



**CITY OF MONTPELIER
MONTPELIER, VERMONT**

Agenda for City Council Meeting

City Council Chambers, City Hall

Wednesday, February 19, 2014

6:30 P.M.

- 1) Call to Order by the Mayor
- 2) 14-056. General Business and Appearances
- 3) 14-057. Consideration of the Consent Agenda:
 - a) Consideration of the Minutes from the February 12, 2014 City Council Meeting. 
 - b) Payroll and Bills
- 4) 14-058. Conduct Second Official Public Hearing for proposed Charter Amendments and Proposed Public Safety Authority Charter
 - a) 17 VSA 2645 (a) (3) requires that two public hearings be held for charter changes. One must be held within 30 days of the election with the final proposed language.
 - b) The City is proposing several changes to the City Charter
 - c) The cities of Barre and Montpelier have included the regional public safety charter on the ballot.
 - d) The City Council held the first public hearing on both Charters on January 15th and adopted the final language of both Charters on January 23rd.
 - e) Recommendation: Conduct public hearing.
- 5) 14-059. Consideration of a Public Parklet Proposal from Ward Joyce and Vermont Technical College.

- a) Vermont Technical College architecture and landscape design students are hoping to build a parklet in downtown Montpelier this May, subject to approval by Montpelier Alive.
- b) VTC seeks support to build a purely public parklet on the north side of the Rialto Bridge that will have multiple and dynamic community benefits.
- c) VTC asks that the City waive the Parking Meter Replacement Fee. This will be public space, not one used by a private business, and is therefore a beneficial replacement of the meter income.
- d) VTC asks that the City maintain the parklet as part of the City's existing downtown maintenance obligations.
- e) VTC asks that the City put this extension of the sidewalk under its existing downtown insurance coverage, rather than insuring this space privately.
- f) VTC's proposed process is as follows:
 - i. Our VTC design project will come to an end in 3 weeks
 - ii. Our class will submit all 4 designs to the formal RFP, with the commitment to build one should it be chosen
 - iii. With our students, we will design a student-led and community volunteer effort to build the parklet in May.
- g) Recommendation: Receive report, discussion, direction to staff.

6) 14-060. Update on the District Heat Project.

- a) The City Manager will provide an update on construction funding, current operation of the "mini-system", anticipated schedule for full operation and financial projections for the full system.
- b) Recommendation: Receive report, discussion, direction to staff, if needed.

- 7) 14-061. Council Reports
- 8) 14-062. Mayor's Report
- 9) 14-063. Report by the City Clerk
- 10) 14-064. Status Reports by the City Manager
- 11) 14-065. Agenda Reports by the City Manager

- a) Discussion of Walker Motors suit with possible voting action.
- b) Discussion of the City Manager's annual review and contract renewal.

(It is anticipated that these two discussions will be held in Executive Session in accordance with Title I, VSA §313, Executive Sessions, (a) (1) *“Contracts, labor relations agreements with employees, arbitration, mediation, grievances, civil actions, or prosecutions by the State, where premature general public knowledge would clearly place the State, municipality, other public body, or person involved at a substantial disadvantage”* and (3) *“The appointment or employment or evaluation of a public officer or employee.”*)

Adjournment

**Minutes of the Montpelier City Council Special Meeting
February 12, 2014
Montpelier City Hall Council Chambers**

In attendance: Mayor John Hollar (presiding), City Councilors Thierry Guerlain, Jessica Edgerly Walsh, Alan Weiss, Tom Golonka, Anne Watson and City Manager Bill Fraser. Councilor Andy Hooper was absent. City Clerk John Odum acted as Secretary of the meeting.

The Mayor called the meeting to order at 6:30 PM. He indicated that Councilor Hooper was ill, and would not be attending.

- 14-046. The City Clerk noted that a concern about a potential conflict of interest had been brought to his attention in regards to a candidate for city office. He indicated he had reviewed the issue, and in the context of the council ethics policy, there were no unmanageable conflicts.
- 14-047. Councilor Weiss moved approval of the consent agenda, and was seconded by Councilor Guerlain. The Clerk recommended the addition of the phrase "Councilor Watson returned to her seat as" at the outset of item 14-034, to indicate when Councilor Watson returned to the meeting. The recommendation was added by Councilor Weiss as a friendly amendment with no objection. The motion carried unanimously at 6:33.
- 14-048. Dan Jones, Chair of the Energy Committee, led a power point presentation on the accomplishments of the Montpelier Energy Advisory Committee, to date, along with an outline of their new effort towards a multi-year project to foster a Net Zero Montpelier. He was joined at different points in the presentation by committee members Johanna Miller, Dan Costin and Andrea Colnes of the Energy Action Network.

When Mr. Costin reported on the "Solar City" RFP, Councilor Edgerly Walsh noted that her own company had not placed a bid, thereby not creating a potential conflict of interest that would necessitate that she recuse herself.

Mr. Jones entertained a handful of technical questions from councilors, including a clarification on the term "net zero" requested by the Mayor and a question about the nature of partnerships moving forward from Councilor Edgerly Walsh.

Page Guertin asked about the committee's thoughts on small-scale wind.

Mr. Jones and Ms. Miller engaged in a brief discussion with the council about how to proceed.

Councilor Weiss moved the Council receive the energy report. Councilor Watson seconded. The motion carried unanimously at 7:10.

Councilor Edgerly Walsh moved that the council support the committee's goal of a net zero Montpelier by 2030. Councilor Watson seconded. The Mayor briefly spoke supportively of the project, before calling for the yeas and nays. The motion carried unanimously at 7:12.

- 14-049. The council opened discussion on the two, 3-year terms on the Conservation Commission currently held by Roy Schiff and Ben Eastwood that both expire on February 13th. Two Alternate seats remain vacant as well. Staff advertised and received e-mails from the current members, both seeking reappointment, as well as Jim Murphy (Hebert Road) who would like to be considered for one of the 3-year terms.

Jim Murphy addressed the council, reviewing his background and interest in serving, briefly answering a request for elaboration on his views from Councilor Edgerly Walsh. He was followed by sitting Commissioner Ben Eastwood who reviewed his time on the Commission and discussed his interest in continuing to participate, and his willingness to become an alternate.

- 14-050. The Mayor invited Andrew Stein to the front to discuss his interest in being appointed to the vacancy on the Energy Committee. Councilor Edgerly Walsh moved the appointment of Andrew Stein to the Energy Committee, and was seconded by Councilor Guerlain. The motion carried unanimously at 7:20.

- 14-049. Councilor Guerlain moved the council go into executive session to discuss the matter of appointments to the Conservation Commission. Councilor Edgerly Walsh seconded. The motion carried unanimously at 7:21.

Councilor Guerlain moved the council return to open session. Councilor Watson seconded and the motion carried unanimously at 7:24.

Councilor Golonka moved that the council appoint Jim Murphy and Roy Schiff to the Conservation Commission, and appoint Ben Eastwood as an alternate. Councilor Watson seconded. The motion carried 4-0 at 7:25 (Councilor Edgerly Walsh was not present at that moment).

- 14-051. Councilor Edgerly Walsh returned to her seat as Tom McArdle of the Public Works Department and Chris Williams with the Vermont Agency of Transportation addressed the council on the "Scoping Report" prepared by the Vermont Agency of Transportation (VTrans) concerning the condition of the Cummings Street Bridge and containing alternatives that were considered for repair or replacement. Mr. McArdle also reported on the recent public meeting on the matter. The views and preferred approach of the Public Works Department (including creating a temporary bridge while the bridge is being replaced) were presented and discussed. Councilor Edgerly Walsh asked for clarification on the timeframe, while Councilor Watson asked for details on the scope of

the proposed replacement. Both then offered support for the replacement proposal, despite the greater cost as compared to the other options.

Councilor Guerlain moved the council accept the scoping report and direct that, of the alternatives available, the city proceed with the complete replacement option. Councilor Weiss seconded.

Linda Sutchell addressed the council, expressing her concerns at the condition of the bridge, advocating the full replacement option.

Councilor Guerlain asked about the short-term safety of the bridge. Councilor Weiss followed up with questions on the weight limit, while Councilor Watson asked about the aesthetic considerations and options of the proposed replacement.

Councilor Edgerly Walsh offered a friendly amendment that Public Works staff inspect the bridge annually, prior to the replacement. Mayor Hollar expressed the view that the proposed amendment was an inappropriate level of direction to city staff. Mr. McArdle reviewed Public Works procedures regarding the bridge. Councilor Edgerly Walsh withdrew the amendment.

The Mayor called for the vote, and the motion carried unanimously at 7:46.

Councilor Guerlain asked Mr. Williams about the condition of the Granite Street Bridge and the sensation of “bouncing” when crossing it. Mr. Williams explained that the design allowed for the flexibility (sometimes perceived as bouncing). Mr. McArdle went on to describe the challenges presented by the bridge’s decking, in response to follow-up questions from Councilor Guerlain.

Jed Guertin rose asking for reassurance that the degree of bounce/flex on the bridge was within normal parameters.

14-052. Councilor Watson asked about parking restrictions on Barre Street. Mr. McArdle suggested it was for snow removal, but that he would check.

14-053. Mayor Hollar reported positively on his tour of the new district heat plant and suggested councilors take a tour as well. Councilor Golonka asked about the current cost overruns on the state plant.

Councilor Weiss noted that the original plan for the new state heating plant was to include opportunities for children to tour for educational purposes, and that those aspects of the plan had been dropped.

14-054. The City Clerk reported that copies of the proposed city charter changes, as well as the PSA charter, were available at the Kellogg Hubbard Library. He further reported on the election resources available on the web, briefly noted his plans for weekend voting

hours, touched on recent conflicts regarding parking bags, and noted the February 18 due date for taxes.

Mayor commented on dog license change and parklets.

- 14-055. City Manager Fraser reported on the process of identifying zoning consultants, as well as the progress on the former-Carr Lot development process.

Councilor Edgerly Walsh moved that the council enter executive session to discuss the Sanborn/Berlin Pond lawsuit, and to include the City manager and Assistant City Manager. Councilor Guerlain seconded. The motion carried unanimously at 8:12. There was a brief recess before the executive session discussions began at 8:17.

At 8:25 PM, Councilor Guerlain moved that the council return to open session and was seconded by Councilor Golonka seconded. The motion carried unanimously.

Councilor Guerlain moved that the City Council authorize VLCT PACIF to settle the Sanborn suit with the provision that the cost to the City will not exceed \$500. Councilor Edgerly Walsh seconded. The motion passed unanimously.

At 8:26 PM Councilor Guerlain moved that the council enter executive session to discuss the Walker Motors lawsuit, labor negotiations with the DPW and Police Unions and the City Manager's evaluation, and to include the City Manager and Assistant City Manager. Councilor Watson seconded and the motion passed unanimously.

At 8:40 PM, Assistant City Manager Baker left the meeting for the discussion of the City Manager's review.

At 8:55 PM, the City Manager left the meeting. The Council continued to discuss the Manager's review.

Councilor Guerlain moved the council return to open session and adjourn. Councilor Watson seconded. The motion carried unanimously at 10:30PM.



City of Montpelier, Vermont

"The Smallest Capital City in the United States"

Mayor John Hollar

City Council:

Tom Golonka, President
Thierry Guerlain, Vice President
Andy Hooper, Parliamentarian
Alan H. Weiss
Anne Watson
Jessica Edgerly Walsh

William J. Fraser
City Manager
wfraser@montpelier-vt.org

Jessie Baker
Assistant City Manager
jbaker@montpelier-vt.org

February 10, 2014

Dear District Heat Montpelier Customers,

Included with this letter is your first District Heat Montpelier (DHM) bill. With this bill we wanted to provide a brief narrative of the energy rate you see here as we implement the Mini-System for the 2013-2014 heating season.

The heat rate, or energy rate, for DHM is expressed in the terms of dollars per million British Thermal Units or \$/MBTUs. A British Thermal Unit (BTU) is an engineering standard for measuring heat. And heat (or energy) is what DHM supplies. This is unlike when a building maintains its own heating system. When a building maintains its own heating system, fuel is purchased. Fuel is a commodity which in and of itself does not heat a building. The fuel must be combusted in a boiler or furnace to convert the commodity into the desired heat. The combustion process and the transfer of the heat produced in the boiler to the building's distribution system is not 100% efficient. This represents another difference between DHM's service and maintaining your own boiler. The heat supplied by DHM, is provided directly into the building's heat distribution system. This is an important difference in order to compare the cost of heat delivered by DHM in MBTUs to the convention of purchasing fuel by the gallon.

The components of DHM's heat delivery system are fuel, to create heat, and electricity, to operate pumps to supply the fuel boilers and to circulate the hot water through the distribution system. The total costs to purchase and combust fuel and to circulate the generated hot water through the distribution system divided by the total delivered energy is how the energy rate is determined.

If you have questions about this energy rate, please feel free to contact Jessie Baker, Assistant City Manager, at jbaker@montpelier-vt.org.

Thank you for your commitment to District Heat Montpelier. We look forward to keeping you warm!

Sincerely,

District Heat Montpelier

Sources of Funds

Bond 2009	\$250,000
CEDF Grant 2009	\$75,000
Bond 2011	\$2,000,000
CEDF Loan 2011	\$750,000
CEDF Grant 2011	\$1,000,000
DOE Grant	\$2,193,218
Village Green Grant	\$100,000
Forest Service Grant	\$248,556

Total Current Project Funds ***\$6,616,774***

Development Costs

Feasibility consulting	\$422,374
Legal	\$66,326
Misc	\$37,747
Synapse Review	\$4,950
Loan Fees	\$6,790
Accounting	\$3,430
Project Management	\$208,776
To State for Capacity	\$1,076,799

Total Spent to date ***\$1,827,192***

Balance of Funds ***\$4,789,582***

Project Engineering

Hallam - Base Contract	\$383,000
Hallam - Change Orders including Commissioning	\$183,808
Hallam - Expenses	\$12,000
Hallam - Costs charged to Customers	-\$175,991

Total Engineering ***\$402,817***

Balance Remaining for Construction	\$4,386,765	
Construction		
Kingbury - Base contract	\$3,434,199	
Kingbury - change orders	\$165,100	
MEI	\$10,156	
TCV	\$9,000	
Other	\$39,415	
Meters	\$29,066	
Inspection	\$175,152	
Sub Total - Construction	\$3,862,088	
Other Costs		
Mini System	\$9,060	
Connection Incentive	\$45,284	
State "In building"	\$85,915	
Sub Total Other Costs	\$140,259	
Sub Total Construction	\$4,002,347	
Total Project	\$4,405,164	
Available Construction Funds	\$4,386,765	
TOTAL ALL FUND SOURCES	\$6,616,774	
TOTAL ALL EXPENSES	\$6,635,173	
Variance	-0.28%	-\$18,399



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- THE SMALLEST CAPITAL CITY IN THE UNITED STATES -

Mayor John Hollar

City Council Members:

Tom Golonka
Thierry Guerlain
Andy Hooper
Jessica Edgerly Walsh
Anne Watson
Alan Weiss

William Fraser,
City Manager

Jessie Baker,
Assistant City Manager

MEMORANDUM

To: Mayor Hollar & City Council Members
From: William Fraser, City Manager
Re: Update on District Heat Montpelier Progress
Date: February 14, 2014

With the District Heat Montpelier mini-system operational now for two months, we wanted to take this opportunity to update you on , the functioning of the mini-system, the State start-up, what customers can expect moving forward, the status of the project budget and financial projections for system operations.

District Heat Montpelier Mini-System

On Wednesday, November 27, 2013 Kingsbury Companies, LLC turned over the District Heat Montpelier distribution system to the City of Montpelier. This signified the end of this year's District Heat construction season and the opportunity for the City to start up the mini-system being run out of City Hall this heating season. During the week of December 2nd, the City filled the system with water and completed the start-up activities. Also during this time the system was commissioned to ensure it was functioning as designed. On Friday, December 6th District Heat Montpelier brought the first customers on board by heating Union Elementary School and the Police Station. By the end of December City Hall, the Fire Station, and Vermont Mutual were all using District Heat Montpelier. FairPoint was brought on-line in February and the system is now at capacity.

The extreme cold we experienced in December was challenging for the system. The Mini-System is heated by the City Hall boilers. While the City Hall boilers will always provide heat to the system in the summer months (to provide domestic hot water when the State Heat Plant is off-line) the challenge of covering capacity of multiple buildings during very cold weather was difficult. Several solutions were put into place to ensure that the system could continue to run effectively. Both Union Elementary School and Vermont Mutual put into place technology that automatically switches their heating units to their own boilers if enough energy is not available from the distribution system. Union Elementary School (currently the largest user on the system) switches to their own boilers when it is less than 20 degrees. Finally, work has been done to the City Hall boilers to ensure that they are functioning as effectively as possible. Since

early January the Mini-System has functioned well with no distribution of heat load back to our customers.

Start-up of the State's Heat Plant

The City continues to work with the State of Vermont as they complete the construction of the Heat Plant. The City, the City's engineer (Hallam-ICS), the State, and the State's engineer have convened a team for the start-up and commissioning of the State Heat Plant and specifically the City Room. The City Room houses the mechanical equipment and technology that converts the steam of the State's Plant to hot water and then pumps this hot water out to the distribution system. Currently, the State is scheduled to bring on the biomass boilers in February and the startup and commissioning of the City Room will take place between March 5th and March 14th. During this time Public Works and the State will work to turn off the City Hall boilers and turn on the heat from the State Plant to allow for the testing and commissioning of these systems. With the technology in place, customers on the system should not notice a difference in the heat they receive. Based on the success of this start-up and financial negotiations with the State, it is possible that once this testing is complete, the Mini-System could remain on the biomass heat for the remainder of the winter.

Preparing for October 1, 2014

October 1, 2014 will be the commercial operation date of the State Heat Plant and the City's distribution system. By October 1st, all customers of District Heat Montpelier will be connected to the system and prepared to receive heat from the State's Plant. In anticipation of this start-up of the full system, over the next six months the City will be working with the customers to ensure that their in-building work is complete and that their systems have been tested. Given that we have a functional Mini-System and our experience bringing customers on-line, we anticipate that this start-up will go smoothly and all will be ready for October 1, 2014.

Budget Update

The construction project has not been officially closed out yet so we do not have hard final numbers. However with all but some final clean up work to be completed, we now have some very solid projections. One main variable is what, if any, costs will be billed by the state. I am not referring to any general claim for their overall project costs but specific work items which were done inside the heat plant which were for the city's distribution system as opposed to the state's heating system. For this analysis, I am using the most recent number provided by the state.

Overall costs total \$18,399 over available funds - a 0.28% variance from the overall budget. This includes all money and all expenses from the development stage through construction. A budget summary sheet is attached.

Operating System Projection

For this current year, the system is covering its operating costs in two ways. The mini system users are paying for the direct costs for provision of heat in their buildings through a temporary MMBTU rate – see attached letter to customers. Remaining operating costs will be covered through the pre-payment made by Vermont Mutual.

The full operating system has 19 buildings under contract and 1 with a signed letter of intent. We will seek to expand this system until we have at least one full year of operating experience and system data. An exception is the potential connection of the Transit Center Building at One Taylor Street.

Current operating financial projections are very similar to models that you have seen before. A modest start due to the prepay, start up expenses and higher bond payments. By year 8, annual revenues are projected to exceed annual expenses. The system remains cash positive at all times. The 10 year net present value of revenues over expenses is about \$100,000 or just under 4%.

