understands that it will not get done without funds.

Ms. Campbell said that item h on page 26 is not clearly worded. Mr. Borgendale said Mr. McCullogh's suggested language for that item was pretty good. Ms. Campbell said that she thought that some minor changes to the language in the amendment would get closer to the Planning Commission's intent. She suggested that the item be broken into two sentences that would say "By the end of June 2006, the Planning Commission shall develop a plan which reflects the Planning Commission's use of the criteria and tools developed by the Open Space Advisory Committee in collaboration with the Conservation Commission to evaluate the inventory of open space identified by the Open Space Advisory Committee. This plan should include ~~which includes~~ ways and means for the preservation of public open space in perpetuity and the acquisition of rights to accomplish this goal."

Ms. Campbell said that the last word of the last paragraph of section 11.2 on page 75 should be “development” instead of “design”. She added that page 84 has formatting problems. Ms. Capels asked the Commissioners whether the use of the abbreviations on page 40 was acceptable. There was general agreement that the abbreviations were acceptable.

Ms. Power said she would accept the changes that were agreed upon as friendly amendments. Ms. Grodinsky agreed. Mr. Borgendale called for a vote on the motion. The motion was approved 6-0.

Ms. Power made a motion that the Planning Commission also adopt the maps on page 76 and 77 and pass them onto the City Council. Ms. Campbell seconded the motion. The motion was approved 5-0 with Mr. Sedano abstaining.

### **Election of Officers**

Ms. Grodinsky said she sent out an e-mail suggesting that the Commission more evenly distribute the Chair’s workload. Mr. Borgendale said Mr. Sedano had made a good point in his reply that it is up to the Chair to delegate the work.

Mr. Borgendale nominated Ms. Grodinsky for chair. Ms. Grodinsky said that she did not have to time to take on that role. Ms. Campbell nominated Ms. Power Ms. Grodinsky seconded. The motion was approved unanimously.

Ms. Power nominated Ms. Grodinsky as vice chair. Mr. Sedano seconded the motion. The motion was approved unanimously.

### **Other**

Ms. Grodinsky said that she wanted the next agenda to include a discussion about delegation and how meetings can be made as effective as possible.

Ms. Power said that the Commission also needs to talk about the timeline for the Master Plan at the next meeting. Mr. Borgendale suggested that the Commission might form one or two subcommittees to work on the Master Plan.

### **Adjournment**

Mr. McCormack made a motion to adjourn the meeting. Mr. Sedano seconded the motion. The motion was approved unanimously.

Respectfully submitted,

Valerie Capels

*These minutes are subject to approval by the Planning Commission. Changes, if any, will be recorded in the minutes of the meeting at which they were acted upon.*

*Transcribed by Kathleen Swigon*