



Agenda for Special City Council Meetings

City Council Chambers, City Hall

Wednesday, July 6, 2016

5:00 P.M.

- 1) Call to Order by the Mayor
- 2) 16-192. Review and Approve Agenda for Special Meeting
- 3) 16-193. General Business and Appearances
- 4) 16-194. Consideration of Setting the FY17 Municipal Tax Rate of \$1.0307; the Water/Sewer Benefit Charge of \$.02; and the Sewer Separation Charge of \$.07 
- 5) 16-196. Consideration of FY17 District Heat Montpelier Rates 
- 6) 16-197. Other Business
- 7) *Adjournment*



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Wednesday, July 6, 2016
5:00 P.M.

- 1) Call to Order by the Mayor
 - a) Call-in Information: Toll-Free 1-800-356-8278; Conference Code: 567032
- 2) 16-192. Review and Approve Agenda for Special Meeting
- 3) 16-193. General Business and Appearances
- 4) 16-194. Consideration of Setting the FY17 Municipal Tax Rate of \$1.0307; the Water/Sewer Benefit Charge of \$.02; and the Sewer Separation Charge of \$.07 
- 5) 16-196. Consideration of FY17 District Heat Montpelier Rates 
- 6) 16-197. Other Business
- 7) *Adjournment*



CITY COUNCIL Agenda Item #16-196

Date: July 6, 2016

Consent ___ **Discussion** **x** **Time Sensitive** ___
(outlined below)

SUBJECT: District Heat Montpelier FY17 Rate Setting

SUBMITTING DEPARTMENT: Finance and City Manager's Office

RECOMMENDED ACTION: Set District Heat Rates for FY17 and hold contracted capacity as originally negotiated.

Proposed Motion: "Establish the District Heat Montpelier FY17 capacity rate at \$5.00/MBTUH and the energy rate at \$10.44/MMBTU and maintain the negotiated capacity rates for all customers as initially negotiated in the Customer Agreements."

RELATED COUNCIL GOAL/PRIOR ACTION: City Council Goal G: "Achieve a steady state for infrastructure maintenance and improvements, facilities, and equipment – Ensure that District Heat Montpelier is financially sound."

EXPENDITURE REQUIRED: Establish rates as recommended to meet budget commitments.

SOURCE OF FUNDS: N/A

LEGAL REQUIREMENTS: Agreements with DHM customers and the Thermal Purchase and Sale Agreement with the State of Vermont

BACKGROUND INFORMATION: See attached memo.

SUPPORTING DOCUMENTS: See attached memo.

INTERESTED PARTIES: District Heat Montpelier Customers

CITY MANAGER'S APPROVAL:

A handwritten signature in black ink, appearing to read "W. J. Fran", written over a white rectangular background.



America's Small Town Capital

Mayor John Hollar

William Fraser
City Manager

City Council Members:

Dona Bate
Jessica Edgerly Walsh
Tom Golonka
Jean Olson
Justin Turcotte
Anne Watson

Jessie Baker
Assistant City Manager

MEMORANDUM

To: Mayor Hollar & City Council Members
From: William Fraser, City Manager
Jessie Baker, Assistant City Manager
Re: Recommended District Heat Montpelier Rates for FY17
Date: July 1, 2016

We recommend that the City Council establish the District Heat Montpelier (DHM) capacity rate at \$5.00/MBTUH and the energy rate at \$10.44/MMBTU for FY17. Additionally, we recommend that the capacity rates be held the same for all customers as initially negotiated in the Customer Agreements.

The DHM rate is made up of the capacity charge and the energy charge. The capacity charge includes the City operating, maintenance, and repair costs related to DHM including the City's debt service attributable to the distribution system. The energy charge includes costs related to the State of Vermont's consumption of fuels, electricity, and other products required to produce the energy distributed through the system as well as the costs associated with running the State's Heat Plant. The capacity and energy charges are contractually established in the customer agreements – a model of which can be seen here:

<http://www.montpelier-vt.org/DocumentCenter/View/832>. Upon analysis of these rates based on customer demand during the 2015-2016 heating season, the aggregate average cost per gal of fuel oil equivalent for the 2016-2017 heating season will be approximately \$3.45/gal.

With the completion of the FY16 heating season, we now have two complete heating seasons of actual usage available. The FY15 heating season represented a statistically colder winter than normal and the FY16 heating season represented a statistically warmer winter than normal. We recommend holding the capacity rates as originally negotiated for FY17 and

using this year to work with customers to adjust the operations of their systems based on their actual usage data. In advance of FY18 rate setting we will renegotiate the capacity rates with all customers. This will include bringing together a 'user group' of customers to advise us on this negotiation.



CITY COUNCIL Agenda Item #16-194

Date: July 6, 2016

Consent ☐ Discussion ☒ Time Sensitive ☒

SUBJECT: Set the Municipal Tax Rates for FY17

SUBMITTING DEPARTMENT: Finance Department

RECOMMENDED ACTION: Approve setting the fiscal year 2017 Municipal Tax Rate of \$1.0307 and setting the Water/Sewer Benefit Charge of \$.02 and the Sewer Separation Charge of \$.07

RELATED COUNCIL GOAL/PRIOR ACTION: Voter Approved Spending for FY17 is \$8,880,135

EXPENDITURE REQUIRED: N/A

SOURCE OF FUNDS: N/A

LEGAL REQUIREMENTS: ---

BACKGROUND INFORMATION: Municipal Rate: Overall, the Grand List is up 1% which is more than the 0.5% projected increase. This causes the recommended tax rate to be \$1.0307 (up 2.7 cents, 2.7%). This rate is less than the \$1.0348 rate (up 3.1%) that was projected in the FY17 Budget documents. This includes the Central VT Public Safety Authority increase and the \$75,000 North Branch Nature Center capital campaign. For the Downtown Improvement District, the voters approved an additional tax rate of \$0.515 (fourth year of this tax). Water, Sewer and CSO Benefit Charges total 9 cents – unchanged from previous year.

Education Rates: The State of Vermont sets the education tax rates. Homestead Rate is \$1.6254 - up 2.3 cents (2%) which is higher than projected. Non-Residential Rate is \$1.6114 - up 3 cents (2%).

Total Tax Rates: Homestead Tax Rate: \$2.7461 - up 5 cents (1.8%); Non-Residential Tax Rate: \$ 2.7321- up 5.7 cents (2.1%)

Time Sensitive because tax bills must be mailed out by July 15 to meet the 30-day requirement for the August 15th tax installment.

SUPPORTING DOCUMENTS: Recommended Tax Rate FY17 worksheet with comparisons to previous year.

INTERESTED PARTIES: Finance Department; Taxpayers

CITY MANAGER'S APPROVAL:

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Recommended Tax Rate FY17

30-Jun-16

Consideration of Setting the Fiscal Year 2017 Municipal Tax Rate of \$1.0307

Consideration of Setting the Water and Sewer Benefit Charge of \$.02 and the Sewer Separation Charge of \$.07 (same as previous year)

The Fiscal Year 2017 Downtown Improvement District Tax Rate of \$0.0515 was approved on Article 12 at the City Meeting vote March 1, 2016.

Municipal Grand List:		Real Estate	\$	8,268,174	\$1 m reduction coming		Budgeted Grand List
		Personal Property	\$	393,601			
		Exemptions	\$	(47,852)			
		TOTAL	\$	8,613,923		\$	857,509,491
		Voter Approved	\$				
		Municipal Spending	\$	8,880,135			
		Education TAX RATES					
		Residential	\$	1.6254			
		Non-Residential	\$	1.6114			
TAX RATES - Detail							
RESIDENTIAL	FY16 RATE	FY17 Recommended RATE		FY16 RATE	FY17 Recommended RATE		
City, Cemetery, Agencies, Senior Ctr, Rec	\$0.9276	\$1.0220		\$0.9276	\$1.0220		
Washington County Tax	\$0.0078	\$0.0079		\$0.0078	\$0.0079		
Local Tax Agreements	\$0.0009	\$0.0008		\$0.0009	\$0.0008		
Recreation (included in City)	\$0.0674	\$0.0000		\$0.0674	\$0.0000		
Subtotal Municipal Rate	\$1.0037	\$1.0307		\$1.0037	\$1.0307		
Water & Sewer Benefit Charge	\$0.0200	\$0.0200		\$0.0200	\$0.0200		
Sewer Separation Charge	\$0.0700	\$0.0700		\$0.0700	\$0.0700		
School	\$1.6026	\$1.6254		\$1.5813	\$1.6114		
TOTAL TAX RATE	\$2.6963	\$2.7461		\$2.6750	\$2.7321		

NOTE:

*Overall, the Grand List is up 1% which is more than the 0.5% projected increase.

*The Municipal Tax Rate is up 2.7 cents (2.7%). This includes the funding for the Regional Public Safety Authority increase & \$75,000 North Branch Nature Center spec. article.

*Education Rates are up 2%.

*This is the fourth year of the Downtown Improvement District Tax - voters approve \$.0515 rates

Total Tax Rates are up:

Homestead	\$0.0498	1.85% up from the 1.1% estimate
Non-Residential	\$0.0571	2.13% down from 2.4% estimate