CITY OF MONTPELIER MONTPELIER, VERMONT

Agenda for City Council Meeting
Wednesday, February 8, 2012
7:00 P.M.

1) Call to Order by the Mayor

1) Call to Order by the Mayor

2) 12-041. General Business and Appearances

3) 12-042. Consideration of the Consent Agenda:

   a) Consideration of the Minutes from the January 4th, January 11th, and January 26th, 2012 City Council Meetings.

   b) Consideration of making application to the U. S. Forest Service for a grant that would provide evaluation and design services to potential customers to the district heat system.

      1) The U. S. Forest Service has a grant solicitation for greater use of forest resource for using low-value woody biomass material to create renewable energy.

      2) Grant funds would be used to further the planning of such facilities by funding the engineering services necessary for final design and cost analysis for the connection of customers to the district heat system. There is a 20% match requirement. This would be met by requesting a contribution from the entities receiving the service and an in-kind contribution by the city.

   c) Summary Budget Report by Department for General Fund and Detailed

Budget Status Reports for General Fund, Water Fund, Sewer Fund, Cemetery Fund, Parks Fund, Parking Fund and Senior Center Fund for a six-month period beginning July 1, 2011 and ending December 31, 2011.

d) Consideration of the becoming the Liquor Control Commission for the purpose of acting on the following:

1. Ratification of the issuance of Catering Permits to Yebba, Inc., d/b/a The Abbey Pub & Restaurant, for ?

A. Two Wine Receptions scheduled to be held from 3:00 to 6:00 P.M. at the State House. One scheduled for Tuesday, January 24th; the other on Thursday, January 26th.

B. Two more Wine Receptions at the State House from 4:00 to 7:00 P.M. One scheduled for January 31st; the second held on February 1st.

2. Ratification of the issuance of Catering Permits to Valley Bowl, Inc., from Randolph. One for a Graduation held on Friday, February 3rd, from 8:00 P.M. to 1:30 A.M. at Noble Hall; the other for a Legislative Reception on Tuesday, February 7th, from 3:30 to 7:00 P.M. at the Vermont State Employees Association Office, 155 State Street.

3. Ratification of the issuance of a Catering Permit to The Skinny Pancake for a Legislative Reception (beer and wine) held on Thursday, February 2nd, from 5:00 to 7:00 P.M. at City Center, 89 Main Street.

e) Payroll and Bills

4) <u>12-043. Setting of "approximate times" for the following agenda items.</u>

5) <u>12-044. Presentation of the City's Audit Report for fiscal year July 1, 2010 - June 30, 2011.</u>

a) Steve Love of Love, Cody & Company, CPA's, will present the Audit Report to the Council.

b) Recommendation: Receive report; opportunity for discussion; acceptance of the City's FY 11 Audit Report.

6) 12-045. Carr Lot Update

a) Jeff Tucker from DuBois & King will provide this update to the City Council.

b) Recommendation: Receive update; opportunity for discussion.

7) 12-046. Flood Mitigation Update

a) Jeff Tucker will also be providing this update.

b) Recommendation: Receive update; opportunity for discussion.

9) 12-048. Receive Rec Department Report

a) Following the Recreation Department Review Committee's meeting on February 2nd, City Councilor Angela Timpone requested that this item be place on this evening' agenda.

b) Recommendation: Receive report; discussion.

8) 12-047. Consideration of an "Our Town Grant" from the National Endowment of the Arts.

a) Planning and Community Development staff drafted a concept paper and convened a meeting of stakeholders last week to discuss the grant application.

b) A draft of the application, which is due March 1st, will be available for the City Council's review.

c) The grant program encourages communities to "create livable, sustainable neighborhoods with enhanced quality of life, increased creative activity, distinct identities, a sense of place, and vibrant local economies that capitalize on existing local assets." Details can be found at:

http://www.nea.gov/grants/apply/OurTown/index.html.

d) Recommendation: Planning staff will further explain this application; opportunity for discussion; direction to staff.

10) 12-049. Council Reports

11) 12-050. Mayor's Report

12) 12-051. Report by the City Clerk-Treasurer

13) 12-052. Status Reports by the City Manager

13) 12-052. Status Reports by the City Manager

14) 12-053. Agenda Reports by the City Manager

a) Staff would like to provide Council with an update on water discussions with the Town of Berlin.

b) Possible 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 or other public body, or person involved at a substantial disadvantage."

Adjournment

CITY OF MONTPELIER, VERMONT

Financial Statements and Schedules

June 30, 2011

(With Independent Auditors' Report Thereon)

Love, Cody & Company, CPAs

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SECTION I

FINANCIAL SECTION

Love, Cody & Company, CPAs

Independent Auditors' Report

The City Council
City of Montpelier, Vermont

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Montpelier, Vermont as of and for the year ended June 30, 2011, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City of Montpelier, Vermont's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Montpelier, Vermont, as of June 30, 2011, and the respective budgetary comparison for the General Fund, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated February 3, 2012 on our consideration of the City of Montpelier, Vermont's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3 through 10 and the schedule of funding progress, on page 48 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial

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The City Council
City of Montpelier, Vermont
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reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Montpelier, Vermont's financial statements as a whole. The combining nonmajor fund financial statements are presented for purposes of additional analysis and are not a required part of the financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the financial statements. The combining nonmajor fund financial statements and the schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Love, Cody & Company, CPA's, P.C.

February 3, 2012

Vt. Reg. #357

Our discussion and analysis of the City of Montpelier, Vermont's financial performance provides an overview of the City's financial activities for the fiscal year ended June 30, 2011. Please read it in conjunction with the City's financial statements which begin on Exhibit A.

Financial Highlights

Government-Wide Statements

Net assets of the governmental activities increased by $2,148,106 or 14 percent. Net assets of the business-type activities increased by $577,388 or 3 percent. The City's total net assets increased by $2,725,494 as a result of this year's operations. This increase is primarily related to unspent fire insurance proceeds for 58 Barre Street property and the large amount of capital grant, operating grant and contribution revenue.

The cost of all of the City's programs was $16,541,165 in fiscal year 2011 compared to $15,598,109 in fiscal year 2010, which is approximately a 6% increase. Total revenue for all the City's programs also increased from $18,293,928 in 2010 compared to $18,607,279 in 2011, which is a 2% increase from the previous year. These increases in costs and revenue are related to the capital and operating grant activities in public safety, public works, culture and recreation and community development.

Fund Statements

Generally accepted governmental accounting standards for fund balance reporting and governmental fund type definitions changed for the fiscal year ended June 30, 2011. The Governmental Accounting Standards Board issued Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions* to address issues related to how fund balances are reported.

For governmental fund types, fund balances that had previously been identified as reserved, designated and undesignated will be classified in five new categories. These new classifications are based on the relative strength of the spending constraints placed on the purposes for which the resources can be used. The new classifications are nonspendable fund balance, restricted fund balance, committed fund balance, assigned fund balance and unassigned fund balance. Unassigned fund balances are reported only in the general fund.

Another significant change that is occurring with GASB Statement No. 54 is in the reporting of special revenue funds. Some governments may not be able to continue to report some of their special revenue funds under the new, clarified fund type definitions.

During fiscal year 2011, the General Fund reported a net increase in the fund balance of $154,635.

The General Fund balances totaled $1,643,045 as of June 30, 2011. The fund balances that are nonspendable, restricted, committed and assigned totaled $526,644 as of June 30, 2011. These fund balances are either nonspendable or have spending constraints placed on the purposes for which they can be used. This leaves an unassigned fund balance of $1,116,401 which is $342,017 higher than the prior year's unrestricted and undesignated fund balance.

The Community Development Fund ended the year with a reserved fund balance of $422,087, which was $59,049 higher than the prior year fund balance of $363,038. This fund balance is reserved by various sources for Community Development programs and activities.

The Capital Projects Fund ended the year with fund balances of $1,969,272 which was $553,111 higher than the prior year fund balances of $1,416,161. $816,893 of these funds are restricted by bonding constraints and impact fee ordinances. This leaves an assigned fund balance of $1,152,379 for various capital improvement projects. Much of this increase in the Capital Projects fund balance is related to the fire insurance proceeds for 58 Barre Street property.

Other nonmajor governmental funds ended the year with a fund balance of $1,462,771, which was $99,736 higher than the prior year fund balance of $1,363,035. $444,822 of these funds are nonspendable for Trustees of public funds.

$872,642 of these funds are restricted by donations and permanent funds.

The Water Fund ended the year with net assets of $8,735,856 which was $29,878 less than the prior year balance of $8,765,734. Of the total net asset balance, $9,355,089 is invested in property and equipment. This leaves an unrestricted deficit of $619,233 to be recovered in future periods. This unrestricted deficit is $43,776 less than the $663,009 unrestricted deficit as of June 30, 2010. $297,500 of this unrestricted deficit is debt related to the refinancing of the unfunded pension liability. Principal repayments on this debt are not due until November, 2017.

The Sewer Fund ended the year with net assets of $10,926,482, which was $618,359 higher than the prior year balance of $10,308,123. Of the total net asset balance, $11,067,351 is invested in property and equipment. This leaves an unrestricted deficit of $140,869 to be recovered in future periods. Included in this deficit is $402,500 in debt related to the refinancing of the unfunded pension liability. Principal repayments on this debt are not due until November, 2017.

The Parking Fund ended the year with net assets of $317,872, which was $11,093 lower than the prior year balance of $328,965. Of the total net asset balance, $324,901 is invested in property and equipment and $41,170 is restricted for various projects. This leaves a deficit of $48,199 to be recovered in future periods. Included in this deficit is $192,500 in debt related to the refinancing of the unfunded pension liability. Principal repayments on this debt are not due until November, 2017.

Using This Annual Report

This annual report consists of a series of financial statements. The Statement of Net Assets and the Statement of Activities (Exhibits A and B) provide information about the activities of the City as a whole and present a longer-term view of the City's finances. Fund financial statements start on Exhibit C. For governmental activities, these statements tell how these services were financed in the short term as well as what remains for future spending. Fund financial statements also report the City's operations in more detail than the government-wide statements by providing information about the City's most significant funds.

Reporting the City as a Whole

Our analysis of the City as a whole begins on Exhibit A. One of the most important questions asked about the City's finances is, "Is the City as a whole better off or worse off as a result of the year's activities?" The Statement of Net Assets and the Statement of Activities report information about the City as a whole and about its activities in a way that helps answer this question. These statements include all assets and liabilities using the accrual basis of accounting, which is similar to the accounting used by most private-sector companies. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

These two statements report the City's net assets and changes in them. You can think of the City's net assets - the difference between assets and liabilities - as one way to measure the City's financial health, or financial position. Over time, increases or decreases in the City's net assets are one indicator of whether its financial health is improving or deteriorating. You will need to consider other non-financial factors, however, such as changes in the City's property tax base and the condition of the City's roads, to assess the overall health of the City.

In the Statement of Net Assets and the Statement of Activities, we divide the City into two kinds of activities:

Governmental activities - Most of the City's basic services are reported here, including the police, fire, public works, and parks departments, and general administration. Property taxes, franchise fees, and state and federal grants finance most of these activities.

Business-type activities - The City charges a fee to customers to help it cover all or most of the cost of certain services it provides. The City's water, sewer and parking activities are reported here.

Reporting the City's Most Significant Funds

Our analysis of the City's major funds begins on Exhibit C. The fund financial statements provide detailed information about the most significant funds - not the City as a whole. Some funds are required to be established by State law and by bond covenants. However, the City Council establishes many other funds to help it control and manage money for particular purposes or to show that it is meeting legal responsibilities for using certain taxes, grants, and other money (like grants received from the U.S. Department of Housing and Urban Development). The City's two kinds of funds-governmental and proprietary - use different accounting approaches.

Governmental funds - Most of the City's basic services are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end that are available for spending. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the City's general government operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the City's programs. We describe the relationship (or differences) between governmental activities (reported in the Statement of Net Assets and the Statement of Activities) and governmental funds on the exhibits that follow each financial statement.

Proprietary funds - When the City charges customers for the services it provides - whether to outside customers or to other units of the City - these services are generally reported in proprietary funds. Proprietary funds are reported in the same way that all activities are reported in the Statement of Net Assets and the Statement of Activities. In fact, the City's enterprise funds (a component of proprietary funds) are the same as the business-type activities we report in the government-wide statements but provide more detail and additional information, such as cash flows, for proprietary funds.

The City as a Whole

The City's combined net assets increased by $2,725,494 from a year ago - increasing from $34,746,966 to $37,472,460. Our analysis below focuses on the net assets (Table 1) and changes in net assets (Table 2) of the City's governmental and business-type activities.

Table 1
Net Assets

		June 30, 2011			*June 30, 2010*		
		Governmental Activities	Business-type Activities	Total Primary Government	Governmental Activities	Business-type Activities	Total Primary Government
Current and other assets	$	8,179,945	397,502	8,577,447	6,434,870	26,555	6,461,425
Capital assets		18,594,888	36,759,161	55,354,049	18,117,248	37,433,836	55,551,084
Total assets		26,774,833	37,156,663	63,931,496	24,552,118	37,460,391	62,012,509
Long term liabilities		8,008,432	16,875,937	24,884,369	8,562,209	17,681,909	26,244,118
Other liabilities		1,274,151	300,516	1,574,667	645,765	375,660	1,021,425
Total liabilities		9,282,583	17,176,453	26,459,036	9,207,974	18,057,569	27,265,543
Net assets:							
Invested in capital assets,							
net of debt		14,683,993	20,747,341	35,431,334	13,879,218	20,528,951	34,408,169
Restricted		2,317,555	41,170	2,358,725	1,981,162	41,220	2,022,382
Unrestricted		490,702	(808,301)	(317,599)	(516,236)	(1,167,349)	(1,683,585)
Total net assets	$	17,492,250	19,980,210	37,472,460	15,344,144	19,402,822	34,746,966

As noted earlier, net assets may serve over time to be a useful indicator of a government's financial position.

Net assets of the City's governmental activities increased $2,148,106 or 14% ($17,492,250 compared to $15,344,144). This increase is primarily related to $851,846 in fire insurance proceeds for 58 Barre Street property and capital and operating grant receivables.

Net assets of the business-type activities increased by $577,388 ($19, 980,210 compared to $19,402,822, or 3 percent). This increase is primarily related to Federal ARRA/Stimulus Funds that were received for Sewer Fund projects.

Table 2
Change in Net Assets

		June 30, 2011			June 30, 2010		
		Governmental Activities	Business-type Activities	Total Primary Government	Governmental Activities	Business-type Activities	Total Primary Government
REVENUES:							
Program revenues:							
Charges for services	$	966,684	6,371,444	7,338,128	1,173,482	6,184,445	7,357,927
Operating grants and contributions		1,573,857	0	1,573,857	834,357	0	834,357
Capital grants and contributions		983,264	435,646	1,418,910	1,938,249	124,176	2,062,425
General Revenues:							
Property taxes, penalties and interest		7,846,012	0	7,846,012	7,618,724	0	7,618,724
Payment in lieu of taxes		184,000	0	184,000	184,000	0	184,000
Unrestricted investment earnings		138,241	0	138,241	141,959	0	141,959
Gain (loss) on sale of capital assets		22,616	0	22,616	(88,384)	0	(88,384)
Other revenues		79,630	0	79,630	175,680	0	175,680
Contributions to permanent endowments		5,885	0	5,885	7,240	0	7,240
Total revenues		11,800,189	6,807,090	18,607,279	11,985,307	6,308,621	18,293,928
PROGRAM EXPENSES:							
General government		1,744,867	0	1,744,867	1,874,052	0	1,874,052
Public safely		4,252,181	0	4,252,181	4,033,759	0	4,033,759
Public works		2,520,455	0	2,520,455	1,964,525	0	1,964,525
Culture and recreation		1,222,259	0	1,222,259	1,093,533	0	1,093,533
Community development		164,086	0	164,086	54,094	0	54,094
Cemetery		178,350	0	178,350	181,319	0	181,319
MontpelierNet		2,664	0	2,664	21,332	0	21,332
Interest on long-term debt		248,767	0	248,767	243,760	0	243,760
Water		0	2,353,052	2,353,052	0	2,432,394	2,432,394
Sewer		0	3,183,746	3,183,746	0	3,088,840	3,088,840
Parking		0	670,738	670,738	0	610,501	610,501
Total program expenses		10,333,629	6,207,536	16,541,165	9,466,374	6,131,735	15,598,109
Excess before special items and transfers		1,466,560	599,554	2,066,114	2,518,933	176,886	2,695,819
Fire insurance proceeds		851,846	0	851,846	0	0	0
Property transfer to Housing LP		(180,000)	0	(180,000)	0	0	0
Capital asset impairment		0	(12,466)	(12,466)	(155,000)	0	(155,000)
Transfers		9,700	(9,700)	0	9,700	(9,700)	0
Increase in net assets	$	2,148,106	577,388	2,725,494	2,373,633	167,186	2,540,819

Our analysis below separately considers the operations of governmental and business-type activities.

Governmental Activities

The City's tax rate decreased to $0.8359 from $1.2506 per $100 of assessed value from fiscal year 2010 to fiscal year 2011. The decrease is the result of a city-wide property reappraisal which increased the City's grand list to reflect market value and therefore decreased the tax rate.

Table 3 presents the cost of each of the City's eight largest programs - general government, public safety, public works, culture and recreation, community development, water, sewer and parking - as well as each program's net cost (total cost less revenue generated by the activities). The net cost shows the financial burden that was placed on the City's taxpayers by each of these functions.

Table 3
Costs of Programs

		June 30, 2011				June 30, 2010			
		Governmental Activities		Business-type Activities		Governmental Activities		Business-type Activities	
		Total Cost of Services	Net Revenues (Cost) of Services	Total Cost of Services	Net Revenues (Cost) of Services	Total Cost of Services	Net Revenues (Cost) of Services	Total Cost of Services	Net Revenues (Cost) of Services
General government	$	1,744,867	(1,348,242)	0	0	1,874,052	(1,335,889)	0	0
Public safely		4,252,181	(3,392,280)	0	0	4,033,759	(3,275,865)	0	0
Public works		2,520,455	(1,070,715)	0	0	1,964,525	167,823	0	0
Culture and recreation		1,222,259	(682,986)	0	0	1,093,533	(686,606)	0	0
Community development		164,086	109,251	0	0	54,094	9,999	0	0
Water		0	0	2,353,052	(30,178)	0	0	2,432,394	(196,815)
Sewer		0	0	3,183,746	630,825	0	0	3,088,840	305,676
Parking		0	0	670,738	(1,093)	0	0	610,501	68,025
All others		429,781	(399,852)	0	0	446,411	(399,748)	0	0
Totals	$	10,333,629	(6,784,824)	6,207,536	599,554	9,466,374	(5,520,286)	6,131,735	176,886

The City's Funds

As the City completed the year, its governmental funds (as presented in the Balance Sheet on Exhibit C) reported a combined fund balance of $5,497,175, which is above last year's total of $4,630,644. Included in this year's total change in fund balance are an increase of $154,635 in the City's General Fund; an increase of $59,049 in the Community Development Fund; an increase of 553,111 in the Capital Projects Fund and an increase of $99,736 in Other Governmental Funds. The increase in the Capital Projects Fund fund balance is primarily due to the insurance proceeds for the fire damage to the 58 Barre Street property.

General Fund Budgetary Highlights

Revenue exceeded the budget by $256,762. A significant part of the unbudgeted revenue is $157,213 in unanticipated State Payment in Lieu of Taxes revenue. Other notable revenue exceeding budget are Fire/EMS federal grant revenue of $71,930 and additional Ambulance Call Charges of $49,263.

Expenditures exceeded the budget by $92,804. Some of the significant unbudgeted expenditures are $56,977 for Fire/EMS grant expense which is offset by unbudgeted grant revenue. Also, the City Council authorized $39,742 of previous year fund balance to be spent on management and capital needs assessment studies. Other notable expenditures that exceeded the budget are City Manager Legal Services, Finance Salaries, Department of Public

Works Operating Supplies and Small Equipment. Expenditures that were significantly less than the budgeted amount were 58 Barre Street Building Maintenance and Finance Professional Accounting Services. Planning Department Salaries were under the budgeted amount due to time spent on federal grant management.

Other Financing Sources (Uses) exceeded the budget by $9,323. This variance was due to $13,000 proceeds for the sale of land and the use of $22,823 in Park Impact Fees for the Turntable Park project.

A major flooding event occurred in the City of Montpelier on May 27, 2011 which caused substantial damage to the City streets, culverts and drainage systems. The event qualifies for Federal Highway, Federal Emergency Management Agency and State grant funding. As of June 30, 2011, it is estimated that the City's share of the cost of flood damage repairs may be as high as $150,000. The actual amount of local funding is subject to future grant agreements with federal and state agencies.

Capital Asset and Debt Administration

Capital Assets

At June 30, 2011, the City has $55,354,049 compared to $55,551,084 at June 30, 2010 invested in a broad range of capital assets, including police fire, department of public works equipment, buildings, park facilities, roads, bridges, and sewer lines. (Sec Table 4 below) This amount represents a net decrease (including additions and deductions) of $197,035, over last year. Depreciation of water and sewer infrastructure was the significant cause of this decrease in capital assets. Also, the City transferred a portion of the 58 Barre Street property to Capital City Housing Foundation, Inc. during the 2011 fiscal year.

Table 4
Capital Assets at Year-End
(Net of Depreciation)

		June 30, 2011			June 30, 2010		
		Governmental Activities	Business-type Activities	Total Primary Government	Governmental Activities	Business-type Activities	Total Primary Government
Land	$	742,050	250,672	992,722	922,050	250,672	1,172,722
Capital improvements and equipment		16,758,785	36,508,489	53,267,274	15,544,726	36,951,442	52,496,168
Construction in progress		1,094,053	-	1,094,053	1,650,472	231,722	1,882,194
Totals	$	18,594,888	36,759,161	55,354,049	18,117,248	37,433,836	55,551,084

This year's major additions included:

Senior Center Building Renovations	$ 148,762
Computer equipment	32,229
Police vehicle	26,425
Fire - Equipment	59,588
Infrastructure	1,299,672
DPW vehicles	101,577
Parks - Vehicle	5,000
Water - computer equipment	27,906
Sewer treatment improvements	8,000
Sewer - CSO/Solar Panels	440,371
Sewer - computer equipment	23,487
Parking - computer equipment	1,273
Parking - equipment	27,400
	$ 2,201,690

Long Term - Debt

At June 30, 2011, the City has $24,459,616 in bonds and notes outstanding versus $25,856,011 on June 30, 2010 - a decrease of $1,396,395 - as shown in Table 5.

Table 5
Outstanding Debt at Year-End

		Balance at June 30, 2010	Additions	Payments	Balance at June 30, 2011
Notes, capital leases and bonds payable:					
Governmental activities	$	8,270,175	0	582,687	7,687,488
Proprietary Funds		17,585,836	320,739	1,134,447	16,772,128
Totals	$	25,856,011	320,739	1,717,134	24,459,616

New debt resulted from Combined Sewer Overflow upgrades in the Sewer Fund.

Economic Factors and Next Year's Budgets and Rates

The City's elected and appointed officials consider economic factors and the community's priorities when setting the fiscal year 2012 budget, tax rates, and fees that will be charged for the business-type activities. With the national and regional economy suffering, inflation running very low, Montpelier's high property taxes rates, the 2012 Budget was guided by a firm desire to keep the tax rate increase at or below the inflation rate for 2010. The other guiding force was resident opinion obtained through the 2009 National Citizen Survey process. This survey identified Police, Planning, Parks and Roads as key service drivers which reflect their overall satisfaction with the city. The survey also highlighted citizen concerns with taxes, affordable housing and jobs.

Economic factors considered include the unemployment in the City, which stood at 5.3% (July 2010) compared with 6% (July 2009). This compares with the State's unemployment rate in June 2010 of 6.1%. Also considered was the Consumer Price Index percent change over one year (July 2009-July 2010) which was 1.5%.

The 2012 budget maintained funding and staffing levels in Police, Planning, Parks and Roads while increasing the capital plan for infrastructure improvements. The municipal budget requires a one cent tax rate increase which, at 1.2% is below the 1.5% inflation rate for 2010.

Looking ahead, the City is partnering with federal and state agencies to study flood mitigation measures to alleviate the threat of damages due to ice-jam flooding of the Winooski River in the downtown area. The installation of flood gauges significantly improves the City's ability to monitor the river water levels.

As for the City's business-type activities, the fixed quarterly charge increased $10 (per quarter) for Water Fund users effective July 1, 2011. Sewer charges did not increase. The combination of users' water conservation and the lack of growth in numbers of users provide challenges to the Water and Sewer Funds. The Water and Sewer Rate Committee authorized a study of water and sewer rates to propose a new rate structure that assures annual revenues will be generated to cover all costs and eliminate previous years' deficits.

Current quarterly water rates are as follows: $7.51 per 1,000 for the first 50,000 gallons, $7.97 per 1,000 for the next 200,000 gallons, $12.93 per 1,000 for over $250,000 gallons and a fixed charge for all accounts for meter reading, billing and other administrative service costs of $35.00.

Current quarterly sewer rates are as follows: $8.47 per 1,000 gallons of water used and a fixed charge for all for meter reading, billing and other administrative service costs of $30.00.

Contacting the City's Financial Management

This financial report is designed to provide our citizens, taxpayers, customers, and investors and creditors with a general overview of the City's finances and to show the City's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the City Finance Office at the City of Montpelier, 39 Main Street, Suite 6, Montpelier, VT 05602.

BASIC FINANCIAL STATEMENTS

Exhibit A

CITY OF MONTPELIER, VERMONT
Statement of Net Assets
June 30, 2011

	Governmental Activities	Business-type Activities	Total
Assets:			
Cash	$ 3,523,467	50	3,523,517
Investments	1,181,808	0	1,181,808
Receivables (net of allowance for uncollectibles)	1,009,510	1,503,839	2,513,349
Loans receivable	978,090	0	978,090
Note receivable	177,847	0	177,847
Deposits	0	1,600	1,600
Prepaid expenses	11,340	19,592	30,932
Inventories	110,136	60,168	170,304
Internal balances	1,187,747	(1,187,747)	0
Capital assets:			
Land	742,050	250,672	992,722
Construction in progress	1,094,053	0	1,094,053
Other capital assets, (net of accumulated depreciation)	16,758,785	36,508,489	53,267,274
Total assets	26,774,833	37,156,663	63,931,496
Liabilities:			
Accounts payable	491,809	72,170	563,979
Construction payable	0	132,192	132,192
Accrued payroll and related expenses	158,803	40,966	199,769
Due to Montpelier School District	474,475	0	474,475
Due to Montpelier Recreation	32,767	0	32,767
Deferred revenue	25,000	5,420	30,420
Accrued interest	41,515	49,768	91,283
OPEB obligation	49,782	0	49,782
Noncurrent liabilities:			
Due within one year	577,125	1,049,777	1,626,902
Due in more than one year	7,431,307	15,826,160	23,257,467
Total liabilities	9,282,583	17,176,453	26,459,036
Net assets:			
Invested in capital assets, net of related debt	14,683,993	20,747,341	35,431,334
Restricted	2,317,555	41,170	2,358,725
Unrestricted	490,702	(808,301)	(317,599)
Total net assets	$ 17,492,250	19,980,210	37,472,460

See accompanying notes to financial statements.

Exhibit B

CITY OF MONTPELIER, VERMONT
Statement of Activities
Year Ended June 30, 2011

Functions/Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions	Net (Expense) Revenue and Changes in Net Assets: Governmental Activities	Net (Expense) Revenue and Changes in Net Assets: Business-Type Activities	Net (Expense) Revenue and Changes in Net Assets: Total
Governmental activities:							
General government	$ 1,744,867	215,260	181,365	0	(1,348,242)	0	(1,348,242)
Public safety	4,252,181	531,142	303,759	0	(3,417,280)	0	(3,417,280)
Public works	2,520,455	122,779	347,419	979,542	(1,070,715)	0	(1,070,715)
Culture and recreation	1,222,259	67,574	467,977	3,722	(682,986)	0	(682,986)
Community development	164,086	0	273,337	0	109,251	0	109,251
Cemetery	178,350	29,929	0	0	(148,421)	0	(148,421)
MontpelierNet	2,664	0	0	0	(2,664)	0	(2,664)
Interest on long-term debt	248,767	0	0	0	(248,767)	0	(248,767)
Total governmental activities	10,333,629	966,684	1,573,857	983,264	(6,809,824)	0	(6,809,824)
Business-type activities:							
Water	2,353,052	2,322,874	0	0	0	(30,178)	(30,178)
Sewer	3,183,746	3,378,925	0	435,646	0	630,825	630,825
Parking	670,738	669,645	0	0	0	(1,093)	(1,093)
Total business-type activities	6,207,536	6,371,444	0	435,646	0	599,554	599,554
Total	$ 16,541,165	7,338,128	1,573,857	1,418,910	(6,809,824)	599,554	(6,210,270)
General revenues:							
Property taxes, penalties and interest					7,846,012	0	7,846,012
Payment in lieu of taxes					184,000	0	184,000
Unrestricted investment earnings					138,241	0	138,241
Capital asset impairment					0	(12,466)	(12,466)
Property Transfer to Housing LP					(180,000)	0	(180,000)
Gain on sale of equipment					22,616	0	22,616
Insurance Proceeds					851,846	0	851,846
Other revenues					79,630	0	79,630
Contributions to Permanent Endowments					5,885	0	5,885
Transfers					9,700	(9,700)	0
Total general revenues, special item and transfers					8,957,930	(22,166)	8,935,764
Change in net assets					2,148,106	577,388	2,725,494
Net Assets - July 1, 2010					15,344,144	19,402,822	34,746,966
Net Assets - June 30, 2011					$ 17,492,250	19,980,210	37,472,460

See accompanying notes to financial statements.

CITY OF MONTPELIER, VERMONT
Balance Sheet
Governmental Funds
June 30, 2011

		General Fund	Community Development Fund	Capital Projects Fund	Other Governmental Funds	Total Governmental Funds
Assets:						
Cash	$	2,868,038	413,256	0	242,173	3,523,467
Investments		0	0	0	1,181,808	1,181,808
Receivables (net of allowance for uncollectibles)		378,558	0	489,123	141,829	1,009,510
Loans (net of allowance for uncollectibles)		0	814,090	0	164,000	978,090
Note receivable		177,847	0	0	0	177,847
Prepaid expenses		11,340	0	0	0	11,340
Inventories		110,136	0	0	0	110,136
Due from other funds		0	0	1,995,515	502,316	2,497,831
Total assets	$	3,545,919	1,227,346	2,484,638	2,232,126	9,490,029
Liabilities:						
Accounts payable	$	306,989	0	150,711	34,109	491,809
Accrued payroll and related expenses		143,864	0	0	14,939	158,803
Due to Montpelier School District		474,475	0	0	0	474,475
Due to Recreation Department		32,767	0	0	0	32,767
Deferred revenue		182,493	796,709	364,655	181,059	1,524,916
Due to other funds		762,286	8,550	0	539,248	1,310,084
Total liabilities		1,902,874	805,259	515,366	769,355	3,992,854
Fund balances (deficit):						
Nonspendable for:						
Inventories		110,136	0	0	0	110,136
Note receivable		177,847	0	0	0	177,847
Prepaids		11,340	0	0	0	11,340
Trust principal		0	0	0	444,822	444,822
Restricted		110,651	225,477	816,893	872,642	2,025,663
Committed		0	158,555	0	153,904	312,459
Assigned		116,670	38,055	1,152,379	15,288	1,322,392
Unassigned		1,116,401	0	0	(23,885)	1,092,516
Total fund balances		1,643,045	422,087	1,969,272	1,462,771	5,497,175
Total liabilities and fund balances	$	3,545,919	1,227,346	2,484,638	2,232,126	

Amounts reported for governmental activities in the statement of net assets are different because:

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.		18,594,888
Other assets are not available to pay for current-period expenditures, and, therefore, are deferred in the funds.		1,499,916
Long-term and accrued liabilities, are not due or payable in the current period and, therefore, are not reported in the funds.		(8,099,729)
Net assets of governmental activities	$	17,492,250

See accompanying notes to financial statements.

Exhibit D

CITY OF MONTPELIER, VERMONT
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2011

	General Fund	Community Development Fund	Capital Projects Fund	Other Governmental Funds	Total Governmental Funds
Revenues:					
Property taxes, penalties and interest	$ 7,737,308	0	0	125,707	7,863,015
Permits and licenses	86,373	0	0	0	86,373
Intergovernmental	928,828	281,905	693,723	314,499	2,218,955
Fees and charges for services	1,557,645	0	0	94,888	1,652,533
Fines and forfeitures	37,498	0	0	0	37,498
Investment income	47,368	9,769	0	81,104	138,241
Contributions	2,908	0	0	136,919	139,827
Rents and commissions	28,375	0	0	3,240	31,615
Equipment revenues	107,739	0	0	0	107,739
Loan principal repayments	0	102,739	0	0	102,739
Other revenues	65,081	0	3,620	10,929	79,630
Total revenues	10,599,123	394,413	697,343	767,286	12,458,165
Expenditures:					
General government	2,168,596	0	106,118	0	2,274,714
Public safety	4,019,973	0	0	0	4,019,973
Public works	2,043,751	0	68,617	0	2,112,368
Culture and recreation	488,446	0	0	726,886	1,215,332
Community development	0	178,587	0	0	178,587
Cemetery	0	0	0	168,998	168,998
MontpelierNet	0	0	0	2,664	2,664
Capital outlay;					
General government	19,786	0	13,439	0	33,225
Public safety	94,902	0	0	0	94,902
Public works	103,757	0	1,271,839	0	1,375,596
Culture and recreation	0	0	152,762	5,000	157,762
Debt service - principal	572,256	0	0	10,431	582,687
Debt service - interest	244,361	0	0	5,511	249,872
Total expenditures	9,755,828	178,587	1,612,775	919,490	12,466,680
Excess (deficiency) of revenues over expenditures	843,295	215,826	(915,432)	(152,204)	(8,515)
Other financing sources (uses):					
Proceeds from sale of equipment	500	0	0	0	500
Proceeds from sale of land	13,000	0	0	0	13,000
Insurance reimbursements	0	0	851,846	0	851,846
Transfers from other funds	0	0	618,831	351,830	970,661
Transfers to other funds	(702,160)	(156,777)	(2,134)	(99,890)	(960,961)
Total other financing sources (uses)	(688,660)	(156,777)	1,468,543	251,940	875,046
Net change in fund balances	154,635	59,049	553,111	99,736	866,531
Fund balances - July 1, 2010	1,488,410	363,038	1,416,161	1,363,035	4,630,644
Fund balances - June 30, 2011	$ 1,643,045	422,087	1,969,272	1,462,771	5,497,175

See accompanying notes to financial statements.

Exhibit E

CITY OF MONTPELIER, VERMONT
Reconciliation of the Statement of Revenues,
Expenditures and Changes in Fund Balances,
Governmental Funds to the Statement of Activities
For the Year Ended June 30, 2011

Amounts reported for governmental activities in the statement of activities (Exhibit B) are different because:

Net change in fund balances - total government funds (Exhibit D)	$ 866,531
Governmental funds report capital outlays as expenditures. However, in the statementof activities, the cost ($1,661,485) of those assets is allocated over their estimated useful lives and reported as depreciation expense ($955,152). This is the amount by which capital outlays exceeded depreciation in the current period.	706,333
The net effect of various transactions involving capital assets (i.e., sales, trade-ins) is to decrease net assets.	(228,693)
Long term community development loans payments are recognized on an accrual basis in the statement of net assets, not the modified accrual basis.	(90,716)
Property taxes are recognized on an accrual basis in the statement of net assets, not the modified accrual basis.	(17,003)
Revenues are recognized on an accrual basis in the statement of net assets, not the modified accrual basis.	392,577
The issuance of long-term debt (e.g., bonds, leases) provides current financial resources to governmental funds, while the repayment of principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. This amount is the net effect of these differences in the treatment of long-term debt and related items.	582,687
In the statement of activities, OPEB liabilities are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are measured by the amount of financial resources used (essentially, the amounts actually paid).	(23,782)
In the statement of activities, accrued compensated absences are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are measured by the amount of financial resources used (essentially, the amounts actually paid).	(40,933)
Interest on long-term debt in the statement of activities differs from the amount reported in the governmental funds because interest is recognized as an expenditure in the funds when it is due, and thus requires the use of current financial resources. In the statement of activities, however, interest expense is recognized as the interest accrues, regardless of when it is due.	1,105
Change in net assets, governmental activities (Exhibit B)	$ 2,148,106

To eliminate the doubling up of internal service charges between the Governmental Activities and the Business-type activities on the statement of activities, the charges for services was decreased by $950,949, the general government expenses was decreased by $698,793 and the public works was decreased by $252,156.

See accompanying notes to financial statements.

CITY OF MONTPELIER, VERMONT
Statement of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual - General Fund
For the Year Ended June 30, 2011

	Original/Final Budget	Actual	Variance Favorable (Unfavorable)
Revenues:			
Property taxes, penalties and interest	$ 7,556,458	7,737,308	180,850
Intergovernmental	860,130	928,828	68,698
Fees and charges for services	1,925,773	1,932,987	7,214
Total revenues	10,342,361	10,599,123	256,762
Expenditures:			
City Council operations	28,702	34,703	(6,001)
City Manager's office	301,294	337,444	(36,150)
Clerk/Treasurer/Elections	226,869	238,303	(11,434)
Finance Department	301,490	341,057	(39,567)
Technology services	195,186	197,008	(1,822)
Property assessment	214,799	180,432	34,367
Planning and development	371,936	337,863	34,073
City Hall maintenance	188,016	194,257	(6,241)
Fifty Eight Barre Street	108,626	14,549	94,077
Police:			
General	1,471,534	1,469,238	2,296
Communications	468,703	479,319	(10,616)
Outside pay	0	903	(903)
Canine	0	3,694	(3,694)
School Resource Officer	82,335	81,140	1,195
Community Justice Center	115,248	93,889	21,359
Re-Entry Program	113,480	104,805	8,675
Fire and ambulance	1,621,458	1,700,108	(78,650)
Code/health enforcement	83,451	79,340	4,111
Emergency management	20,380	7,537	12,843
Public works:			
Streets	1,434,231	1,459,876	(25,645)
Fleet operations	510,547	530,568	(20,021)
Building operations	60,350	53,307	7,043
Wrightsville Beach	4,007	4,007	0
Kellogg-Hubbard Library	293,975	293,975	0
Outside agencies in budget	118,675	118,675	0
Community enhancements	37,800	37,766	34
Tree management and Board	27,034	31,935	(4,901)
Conservation Commission	6,250	2,088	4,162
Other governmental service	139,737	133,083	6,654
Small equipment	0	47,733	(47,733)
Tax abatement	50,000	55,290	(5,290)
Miscellaneous expense	0	8,332	(8,332)
Management Analysis & Capital Needs Studies	0	39,742	(39,742)
Bad Debt Expense	0	8,800	(8,800)
Capital outlay:			
General government	56,034	19,786	36,248
Public safety	106,777	94,902	11,875
Public works	91,941	103,757	(11,816)
Debt service - principal	572,256	572,256	0
Debt service - interest	239,903	244,361	(4,458)
Total expenditures	9,663,024	9,755,828	(92,804)
Excess of revenues over expenditures	679,337	843,295	163,958
Other financing sources (uses):			
Proceeds from sale of equipment	0	500	500
Proceeds from sale of land	0	13,000	13,000
Transfers from other funds:	0	0	0
Transfer to other funds:			
Capital Projects	(422,509)	(445,332)	(22,823)
Cemetery	(115,445)	(115,445)	0
Parks	(104,383)	(104,383)	0
Events Fund	(11,000)	(11,000)	0
Affordable Housing Fund	(26,000)	(26,000)	0
Total financing sources (uses)	(679,337)	(688,660)	(9,323)
Net change in fund balance	$ 0	154,635	154,635
Fund balance - July 1, 2010		1,488,410	
Fund balance - June 30, 2011		$ 1,643,045	

See accompanying notes to financial statements.

Exhibit G

CITY OF MONTPELIER
Statement of Net Assets
Proprietary Funds
June 30, 2011

		Water Fund	Sewer Fund	Parking Fund	Total
Assets:					
Current assets:					
Cash	$	0	0	50	50
Receivables (net of allowance for uncollectibles)		681,531	775,545	46,763	1,503,839
Due from other funds		0	0	148,376	148,376
Deposits		0	0	1,600	1,600
Prepaid expenses		0	0	19,592	19,592
Inventory		52,692	7,476	0	60,168
Total current assets		734,223	783,021	216,381	1,733,625
Noncurrent assets:					
Capital assets:					
Land		32,000	0	218,672	250,672
Buildings		11,557,678	9,666,812	0	21,224,490
Improvements		10,418,423	21,507,934	234,742	32,161,099
Equipment and vehicles		747,764	976,414	139,328	1,863,506
Accumulated depreciation		(5,836,171)	(12,636,594)	(267,841)	(18,740,606)
Total noncurrent assets		16,919,694	19,514,566	324,901	36,759,161
Total assets	$	17,653,917	20,297,587	541,282	38,492,786
Liabilities:					
Current liabilities:					
Accounts payable	$	28,123	38,035	6,012	72,170
Construction payable		0	132,192	0	132,192
Due to other funds		930,883	405,240	0	1,336,123
Accrued payroll and related expenses		13,600	17,580	9,786	40,966
Deferred revenue		5,420	0	0	5,420
Accrued interest payable		34,055	15,713	0	49,768
Capital leases - current portion		4,498	13,045	0	17,543
Bonds payable - current portion		435,519	596,715	0	1,032,234
Total current liabilities		1,452,098	1,218,520	15,798	2,686,416
Noncurrent liabilities:					
Capital leases - long-term portion		31,665	91,827	0	123,492
Bonds payable - long-term portion		7,390,423	8,015,936	192,500	15,598,859
Accrued compensated absences		43,875	44,822	15,112	103,809
Total noncurrent liabilities		7,465,963	8,152,585	207,612	15,826,160
Total liabilities		8,918,061	9,371,105	223,410	18,512,576
Net assets:					
Invested in capital assets, net of related debt		9,355,089	11,067,351	324,901	20,747,341
Restricted		0	0	41,170	41,170
Unrestricted (deficit)		(619,233)	(140,869)	(48,199)	(808,301)
Total net assets		8,735,856	10,926,482	317,872	19,980,210
Total liabilities and net assets	$	17,653,917	20,297,587	541,282	38,492,786

See accompanying notes to financial statements.

CITY OF MONTPELIER, VERMONT
Statement of Revenues, Expenses
and Change in Fund Net Assets
Proprietary Funds
For the Year Ended June 30, 2011

	Water Fund	Sewer Fund	Parking Fund	Total
Operating revenues:				
Charges for services	$ 2,275,059	3,334,207	669,645	6,278,911
Interest and penalties	23,920	22,877	0	46,797
Miscellaneous	23,895	21,841	0	45,736
Total Operating Revenues	2,322,874	3,378,925	669,645	6,371,444
Operating expenses:				
Administration	439,465	371,765	0	811,230
Supplies and treatment	483,195	1,466,875	0	1,950,070
Wastewater management	0	83,247	0	83,247
Distribution system	384,747	0	0	384,747
Collection system	0	405,624	0	405,624
Delinquent collection	18,916	19,013	0	37,929
Meter operations	57,235	0	0	57,235
Private sewer system maintenance	0	6,397	0	6,397
Parking enforcement	0	0	434,848	434,848
Parking lot leases	0	0	85,578	85,578
Parking lot maintenance	0	0	122,628	122,628
Depreciation expense	529,980	649,096	15,170	1,194,246
Total operating expenses	1,913,538	3,002,017	658,224	5,573,779
Net operating income	409,336	376,908	11,421	797,665
Nonoperating revenues (expenses):				
Interest expense	(433,614)	(181,729)	(12,514)	(627,857)
Capital grants	0	435,646	0	435,646
Bad debt expense	(5,900)	0	0	(5,900)
Treatment Plant Flood Impairment Loss	0	(12,466)	0	(12,466)
Transfers from other funds	300	0	0	300
Transfers to other funds	0	0	(10,000)	(10,000)
Total nonoperating revenues (expenses)	(439,214)	241,451	(22,514)	(220,277)
Change in net assets	(29,878)	618,359	(11,093)	577,388
Net assets - July 1, 2010	8,765,734	10,308,123	328,965	19,402,822
Net assets - June 30, 2011	$ 8,735,856	10,926,482	317,872	19,980,210

See accompanying notes to financial statements.

Exhibit I

CITY OF MONTPELIER, VERMONT
Statement of Cash Flows
Proprietary Funds
For the Year Ended June 30, 2011

	Water Fund	Sewer Fund	Parking Fund	Total
Cash flows from operating activities:				
Receipts from customers and users	$ 2,266,319	3,174,046	624,937	6,065,302
Receipts from interfund services	0	0	24,996	24,996
Payments to suppliers	(395,408)	(1,137,772)	(177,538)	(1,710,718)
Payments for interfund services	(366,172)	(498,713)	(51,630)	(916,515)
Payments for wages and benefits	(593,044)	(784,980)	(413,044)	(1,791,068)
Net cash provided by operating activities	911,695	752,581	7,721	1,671,997
Cash Flows from Noncapital Financing Activities:				
Decrease (increase) in due from other funds	0	0	43,466	43,466
(Decrease) increase in due to other funds	(22,386)	(150,362)	0	(172,748)
Proceeds from general obligation bonds	0	320,739	0	320,739
Transfers received from other funds	300	0	0	300
(Decrease) increase in accrued interest	331	4,610	0	4,941
Transfers paid to other funds	0	0	(10,000)	(10,000)
Interest payments on interfund balances	(21,594)	(13,451)	0	(35,045)
Net cash provided by (used in) noncapital financing activities	(43,349)	161,536	33,466	151,653
Cash flows from capital and related financing activities:				
Acquisition of capital assets	(31,506)	(471,858)	(28,673)	(532,037)
Receipts from capital grants	0	435,646	0	435,646
Receipts from note receivable	0	0	0	0
Principal payments on general obligation bonds and leases	(424,820)	(709,627)	0	(1,134,447)
Interest payments on general obligation bonds and leases	(412,020)	(168,278)	(12,514)	(592,812)
Net cash used in capital and related financing activities	(868,346)	(914,117)	(41,187)	(1,823,650)
Net Increase in Cash	0	0	0	0
Cash - July 1, 2010	0	0	50	50
Cash - June 30, 2011	$ 0	0	50	50
Adjustments to reconcile operating income to net cash provided by operating activities:				
Net operating income	$ 409,336	376,908	11,421	797,665
Depreciation expense	529,980	649,096	15,170	1,194,246
Decrease (increase) in accounts receivable	(57,984)	(204,879)	(19,712)	(282,575)
Decrease (increase) in prepaid expenses	0	0	(4,516)	(4,516)
Decrease (increase) in inventory	22,624	16,902	0	39,526
(Decrease) increase in accounts payable	(266)	(89,115)	1,972	(87,409)
(Decrease) increase in accrued payroll	1,632	1,491	2,772	5,895
(Decrease) increase in deferred revenue	1,429	0	0	1,429
(Decrease) increase in accrued vacation	4,944	2,178	614	7,736
Net cash provided by operating activities	$ 911,695	752,581	7,721	1,671,997

Non-cash transactions:

The Water Fund incurred a $5,900 bad debt expense.
The Sewer Fund incurred a $12,466 waste water plant flood impairment loss.

See accompanying notes to financial statements.

The City of Montpelier, Vermont (City) was chartered on March 5, 1895 and operates under a Council-Manager form of government. The City provides the following services as authorized by its charter: public safety (police and fire), highways and streets, culture and recreation, community development, cemetery, public improvements, water, sewer, parking and general administrative services.

1. Summary of Significant Accounting Policies

The accounting policies adopted by the City of Montpelier, Vermont conform to generally accepted accounting principles (GAAP) as applicable to governmental entities. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing accounting and financial reporting principles. The following is a summary of the more significant accounting policies employed in the preparation of these financial statements.

1.a. The Financial Reporting Entity

This report includes all of the funds of the City of Montpelier, Vermont. The reporting entity consists of the primary government; organizations for which the primary government is financially accountable; and other organizations for which the nature and significance of their relationship with the primary government are such that their exclusion would cause the reporting entity's financial statements to be misleading or incomplete. Component units are legally separate organizations for which the elected officials of the primary government are financially accountable. The primary government is financially accountable if it appoints a voting majority of the organization's governing body and it is able to impose its will on that organization or there is a potential for the organization to provide specific financial benefits to or burdens on the primary government. The primary government may be financially accountable if an organization is fiscally dependent on the primary government. Based on the aforementioned criteria, the City has one component unit, The Green Mountain Cemetery Commission. Although legally separate, the Commission is blended as a governmental non-major fund into the primary government. Separate financial statements for the Commission are not issued.

The Montpelier Public School System is a department of the City of Montpelier, Vermont authorized by Title VI of the City Charter. The School System operates under its separately elected Board of School Commissioners who appoint a Superintendent and provides education services. The School System also manages the Montpelier Recreation Department. The Montpelier Public School System is considered a primary government for financial reporting purposes in accordance with the standards set forth in Governmental Accounting Standards Board statement No. 14, "Defining the Financial Reporting Entity". This standard is based on the concept that financial reporting by a local government should report the accountability of elected officials for organizations under their control. Although the Montpelier Public School System is referred to as a department in the charter of the City of Montpelier, it meets the three criteria set forth in the standard for determining a primary government.

Those criteria are:

a) It has a separately elected governing body. The voters of the City of Montpelier elect a board of seven School Commissioners who are charged with the exclusive management and control of the public schools and all school property of the City. Vacancies in the Board of School Commissioners are filled by the remaining members of the Board of School Commissioners.

(continued)

1. Summary of Significant Accounting Policies (continued)
1.a. The Financial Reporting Entity (continued)

b) It is legally separate as defined in the standard. The Montpelier Public School System possesses the corporate powers that would distinguish it as being legally separate including the capacity to have its own name, the right to sue and be sued in its own name without recourse to the City of Montpelier, and the right to buy, sell, lease and mortgage property in its name, subject to the approval of the voters. The Board of School Commissioners have all the powers of a Vermont town school district except the power to call elections or take property.

c) It is fiscally independent of other state and local governments. All monies received by the Montpelier Public School System from tuition and other sources, and all funds received from the issuance of bonds or notes authorized by the voters of the City of Montpelier for school purposes are restricted for school purposes. The Montpelier Public School System determines its own budget (the City has a ministerial approval power over the budget but does not have the authority to modify the budget), has its own tax appropriation approved by the voters of the City of Montpelier and sets rates or charges for tuition and other services without approval of any other government. As is the case in Vermont municipalities generally, issuance of bonded debt is subject to the approval of the voters.

The City Council of the City of Montpelier has a ministerial power in the that the School Board must submit its request for debt to the City Council which is required to submit it to the voters for approval. No financial burden or benefit accrues to the City of Montpelier from the Montpelier Public School System.

Additionally, under state law, the laws governing education and regulations of the State Board of Education apply to all school districts unless otherwise specifically provided for in the charter of a City. Under Vermont law, school districts are considered separate legal entities from other municipal governments which exist in the same geographic boundaries and have the same voters.

1.b. Basis of Presentation

The accounts of the City are organized and operated on the basis of fund accounting. A fund is an independent fiscal and accounting entity with a separate set of self-balancing accounts which comprise its assets, liabilities, fund equity, revenues, and expenditures or expenses, as appropriate. Government resources are allocated to and accounted for in individual funds based upon the purposes for which they are spent and the means by which spending activities are controlled.

The basic financial statements of the City include both government-wide statements and fund financial statements. The focus of the government-wide statements is on reporting the operating results and financial position of the City as a whole and presents a longer-term view of the City's finances. The focus of the fund financial statements is on reporting on the operating results and financial position of the most significant funds of the City and presents a shorter-term view of how operations were financed and what remains available for future spending.

Government-wide Statements: The statement of net assets and the statement of activities display information about the primary government, the City. These statements include the financial activities of the overall government. Eliminations have been made to minimize the double counting of activities between funds. These statements distinguish between the governmental and business-type activities of the City. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties.

(continued)

1. Summary of Significant Accounting Policies (continued)

1.b. Basis of Presentation (continued)

The statement of activities presents a comparison between direct expenses and program revenues for each function of the City's governmental activities and for each segment of the City's business-type activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Program revenues include (a) charges paid by the recipients of goods or services offered by the programs and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

Fund Financial Statements: The fund financial statements provide information about the City's funds. Separate statements for each fund category, governmental and proprietary are presented. The emphasis of fund financial statements is on major governmental and enterprise funds, each displayed in a separate column. All remaining governmental and proprietary funds are aggregated and reported as nonmajor funds.

The City reports on the following major governmental funds:

General Fund - This is the main operating fund of the City. It is used to account for all financial resources except those required to be accounted for in another fund.

Community Development Fund - This Fund is used to account for the Community Development grant and loan programs throughout the City.

Capital Projects Fund - This Fund is used to account for major capital project activities by the City.

The City reports on the following major enterprise funds:

Water Fund – This fund accounts for the operations of the Water Department.

Sewer Fund – This Fund accounts for the operations of the Sewer Department.

Parking Fund – This fund accounts for the operations of parking activities.

Proprietary fund operating revenues, such as charges for services, result from exchange transactions associated with the principal activity of the fund. Exchange transactions are those in which each party receives and gives up essentially equal values. Nonoperating revenues, such as subsidies and investment earnings, result from nonexchange transactions or ancillary activities.

1.c. Measurement Focus

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. Government-wide and proprietary fund financial statements are reported using the economic resources measurement focus. This means that all assets and liabilities associated with the operation of these funds (whether current or noncurrent) are included on the balance sheet (or statement of net assets). Equity (i.e., net total assets) is segregated into invested in capital assets, net of related debt; restricted net assets; and unrestricted net assets. Operating statements present increases (i.e., revenues) and decreases (i.e., expenses) in net total assets.

(continued)

1. Summary of Significant Accounting Policies (continued)

1.c. Measurement Focus (continued)

Governmental fund financial statements are reported using the current financial resources measurement focus. This means that only current assets and current liabilities are generally reported on their balance sheets. Their reported fund balances (net current assets) are considered a measure of available spendable resources, and are segregated into restricted, committed, assigned and unassigned amounts. Operating statements of these funds present increases (i.e., revenues and other financing sources) and decreases (i.e., expenditures and other financing uses) in net current assets. Accordingly, they are said to present a summary of sources and uses of available spendable resources during a period.

1.d. Basis of Accounting

Basis of accounting refers to when revenues and expenditures or expenses are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied.

The government-wide and proprietary fund financial statements are reported using the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time the liabilities are incurred, regardless of when the related cash flow takes place. Nonexchange transactions, in which the City gives (or receives) value without directly receiving (or giving) equal value in exchange, include taxes, grants, entitlements, and donations. On the accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

Governmental funds are reported using the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. "Measurable" means the amount of the transaction can be determined, and "available" means the amount is collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. The City considers all revenues reported in governmental funds to be available if the revenues are collected within sixty days after year-end. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, certain compensated absences and other long-term liabilities which are recognized when the obligations are expected to be liquidated or are funded with expendable available financial resources.

General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

Under the terms of grant agreements, the City funds certain programs by a combination of specific cost-reimbursement grants and general revenues. Thus, when program expenses are incurred, there are both restricted and unrestricted net assets available to finance the program. It is the City's policy to first apply cost-reimbursement grant resources to such programs, followed by general revenues. Expenditure driven grants are recognized as revenue when the qualifying expenditures have been incurred and other grant requirements have been met.

The government-wide and proprietary fund financial statements follow Financial Accounting Standards Board (FASB) Statements and Interpretations issued on or before November 30, 1989; Accounting Principles Board (APB) Opinions; and Accounting Research Bulletins, unless those pronouncements conflict with GASB pronouncements. As permitted under Statement of Governmental Accounting Standards No. 20, the City has elected not to apply FASB Standards issued after November 30, 1989.

(continued)

1. Summary of Significant Accounting Policies (continued)

1.e. Use of Estimates

The presentation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

1.f. Assets, Liabilities and Equity

Cash

The City considers all short-term investments of ninety (90) days or less to be cash equivalents. Additionally, each fund's equity in the City's investment pool is treated as a cash equivalent because the funds can deposit or effectively withdraw cash at any time without prior notice or penalty.

Investments

The City invests in investments as allowed by State statute and the City Council's investment policy. Investments with readily determinable fair values are reported at their fair values on the financial statements. Unrealized gains and losses are included in revenue.

Receivables

The City utilizes the allowance method for uncollectible accounts. The estimated losses are based on the judgment of management and a review of the current status of existing receivables.

Internal Balances

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the non-current portion of interfund loans). All other outstanding balances between funds are reported as "due to/from other funds". Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances".

Advances between funds, as reported in the fund financial statements, are offset by a fund balance reserve in applicable governmental funds to indicate that they are not available for appropriation and are not expendable available financial resources.

Inventories and Prepaid Expenses

Inventories are determined by physical count and valued at the lower of cost (first-in, first-out) or market. Inventories in the General and Proprietary Funds consist of expendable supplies held for consumption.

Certain payments to vendors reflect costs that are applicable to future accounting periods and are recorded as prepaid expenses.

Reported inventories, and prepaid expenses of governmental funds in the fund financial statements are offset by a fund balance reserve which indicates that they do not constitute available expendable resources even though they are a component of net current assets.

(continued)

1. Summary of Significant Accounting Policies (continued)
1.f. Assets, Liabilities and Equity (continued)
Capital Assets
Capital assets are reported at actual cost or estimated historical cost based on appraisals or deflated current replacement cost if purchased or constructed. Contributed assets are recorded at their estimated fair value at the time received. Major outlays for capital assets and improvements are capitalized as constructed. Interest incurred during the construction phase for proprietary fund capital assets is reflected in the capitalized value of the asset constructed, net of any interest earned on the invested proceeds during the same period. Interest is not capitalized during the construction phase of capital assets used in governmental activities. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend the assets' lives are not capitalized. Infrastructure assets are reported starting with fiscal year ending June 30, 2004. The City has elected to not report major general infrastructure assets retroactively. Infrastructure assets include roads, bridges, underground pipe (other than related to utilities), traffic signals, etc.

Capital assets reported in the government-wide and proprietary fund financial statements are depreciated in order that the cost of these assets will be charged to expenses over their estimated service lives, generally using the straight-line method of calculating depreciation.

Capitalization thresholds (the dollar values above which asset acquisitions are added to the capital asset accounts) and estimated useful lives of capital assets are as follows:

	Capitalization Threshold	Estimated Service Life
Land	$5,000	N/A
Buildings	$5,000	40-100 years
Building Improvements	$5,000	20-75 years
Improvements	$5,000	15-75 years
Equipment and Vehicles	$5,000	5-20 years
Infrastructure	$5,000	10-25 years

Capital assets are not reported in the governmental fund financial statements. Capital outlays in these funds are recorded as expenditures in the year they are incurred.

Compensated Absences
It is the policy of the City of Montpelier, Vermont to permit employees to accumulate earned but unused vacation benefits. The accrual for unused compensated absences time, based on current pay rates, is recorded in the government-wide and proprietary fund financial statements. The liability for unused compensated absences is not reported in the governmental type financial statements. Payments for unused compensated absences are recorded as expenditures in the year they are paid. Unused sick days may be accumulated to use in the following year, but sick days are not accrued since they are not paid when the employee terminates employment.

(continued)

1. Summary of Significant Accounting Policies (continued)
1.f. Assets, Liabilities and Equity (continued)
Long-term Liabilities
Long-term liabilities include notes and bonds payable and other obligations such as compensated absences. Long-term liabilities are reported in the government-wide and proprietary fund financial statements. Governmental fund type financial statements do not include any long-term liabilities as those statements use the current financial resources measurement focus and generally only include current assets and liabilities on their balance sheets.

Fund Equity
Fund balances and net assets are classified based upon any restrictions that have been placed on those balances or any tentative plans management may have made for those balances. GASB Statement 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, which became effective with these financial statements, changed how fund balances are classified. Under GASB Statement 54, fund balances are classified into five categories. Nonspendable fund balance consists of funds that are either not in spendable form or are legally or contractually required to be maintained intact. Restricted fund balances and net assets consists of funds that are mandated for a specific purpose by external parties, constitutional provisions or enabling legislation. Committed fund balances are amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the government's highest level of decision-making authority (the City Council). Assigned fund balances are amounts that are set aside with the intent to be used for a specific purpose by the City Council, a committee, or an official to which the governing body has delegated authority to assign amounts (the City Manager). Unassigned fund balances are available for future appropriations.

2. Explanation of Differences Between Governmental Fund and Government-wide Statements
Governmental Fund financial statements are presented using the current financial resources measurement focus and the modified accrual basis of accounting, while government-wide financial statements are presented using the economic resources measurement focus and the accrual basis of accounting. These differences in the measurement focus and basis of accounting lead to differences between the governmental fund financial statements and the government-wide financial statements as follows:

Long-term revenue differences arise because governmental funds report revenues only when they are considered "available", whereas government-wide statements report revenues when they occur. Long-term expense differences arise because governmental funds report expenditures (including interest) using the modified accrual basis of accounting, whereas government-wide statements report expenses using the accrual basis of accounting.

Capital-related differences arise because governmental funds report capital outlays as current period expenditures, whereas government-wide statements report depreciation as an expense. Further, governmental funds report the proceeds from the sale of capital assets as an other financing source, whereas government-wide statements report the gain or loss from the sale of capital assets as revenue.

Long-term debt transaction differences arise because governmental funds report proceeds of long-term debt as other financing sources and principal payments as expenditures, whereas government-wide statements report those transactions as increases and decreases in liabilities.

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3. Stewardship, Compliance and Accountability
3.a. Budgetary Information
During December of each year, the City Manager submits to the City Council a proposed operating budget for the fiscal year commencing the following July 1. The operating budget includes proposed expenditures and the means of financing them. In January, the Council finalizes a proposed budget to present to the City's residents. Public hearings are then conducted to obtain taxpayer comments.

Annually, on the first Tuesday in March, the voters authorize a specific sum of budgeted tax appropriation for the support of all City departments.

The City Manager is authorized to transfer budgeted amounts between departments within any fund; however, any revisions that alter the total expenditures of any fund must be approved by the City Council. There were no budget amendments during the year. The City budgets operating transfers between the Proprietary Funds and the General Fund as expenses in the Proprietary Funds and as operating transfers in the General Fund.

3.b. Excess of Expenditures Over Appropriations
For the year ended June 30, 2011, expenditures exceeded appropriations in the General Fund by $92,804. The overages were funded by excess revenues.

4. Detailed Notes on All Funds
4.a. Deposits and Investments

Cash - Deposits with Financial Institutions	$ 3,522,917
Cash on Hand	600
Total Cash	3,523,517
Investments - Certificates of Deposit	333,550
Money Market Mutual Funds	98,037
Government Bonds	42,213
Mutual Funds - Mixed Holdings	85,869
Mutual Funds - Bonds	517,365
Mutual Funds - Stocks	101,378
Corporate Stock	3,396
Total Investments	1,181,808
Total Cash and Investments	$ 4,705,325

Investment Policy
The City's investment policy is as follows:

All public funds (defined herein) shall be invested to achieve liquidity, security and return. Of the foregoing, it is the declared intention of the City Council to provide for security of investment, both principal and interest, as a priority.

(continued)

4. Detailed Notes on All Funds (continued)
4.a. Deposits and Investments (continued)
Investment Policy (continued)

Public funds shall be invested in accordance with the following schedule of priorities:

(a) Deposits insured by an agency of the federal government; provided, however, that up to $500,000 of uninsured public funds may be invested or deposited in any one state or federal banking institution which maintains offices in the City of Montpelier.

(b) Obligations of the United States, such as Treasury Notes.

(c) General obligations of the State of Vermont.

(d) General obligations of the several states.

(e) Securities fully insured by an agency of the United States, or fully collateralized by securities of the United States.

(f) Periodically, and at least every three years, the City Treasurer shall cause to be made a survey of all banking institutions maintaining offices in Washington County and whose services area includes the City of Montpelier. Each banking institution so surveyed will be required to submit a proposal to serve as the City's lead bank and as one of the City's depository banks. The City Treasurer, in concert with the City Council, shall designate annually a lead bank and one or more depository banks, and shall establish the banking service to be secured from each.

(g) In order to achieve investment liquidity, the City Treasurer shall be given thirty days advance notice of any requisition or warrant in excess of $50,000.

(h) The term "public funds" shall not include cash or credits held for the City's benefit as performance or completion.

(i) For investments that the City controls directly, no investment will be made in tobacco stocks. For investments in which the City has an advisory role or has a seat on an investment board or committee, or where the City is constrained in its action by statute or existing contract, the City and/or its representatives shall make their best effects to avoid investment of City funds in tobacco stocks, consistent with their fiduciary responsibilities.

Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. The City does not have any policy to limit the exposure to interest rate risk.

(continued)

4. Detailed Notes on All Funds (continued)
4.a. Deposits and Investments (continued)

Information about the sensitivity of the fair values of the City's investments to market interest rate fluctuations is provided by the following table that shows the distribution of the City's investments by maturity. Mutual funds are shown at their weighted average maturity (if available). The City's certificates of deposit are not subject to interest rate risk disclosure. Corporate stock is exempt from this analysis.

		Remaining Maturity (In Years)					
Investment Type		0-1	1-5	6-10	Data not Available	N/A	Total
Certificates of Deposit	$	0	0	0	0	333,550	333,550
Money Market Mutual Funds		98,037	0	0	0	0	98,037
Government Bonds		0	42,213	0	0	0	42,213
Mutual Funds - Mixed Holdings		0	0	0	85,869	0	85,869
Mutual Funds - Bonds		0	99,537	417,828	0	0	517,365
Mutual Funds - Stocks		0	0	0	0	101,378	101,378
Corporate Stock		0	0	0	0	3,396	3,396
	$	98,037	141,750	417,828	85,869	438,324	1,181,808

Credit Risk

Generally, credit risk is the risk than an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. The certificates of deposit and the corporate stock are exempt from this analysis. The mutual funds are open-ended and are therefore excluded from the credit risk analysis.

Concentration of Credit Risk

The City does not have any limitations on the amount that can be invested in any one issuer. There are no investments in any one issuer, other than certificates of deposit and mutual funds, that represent more than 5% of total investments.

Custodial Credit Risk

Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The custodial credit risk for investments is the risk that, in the event of failure of the counter-party (e.g. broker-dealer) to a transaction, a government will not be able to recover the value of its investments or collateral securities that are in possession of another party. The City's investments are held in its name and are not subject to custodial credit risk. The City does not have any policy to limit the exposure to custodial credit risk. The table below shows the custodial credit risk of the City's cash and certificates of deposits.

		Book Balance	Bank Balance
Insured by FDIC	$	778,488	772,603
Insured by Private Surety Bond		2,913,755	3,101,375
Uninsured, Uncollateralized		262,261	287,402
Total Deposits	$	3,954,504	4,161,380

(continued)

4. Detailed Notes on All Funds (continued)
4.a. Deposits and Investments (continued)
Custodial Credit Risk (continued)

The difference between the book and the bank balance is due to reconciling items such as deposits in transit and outstanding checks. Due to higher cash flow at certain times during the year, the amounts of uninsured, uncollateralized cash was much higher than at year end.

Deposits are comprised of the following:

Cash – Deposits with Financial Institutions	$ 3,522,917
Investments – Certificate of Deposits	333,550
Investments – Money Market Funds	98,037
Total	$ 3,954,504

4.b. Receivables

Receivables at June 30, 2011, as reported in the statement of net assets, net of applicable allowances for uncollectible accounts, are as follows:

	Governmental Activities	Business-Type Activities	Total
Taxes, Penalties and Interest	$ 141,146	0	141,146
Ambulance	528,312	0	528,312
Parking Tickets	0	227,763	227,763
Accounts Receivable	156,871	224,868	381,739
Grants	622,859	9,468	632,327
Billed Services	0	166,696	166,696
Unbilled Services	0	1,068,944	1,068,944
Other Receivables	29,522	0	29,522
Allowance for Doubtful Accounts	(469,200)	(193,900)	(663,100)
	$ 1,009,510	1,503,839	2,513,349

4.c. Loans Receivable

Governmental Activities:

There are approximately 90 loans to residents, businesses, and non-profit organizations that were funded with various community development grants and loans. The largest outstanding balance is approximately $600,000 and there are four other loans with balances over $100,000. The terms of the loans vary depending on the type of the loan allowed per the grant agreements. Interest rates vary between 0% and 8%.	$ 2,760,549
Notes receivable, six (6) housing loans, 0% interest, due upon any conveyance or transfer of condominium units.	164,000
Total	2,924,549
Less allowance for doubtful loans	(1,946,459)
	$ 978,090

(continued)

4. Detailed Notes on All Funds (continued)
4.c. Loans Receivable (continued)
Changes in loans receivable for the year ended June 30, 2011 were as follows:

Beginning Balance	Additions	Deletions	Ending Balance
$ 3,023,926	12,500	111,877	2,924,549

4.d. Note Receivable
A loan of $443,000 was made by the General Fund to Connor Brothers with monthly payments of $2,889 beginning January 1, 2001 through October 1, 2015 with one final principal payment on November 1, 2015 of $35,000 with interest at 2.7%. The balance of the loan on June 30, 2011 was $177,847. This loan is secured by a building. The current principal due over the next twelve months is $30,299.

4.e. Capital Assets
Capital assets activity for the year ended June 30, 2011 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental Activities				
Capital assets, not being depreciated:				
Land	$ 922,050	0	180,000	742,050
Construction in progress	1,650,472	467,944	1,024,363	1,094,053
Total capital assets, not being depreciated	2,572,522	467,944	1,204,363	1,836,103
Capital assets being depreciated:				
Buildings and building improvements	6,965,513	156,326	0	7,121,839
Vehicles and equipment	5,151,186	231,240	170,937	5,211,489
Infrastructure	8,859,520	1,798,283	0	10,657,803
Totals	20,976,219	2,185,849	170,937	22,991,131
Less accumulated depreciation for:				
Buildings and building improvements	2,015,728	174,413	0	2,190,141
Vehicles and equipment	2,691,121	414,328	154,299	2,951,150
Infrastructure	724,644	366,411	0	1,091,055
Totals	5,431,493	955,152	154,299	6,232,346
Total capital assets, being depreciated	15,544,726	1,230,697	16,638	16,758,785
Governmental activities capital assets, net	$ 18,117,248	1,698,641	1,221,001	18,594,888

(continued)

4. *Detailed Notes on All Funds (continued)*
4.e. *Capital Assets (continued)*

		Beginning Balance	Increases	Decreases	Ending Balance
Business-Type Activities					
Capital assets, not being depreciated:					
Land	$	250,672	0	0	250,672
Construction in progress		231,722	435,861	667,583	0
Total capital assets, not being depreciated		482,394	435,861	667,583	250,672
Capital Assets Being Depreciated:					
Buildings		21,267,243	152,648	195,401	21,224,490
Improvements		31,477,406	683,693	0	32,161,099
Equipment and vehicles		1,783,440	80,066	0	1,863,506
Total capital assets, being depreciated		54,528,089	916,407	195,401	55,249,095
Less accumulated depreciation for:					
Buildings		4,332,816	411,299	30,287	4,713,828
Improvements		12,371,466	663,702	0	13,035,168
Equipment and vehicles		872,365	119,245	0	991,610
Totals		17,576,647	1,194,246	30,287	18,740,606
Total capital assets, being depreciated		36,951,442	(277,839)	165,114	36,508,489
Business-type activities capital assets, net	$	37,433,836	158,022	832,697	36,759,161

Depreciation was charged as follows:

Governmental Activities:		
General Government	$	131,520
Public Safety		218,563
Public Works		588,790
Culture and Recreation		6,927
Cemetery		9,352
	$	955,152

Business - Type Activities:		
Water	$	529,980
Sewer		649,096
Parking		15,170
	$	1,194,246

During the fiscal year ended June 30, 2011, the Sewer Treatment Plant was damaged by flooding. The plant had a net book value of $7,524,295, an expected restoration cost of $267,555 and insurance proceeds of $152,648 were received in the current fiscal year. The current year net loss of $12,466 is reported as a capital asset impairment on the Statement of Revenues, Expenses and Changes in Fund Net Assets. Additional insurance proceeds will be received subsequent to June 30, 2011.

(continued)

4. Detailed Notes on All Funds (continued)

4.f. Interfund Receivables, Payables and Transfers

The composition of interfund balances at June 30, 2011 is as follows:

Fund	Receivable Fund	Payable Fund
General Fund	$ 0	762,286
Community Development Fund	0	8,550
Capital Projects Fund	1,995,515	0
Other Governmental Funds	502,316	539,248
Water Fund	0	930,883
Sewer Fund	0	405,240
Parking Fund	148,376	0
Total due to/from other funds	$ 2,646,207	2,646,207

Interfund transfers during the year ended June 30, 2011 were as follows:

Transfer From	Transfer To	Amount	Purpose
General Fund	Capital Projects Fund	$ 445,332	Budgetary Authorization
General Fund	Green Mount Cemetery Fund	115,445	Budgetary Authorization
General Fund	Montpelier Parks Commission	104,383	Budgetary Authorizations
General Fund	Montpelier Events Fund	11,000	Budgetary Authorization
General Fund	Montpelier Housing Trust Fund	26,000	Transfer Reserves and Budgetary Authorizations
Community Development Fund	Capital Projects Fund	131,577	Grant Funds Transfer
Community Development Fund	Capital Projects Fund	25,200	Board Authorized Transfer
Senior Center Fund	Capital Projects Fund	16,722	Board Authorized Transfer
Capital Projects Fund	MontpelierNet Fund	2,134	Close MontpelierNet Fund
Expendable Cemetery Trust Fund	Green Mount Cemetery Fund	27,000	Budgetary Authorization
Non-Expendable Cemetery Trust Fund	Expendable Cemetery Trust Fund	55,712	Interest Income Transfer
Montpelier Parks Commission Fund	Water Fund	300	Budgetary Authorization
Hubbard Park Trust Fund	Montpelier Parks Commission Fund	156	Interest Income Transfer
Parking Fund	Green Mount Cemetery Fund	10,000	Budgetary Authorization
Total		$ 970,961	

4.g. Deferred Revenue

Deferred Revenue in the General Fund consists of $25,000 of grant revenue received in advance, $91,314 of delinquent taxes, $41,260 of ambulance revenue and $24,919 of grant receivables not collected within sixty (60) days after year-end as these would not be available to liquidate current liabilities. Total Deferred Revenue in the General Fund is $182,493.

Deferred Revenue in the Community Development Fund consists of $796,709 of loans receivable not collected within sixty (60) days after year-end as these would not be available to liquidate current liabilities.

Deferred Revenue in the Capital Projects Fund consists of $364,655 of grant receivables not collected within sixty (60) days after year-end as these would not be available to liquidate current liabilities.

(continued)

4. Detailed Notes on All Funds (continued)

4.g. Deferred Revenue (continued)

Deferred Revenue in the Other Governmental Funds consists of $17,059 of grant receivables and $164,000 of loans receivable that were not collected within sixty (60) days after year-end as these would not be available to liquidate current liabilities. Total Deferred Revenue in the Other Governmental Funds is $181,059.

Deferred Revenue in the Water Fund consists of $5,420 of water usage overpayments.

4.h. Long-term Liabilities

The City issues general obligation bonds to provide funds for the acquisition and construction of major capital facilities and for the payment of a prior pension liability. General obligation bonds have been issued for general governmental and proprietary activities. Bonds are reported in governmental activities if the debt is expected to be repaid from general governmental revenues.

General obligation bonds are direct obligations and pledge the full faith and credit of the City. New bonds generally are issued as 10 to 20 year bonds.

The City has other notes payable to finance various capital projects through local banks.

The City enters into lease agreements as lessee for the purpose of financing the acquisition of major pieces of equipment. These lease agreements qualify as capital lease obligations for accounting purposes (even through they may include clauses that allow for cancellation of the lease in the event the City does not appropriate funds in future years) and, therefore, have been recorded at the present value of the future minimum lease payments as of the inception dates of the leases. Leases are reported in governmental activities if the debt is expected to be repaid from general governmental revenues and in business-type activities if the debt is expected to be repaid from proprietary fund revenues.

The State of Vermont offers a number of no-interest revolving loan programs to utilize for predetermined purposes. The City has borrowed money from the Vermont Special Environmental Revolving Fund for sewer projects.

The City received money from the Agency of Commerce and Community Development (ACCD) to provide Community Development Loans. The City annually pays back a portion based upon program income as defined in the agreement between the City and ACCD.

It is the policy of the City of Montpelier, Vermont to permit employees to accumulate earned but unused benefits. The accrual for unused compensated absences time, based on current pay rates, is recorded in the government-wide financial statements and proprietary fund financial statements.

Long-term liabilities outstanding as of June 30, 2011 were as follows:

Governmental Activities

Berlin Street reconstruction bond, various interest rates (6.6% - 7.0%), to Vermont Municipal Bond Bank, refunded by the Vermont Municipal Bond Bank August 2, 1995 from 1991 Series 1 to 1995 Series 1 and 2, principal payable in annual installments of $10,000 to December 1, 2005, and $5,000 from December 1, 2006 to December 1, 2011.	$	5,000

(continued)

4. Detailed Notes on All Funds (continued)
4.h. Long-term Liabilities (continued)

Retaining walls bond, net interest rate 5.676%, to Vermont Municipal Bond Bank, $5,000 principal payments due annually from December 1, 1997 to December 1, 2016.	$	30,000
Fire station improvement bond, net interest rate 5.029%, to Vermont Municipal Bond Bank, $40,000 principal payments due annually from December 1, 1998 to December 1, 2007, $35,000 from December 1, 2008 to December 1, 2017.		245,000
Bridge improvement bond, net interest rate 5.033%, to Vermont Municipal Bond Bank, $35,000 principal payments due annually from December 1, 1998 to December 1, 2013, $30,000 from December 1, 2014 to December 1, 2017.		225,000
Fire truck bond, net interest at 4.08% , to Vermont Municipal Bond Bank, $30,000 principal payments due annually December 1, 1999 to December 1, 2002, $25,000 from December 1, 2003 to December 1, 2013.		75,000
Retaining wall bond, net interest at 4.789%, to Vermont Municipal Bond Bank,$50,000 principal payments due annually from December 1,1999 to December 1, 2003, $45,000 from December 1, 2004 to December 1, 2018.		360,000
Library bond, various interest rates (4.344% - 5.644%), to Vermont Municipal Bond Bank, $30,000 principal due annually from December 1, 2001 to December 1, 2020.		300,000
Bike path lighting project bond, interest at 4.67%, to Vermont Municipal Bond Bank, $20,000 principal due annually, due in December 2021.		220,000
Montpelier Police Station bond, various interest rates (4.344% - 5.644%), to Vermont Municipal Bond Bank, $75,000 principal due annually from December 1, 2001 to December 1, 2014, $70,000 from December 1, 2015 to December 1, 2020.		720,000
City Hall improvement bond, various interest rates (1.87% - 5.09%), to Vermont Municipal Bond Bank, $45,000 principal due annually from December 1, 2005 to December 1, 2014, $40,000 principal due from December 1, 2015 to December 1, 2024.		580,000

(continued)

4. Detailed Notes on All Funds (continued)
4.h. Long-term Liabilities (continued)

Honeywell Global Finance, LLC. Lease, for energy efficiency upgrades, interest at 4.53%, due in annual installments of principal and interest of $25,600 until February 1, 2009 then $26,890 until February 2010, then $30,431 until February 1, 2018, (61% of lease reported in Governmental Activities, 10% of lease reported in Water Fund and 29% reported in Sewer Fund), secured by equipment.	$	220,594
De Lage Landen Public Finance Lease, interest at 4.25% six annual payments of principal and interest of $10,993, due August 25, 2013, secured by vehicle.		30,363
City Hall/DPW improvement bond, various interest rates (3.835% - 4.665%) to Vermont Municipal Bond Bank, $45,000 principal due annually from December 1, 2007 to December 1, 2022, $40,000 due from December 1, 2023 and $35,000 due from December 1, 2024 to December 1, 2026.		685,000
Community National Bank Municipal Note, interest at 4.44%, annual payments of principal and interest of $11,392 due from April 2008 to April 2012, secured by excavator.		10,898
VMERS refunding bond, Vermont Municipal Bond Bank, interest rate at 6.501%, semi-annual interest only payments through May 15, 2017, principal payable starting November 15, 2017 in various annual installments increasing from $30,000 to $524,000 until November 15, 2032, (74.96% of bond reported in Governmental Activities, 8.35% reported in Water Fund, 11.29% reported in Sewer Fund and 5.40% reported in Parking Fund).		2,672,500
T.D. Equipment Finance Lease for ambulance, interest at 3.6%, annual payments of principal and interest of $39,873 due until June 1, 2015.		146,111
Sabins pasture/district heating/retaining walls/bridges improvement bond, various interest rates (1.391% to 4.981%) to Vermont Municipal Bond Bank, annual installments of $95,000 decreasing to $45,000 until November 15, 2029.		1,055,000
T.D. Equipment Finance Lease for grader, interest at 3.45%, annual payments of principal and interest of $38,163 due November 1, 2009 to November 1, 2013.		107,022
Total governmental activities bonds and notes payable	$	7,687,488

(continued)

4. Detailed Notes on All Funds (continued)
4.h. Long-term Liabilities (continued)
Business-type Activities

Water Fund

Water line improvement bond, various interest rates (3.865% - 4.665%) to Vermont Municipal Bond Bank, principal payments in annual installments of $105,519 decreasing to $80,195 until December 1, 2027.	$ 1,633,442
Water filtration system bond issued July 10, 1991 to Vermont Municipal Bond Bank, refunded by the Vermont Municipal Bond Bank August 2, 1995, from 1991 Series 1 to 1995 Series 1 and 2, net interest rate of 7.14%, interest payable June 1 and December 1, and principal payable in various annual installments increasing from $25,000 to $195,000 until December 1, 2021.	1,575,000
Vermont water system improvement bond refinanced July 2004 through the Vermont Bond Bank, various interest rates (1.87% - 5.09%),interest payable June 1 and December 1, and principal payable in various annual installments increasing from $145,000 to $310,000 until December 1, 2024.	3,230,000
Westside connector bond issued July 2004 to Vermont Municipal Bond Bank, interest rates (1.87% - 5.09%), interest payable June 1 and December 1, and principal payable in various annual installments increasing from $50,000 to $105,000 until December 1, 2024.	1,090,000
VMERS Refunding Bond, Vermont Municipal Bond Bank, interest rate at 6.501%, semi-annual interest only payments through May 15, 2017, principal payable starting November 15, 2017 in various annual installments increasing from $30,000 to $524,000 until November 15, 2032, (74.96% of bond reported in Governmental Activities, 8.35% reported in Water Fund, 11.29% reported in Sewer Fund and 5.40% reported in Parking Fund).	297,500
Honeywell Global Finance, LLC lease for energy efficient upgrades, interest at 4.53%, due in annual installments of principal and interest of $25,600 until February 1, 2009, then $26,890 until February 1,2010, then $30,431 until February 1, 2018, (61% of lease reported in Governmental Activities, 10% of lease reported in Water Fund and 29% reported in Sewer Fund), secured by equipment.	36,163
Total Water Fund bonds and leases payable	$ 7,862,105

Sewer Fund

Sewer system improvement bond, State of Vermont Special Revolving Loan Fund, 0% interest, annual principal payments of $22,049 until December 1, 2016.	$ 132,294

(continued)

4. Detailed Notes on All Funds (continued)
4.h. Long-term Liabilities (continued)

Sewer system improvement Bond, State of Vermont Special Revolving Loan Fund, 0% interest, annual principal payments of $38,856 until December 1, 2017.	$	271,989
Sewer system improvement bond, Vermont Municipal Bond Bank, net interest rate of 5.676%, annual principal of $30,000 until December 1, 2016.		180,000
Sewer system improvement bond, State of Vermont Special Revolving Loan Fund, 0% interest, annual principal payments of $14,156 until December 1, 2018.		113,249
Ultraviolet disinfection system bond issued July 2004 through the Vermont Municipal bond Bank, interest rates (1.87% - 5.09%), payable June 1 and December 1, and principal payable in various annual installments increasing from $55,000 to $105,000 until December 1, 2024.		1,145,000
Sewer system improvement bond, State of Vermont Special Revolving Loan Fund, 0% interest, annual principal payments of $35,497 until April 1, 2020.		319,473
Water treatment improvement bond, State of Vermont Special Revolving Loan Fund, 0% interest, annual principal payments of $174,171 until July 1, 2025.		2,438,392
Water treatment improvement bond, State of Vermont Special Revolving Loan Fund, 0% interest, annual principal payments of $13,807 until January 1, 2022.		151,878
Sewer system improvement bond, State of Vermont Special Revolving Loan Fund, 0% interest, annual principal payments of $26,456 until July 1, 2022.		291,014
Water treatment improvement bond, State of Vermont Special Revolving Loan Fund, 0% interest, annual principal payments of $34,432 until July 1, 2023.		413,183
Water treatment improvement bond, State of Vermont Special Revolving Loan Fund, 0% interest, annual principal payments payments of $28,100 until June 1, 2024.		365,296
Water treatment improvement bond, State of Vermont Special Revolving Loan Fund, 0% interest, annual principal payments of $25,785 starting in fiscal year 2007 for 20 years, during 2009 the loan was finalized and the repayment schedule was adjusted to annual principal payments of $34,710 until September 1, 2025.		520,646

(continued)

4. Detailed Notes on All Funds (continued)
4.h. Long-term Liabilities (continued)

Local share CSO bond, Vermont Municipal Bond Bank, various interest rates (2.80%-5.30%), annual principal payments of $40,000 until 2020 then annual principal payments of $35,000 until December 1, 2031.	$	780,000
River Street sewer line bond, Vermont Municipal Bond Bank, various interest rates (1.9% - 4.65%), principal payments of $20,000 until November 15, 2028.		360,000
VMERS refunding bond, Vermont Municipal Bond Bank, interest rate at 6.501%, semi-annual interest only payments through May 15, 2017, principal payable starting November 15, 2017 in various annual installments increasing from $30,000 to $524,000 until November 15, 2032, (74.96% of bond reported in Governmental Activities, 8.35% reported in Water Fund, 11.29% reported in Sewer Fund and 5.40% reported in Parking Fund).		402,500
Honeywell Global Finance, LLC lease for energy efficient upgrades, interest at 4.53%, due in annual installments of principal and interest of $25,600 until February 1, 2009, then $26,890 until February 1, 2010, then $30,431 until February 1, 2018, (61% of lease reported in Governmental Activities, 10% of lease reported in Water Fund and 29% reported in Sewer Fund), secured by equipment.		104,872
Sewer pump bond, Vermont Municipal Bond Bank, various interest rates (3.865% - 4.665%), principal payments in annual installments of $19,481, decreasing to $14,805 until December 1, 2027.		301,558
Sewer CSO/ultra violet bond, Vermont Municipal Bond Bank, interest rate 2%, due in annual installments of principal and interest of $26,064 until July 1, 2031.		426,179
Total Sewer Fund bonds and lease payable	$	8,717,523

Parking Fund

VMERS refunding bond, Vermont Municipal Bond Bank, interest rate at 6.501%, semi-annual interest only payments through May 15,2017, principal payable starting November 15, 2017 in various annual installments increasing from $30,000 to $524,000 until November 15, 2032, (74.96% of bond reported in Governmental Activities, 8.35% reported in Water Fund, 11.29% reported in Sewer Fund and 5.40% reported in Parking Fund).		192,500
Total Parking Fund bonds payable		192,500
Total Proprietary Funds bonds and leases payable	$	16,772,128

(continued)

4. Detailed Notes on All Funds (continued)
4.h. Long-term Liabilities (continued)

Changes in all long-term liabilities during the year were as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental Activities					
General Obligation Bonds	$ 7,632,500	0	(460,000)	7,172,500	460,000
Capital Leases	616,346	0	(112,256)	504,090	106,227
Notes Payable	21,329	0	(10,431)	10,898	10,898
ACCD Payable	12,023	0	(12,023)	0	0
Compensated Absences	280,011	40,933	0	320,944	0
Total Governmental Activities Long-Term Liabilities	$ 8,562,209	40,933	(594,710)	8,008,432	577,125
Business-type Activities					
General Obligation Bonds	$ 17,428,026	320,739	(1,117,672)	16,631,093	1,032,234
Capital Leases	157,810	0	(16,775)	141,035	17,543
Compensated Absences	96,073	7,736	0	103,809	0
Total Business-type Activities Long-Term Liabilities	$ 17,681,909	328,475	(1,134,447)	16,875,937	1,049,777

Compensated absences are paid by the applicable fund where the employee is charged.

Debt service requirements to maturity are as follows:

	Governmental Activities			Business-Type Activities		
Year Ending June 30	**Principal**	**Interest**	**Capital Leases**	**Principal**	**Interest**	**Capital Leases**
2012	$ 470,898	372,714	126,154	1,032,234	556,715	23,734
2013	450,000	353,158	126,155	1,069,774	536,731	23,734
2014	445,000	333,840	126,155	1,080,125	506,444	23,735
2015	415,000	314,703	76,998	1,110,483	474,583	23,734
2016	370,000	296,544	37,125	1,120,848	441,168	23,735
2017-2021	1,696,775	1,216,940	74,258	5,661,991	1,652,324	47,482
2022-2026	1,169,975	853,802	0	4,242,020	679,059	0
2027-2031	1,415,550	476,058	0	899,891	208,218	0
2032-2036	750,200	49,614	0	413,727	18,009	0
Less Amounts Representing Interest	0	0	(62,755)	0	0	(25,119)
Total	$ 7,183,398	4,267,373	504,090	16,631,093	5,073,251	141,035

(continued)

4. Detailed Notes on All Funds (continued)
4.h. Long-term Liabilities (continued)

The City has authorized, but has not issued long-term debt at June 30, 2011 as follows:

Purpose	Authorized	Amount
Transportation Center	March 2002	$ 800,000
District Heat System Bonds	June 14,2011	$ 2,000,000
District Heat System Loan	June 14, 2011	$ 750,000

The short-term debt activity during the year was as follows:

Beginning Balance	$	0
Proceeds of Tax Anticipation Note – General Fund		1,000,000
Repayment of Tax Anticipation Note – General Fund		(1,000,000)
Ending Balance	$	0

The tax anticipation note had an interest rate of 1.84% and was paid in October 2010.

Subsequent to year end, the City issued a $1,800,000 tax anticipation note.

4.i. Restricted, Committed and Assigned Fund Balances/Net Assets

The restricted fund balances/net assets of the City as of June 30, 2011 consisted of the following:

		Balance June 30, 2011
Governmental Funds		
General Fund:		
Act 60 Reappraisal - State Statute	$	34,420
Records Restoration - State Statute		47,541
Park Impact Fees - State Statute		23,876
Drug Seizure		4,814
Total General Fund	$	110,651
Community Development Fund:		
Community Development Grant Funds	$	225,477
Total Community Development Fund	$	225,477
Capital Projects Fund:		
Traffic Impact Fees	$	12,800
Bond Proceeds		804,093
Total Capital Projects Fund	$	816,893

(continued)

4. Detailed Notes on All Funds (continued)
4.i. Restricted, Committed and Assigned Fund Balances/Net Assets (continued)

	Balance June 30, 2011
Other Governmental Funds:	
Special Revenue Funds:	
Montpelier Events Fund - Donations	$ 5,001
Montpelier Events Fund - Grants	14,701
Total Montpelier Events Fund	$ 19,702
Montpelier Foundation - Donations	156,798
Montpelier Senior Center - Donations	338,170
Total Special Revenue Funds	$ 514,670
Permanent Funds:	
Hubbard Park Trust	$ 14,620
Expendable Cemetery Trust	343,352
Total	$ 357,972
Total other governmental funds	$ 872,642
Total restricted fund balances - governmental funds	$ 2,025,663

The committed fund balances/net assets of the City as of June 30, 2011 consisted of the following:

	Balance June 30, 2011
Governmental Funds	
Major Funds:	
Community Development Fund:	
Committed for MBL Program	$ 49,013
Committed for HPG Program	109,542
Total Community Development Fund	$ 158,555
Other Governmental Funds:	
Special Revenue Funds:	
Committed for Montpelier Park Commission	$ 13,362
Committed for Conservation Fund	34,913
Committed for Montpelier Housing Trust Fund	105,629
Total Special Revenue Funds	$ 153,904
Total committed fund balances - governmental funds	$ 312,459

(continued)

4. Detailed Notes on All Funds (continued)

4.i. Restricted, Committed and Assigned Fund Balances/Net Assets (continued)

The assigned fund balances/net assets of the City as of June 30, 2011 consisted of the following:

		Balance June 30, 2011
Governmental Funds:		
Major Funds:		
General Fund:		
Assigned for Fire Revenue Reserve	$	20,786
Assigned for Computer Equipment		19,858
Assigned for Equipment Reserve		76,026
Total General Fund	$	116,670
Community Development Fund:		
Assigned for Community Development Purposes	$	38,055
Total Community Development Fund	$	38,055
Capital Projects Fund:		
Assigned for Future Projects	$	88,439
Assigned for Flood Mitigation-Phase II Project		275,848
Assigned for Senior Center Renovations		788,092
Total Capital Projects Fund	$	1,152,379
Other Governmental Funds:		
Special Revenue Funds:		
Montpelier Events Fund - Appropriations	$	15,288
Total Special Revenue Funds	$	15,288
Total assigned fund balances - governmental funds	$	1,322,392

The restricted net assets of the City (government-wide statements) as of June 30, 2011 consisted of the following:

Governmental Activities:		
Restricted by State Statute - Impact Fees	$	36,676
Restricted by State Statute – Other		81,961
Restricted by Donors		504,783
Restricted by Trust Agreements - Non-Expendable		372,693
Restricted by Trust Agreements - Expendable		343,352
Restricted by Community Development Loan/Grant Agreements		978,090
Total Governmental Activities:		2,317,555
Business-Type Activities:		
Restricted by Impact Fees Statute		41,170
Total Business-Type Activities		41,170
Total Restricted Net Assets	$	2,358,725

5. Other Information

5.a. Benefit Plans

All eligible employees of the City are covered under the State of Vermont Municipal Employees' Retirement Plan. The Plan requires that both the City and employees contribute to the Plan which provides retirement, disability and death benefits. The City has elected to participate in two (2) plans, Plan B and Plan C, which require all eligible employees to contribute 4.5% and 9%, respectively, of gross wages while the City contributes 5% and 6%, respectively.

The City pays all costs accrued each year for the plan. The premise of Plans B and C are to provide a retirement plan covering municipal employees at a uniform state-wide contribution rate based upon an actuarial valuation of all State of Vermont municipal employees. Activity in this plan is done in the aggregate, not by municipality. Due to the nature of this pension plan, net assets available for benefits as well as the present value of vested and nonvested plan benefits by municipality are not determinable.

Total payroll for the year was $5,908,378 while covered payroll was $5,722,355. Pension expense for the year was $356,125.

Additional information regarding the State of Vermont Municipal Employees' Retirement Plan is available upon request from the State of Vermont.

5.b. Property Taxes

Property taxes attach as an enforceable lien on property as of April 1. Taxes are levied on June 15 and are payable in four installments on August 15, November 15, February 15 and May 15. The City bills and collects its own property taxes and also taxes for the School District, Cemetery and education taxes for the State of Vermont. City property tax revenues are recognized when levied to the extent they result in current receivables.

The tax rate for fiscal year 2010-2011 was as follows:

		Residential	Non Residential
City, Cemetery and Outside Agencies	$	0.8435	0.8435
State Education Tax		1.3763	1.4756
Local Tax Agreements		0.0009	0.0009
Water/Sewer Benefit Charge		0.0900	0.0900
Recreation		0.0730	0.0730
Total	$	2.3837	2.4830

5.c. Risk Management

The City of Montpelier, Vermont is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The City of Montpelier, Vermont maintains insurance coverage through the Vermont League of Cities and Town's Property and Casualty Intermunicipal Fund, Inc. covering each of those risks of loss. Management believes such coverage is sufficient to preclude any significant uninsured losses to the City of Montpelier, Vermont. Settled claims have not exceeded this coverage in any of the past three fiscal years. The City must remain a member for a minimum of one year and may withdraw from the Fund after that time by giving sixty days notice. Fund underwriting and rate setting policies have been established after consultation with actuaries. Fund members are subject to a supplemental assessment

(continued)

5. Other Information (continued)

5.c. Risk Management (continued)

in the event of deficiencies. If the assets of the Fund were to be exhausted, members would be responsible for the Fund's liabilities. In addition, the City of Montpelier, Vermont is a member of the Vermont League of Cities and Town's Health Trust. The Health Trust is a nonprofit corporation formed to provide health insurance and wellness programs for Vermont municipalities and is owned by the participating members. The agreement does not permit the Health Trust to make additional assessments to its members.

The City of Montpelier, Vermont is also a member of the Vermont League of Cities and Town's Unemployment Insurance Trust. The Unemployment Trust is a nonprofit corporation formed to provide unemployment coverage for Vermont municipalities and is owned by the participating members. The agreement does not permit the Unemployment Trust to make additional assessments to its members.

5.d. Committments

Parking Lot Leases

The City leases three different parking lots around Montpelier for approximately $85,000 per year. All are cancelable by the City. The City is responsible for the repair, maintenance and upkeep of the parking lots.

Montpelier Fire District

The City and the Montpelier Fire District have an inter-local agreement that requires the City to pay $45,000 annually out of the Water Department revenues to the District. These payments entitle the City to integrate the improvements in the City's public water supply system and receive benefit of the improvements. This agreement shall remain in effect for as long as the Fire District has outstanding unpaid bonds issued to finance construction of the improvements.

Green Mountain Community Baseball, Inc.

On April 27, 2005, the City guaranteed a $160,000 note between Green Mountain Community Baseball, Inc. and Northfield Savings Bank. The note is unsecured and is backed by the full faith and credit of the taxing authority of the City of Montpelier, Vermont by the Guaranty of Indebtedness. The loan will be amortized over ten years with $16,000 annual principal payments plus interest. The balance on the note at June 30, 2011 was $34,000.

East Central Vermont Community Fiber (ECF)

The City of Montpelier is a participant in an Interlocal Contract made up of 22 towns in East-Central Vermont committed to making state-of-the-art high-speed communications services available to all institutions, homes and businesses in participating towns. The revenue generated from system users is intended pay the costs of building, financing and operating the system so no cash outlay from member municipalities will be required.

On October 22, 2008, the City authorized ECF to issue certificates of participation (master lease) not to exceed $106,000,000 for the purpose of making certain capital improvements for the delivery of communication services. The aggregate principal amount of the certificates of participation would be allocated to the City and the other participants based on their relative population. It is intended that the repayment of the certificates could only come from the revenues generated by the communications system.

Due to significant changes in the capital markets, ECF does not currently intend to finance the project with the certificates of participation described previously. ECF is pursuing alternative financing that, in accordance with the Interlocal Contract, will not result in any potential liability to the City.

(continued)

5. Other Information (continued)
5.d. Commitments (continued)
Operating Leases

The City has three 60-month leases for copiers. One lease is for three copiers with a monthly payment of $653 through February, 2016. The other two copier leases have monthly payments of $305 and $103, respectively, through November, 2013. The lease expense for the year ended June 30, 2011 was $13,320.

The minimum lease payments are as follows:

2012	$ 12,732
2013	8,244
2014	7,836
2015	7,836
2016	5,887
	$ 42,535

5.e. Contingency – Health Care Benefits

On January 1, 2010, the City changed the employee health insurance program to a High Deductible Health Plan with a Health Reimbursement Arrangement (HRA). All eligible employees who chose to participate were enrolled in the CIGNA HDHP 2250 Value Insurance Plan with a $3,500/$7,000 maximum out-of-pocket expense. The City is responsible for the first $3,000 toward the maximum out-of-pocket health expenses for the single person plan. The City is responsible for the first $6,000 toward the maximum out-of-pocket health expenses for the two person and family plans. When budgeting for employee health insurance program costs, the City projected that employees will use 65% of the City's out-of-pocket funding. If all employees used 100% of the City's out-of-pocket funding, health insurance costs could be $205,000 over budgeted costs.

After completion of the first year in this program (2010), the actual use of the City's HRA funding was 62%. The HRA cost of the employee health insurance program was well within the budgeted amount.

On January 1, 2011, the City continued the CIGNA HDHP 2250 Value Plan with the same Health Reimbursement Arrangement. When budgeting for the 2011 employee health insurance program costs, the City projected a use of 65% of the City's potential out-of-pocket funding obligation. The risk remains that the city will have unbudgeted costs if usage is higher than the projected 65%. Based on the first year's experience of 62%, this risk is deemed to be low.

5.f. Postemployment Benefits Other Than Pensions
Plan Description

The City of Montpelier administers a single-employer defined benefit healthcare plan ("the Retiree Health Plan"). The plan provides lifetime healthcare insurance for eligible retirees and their spouses through the City's group health insurance plan, which covers both active and retired members. Benefit provisions are established through negotiations between the City and the City's employees. The Retiree Health Plan does not issue a publicly available financial report.

(continued)

5. Other Information (continued)

5.f. Postemployment Benefits Other Than Pensions (continued)

Funding Policy

Contribution requirements also are negotiated between the City and the City's employees. The City contributes none of the cost of current-year premiums for eligible retired plan members and their spouses. The City does continue to fund a net HRA contribution of 35% of the active life rate for early retirees and spouses. At age 65, retirees and spouses move into a different plan that has premiums that are 100% paid by the participants and there is no further subsidy. For fiscal year 2011, the City contributed $36,377 to the plan. Plan members receiving benefits contribute 100 percent of their premium costs.

Annual OPEB Cost and Net OPEB Obligation

The City's annual other postemployment benefit (OPEB) cost (expense) is calculated based on the annual required contribution of the employer (ARC). The town has elected to calculate the ARC and related information using the alternative measurement method permitted by GASB Statement 45 for employers in plans with fewer than one hundred total plan members. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and to amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years. The following table shows the components of the town's annual OPEB cost for the year, the amount actually contributed to the plan, and changes in the town's net OPEB obligation to the Retiree Health Plan:

Annual required contribution	$ 60,706
Interest on net OPEB obligation	780
Adjustment to annual required contribution	(1,327)
Annual OPEB cost (expense)	60,159
Contributions made	(36,377)
Increase in net OPEB obligation	23,782
Net OPEB obligation—beginning of year	26,000
Net OPEB obligation—end of year	$ 49,782

Funded Status and Funding Progress

As of June 30, 2011, the actuarial accrued liability for benefits was $495,747, all of which was unfunded. The covered payroll (annual payroll of active employees covered by the plan) was $5,908,378, and the ratio of the unfunded actuarial accrued liability to the covered payroll was 8.39 percent.

The projection of future benefit payments for an ongoing plan involves estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

(continued)

5. Other Information (continued)

5.f. Postemployment Benefits Other Than Pensions (continued)

Methods and Assumptions

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

The following simplifying assumptions were made:

Retirement age — Later of age 62 or date eligible for retiree health benefits, but not more than age 65.

Marital status — Marital status of members at the calculation date was assumed to continue throughout retirement.

Mortality — Life expectancies were based on mortality tables from the RP2000 combined Mortality Tables for Males and Females.

Turnover — Non-group-specific age-based turnover data from GASB Statement 45 were used as the basis for assigning active members a probability of remaining employed until the assumed retirement age and for developing an expected future working lifetime assumption for purposes of allocating to periods the present value of total benefits to be paid.

Healthcare cost trend rate — The expected rate of increase in healthcare insurance premiums was 4.01 percent initially, 9.0 percent in year two, and reduced by 0.5 percent each year to an ultimate rate of 5.5 percent at year nine.

Health insurance premiums — 2012 health insurance premiums for retirees were used as the basis for calculation of the present value of total benefits to be paid, because of a change in the plan effective January 1, 2012 which increased the deductible and decreased the premium.

Inflation rate — An expected long-term inflation assumption of 3 percent was used.

Payroll growth rate — The expected long-term payroll growth rate was assumed to equal the rate of inflation.

Based on the historical and expected returns of the town's short-term investment portfolio, a discount rate of 3 percent was used. In addition, a simplified version of the entry age actuarial cost method was used. The unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on an open basis over thirty years.

5.g. MontpelierNet

During the year, the City assigned the physical assets of MontpelierNet to Summit Technologies. In return Summit Technologies removed and disposed of all installed hardware and relieved the City of any further liability or obligation.

(continued)

5. Other Information (continued)

5.h. 58 Barre Street Housing Limited Partnership

During the year, the City collaborated with the non-profit corporation, Capital City Housing Foundation, Inc. in transforming 58 Barre Street into a renovated Senior Center and new affordable housing units. On June 8, 2011, the City declared the property at 58 Barre Street as a "58 Barre Street Common Interest Community" under the provisions of Title 27A of the Vermont Statues Annotated. The declaration created three units: Unit 1 will be the senior center, Unit 2 will be 14 affordable housing apartments and Unit 3 is the parcel of land on which a playground is located. Undivided interests in the Common Elements are allocated 39% to Unit 1, 60% to Unit 2 and 1% to Unit 3.

Simultaneously, the City granted Unit 2 to the Capital City Housing Foundation, Inc.. Additionally, on June 8, 2011 the newly formed 58 Barre Street Housing Limited Partnership signed a non-interest bearing promissory note for $105,000 due to the City on June 8, 2041 and a non-interest bearing mortgage note for $280,000 due to the City on June 8, 2041. The funds for both of these notes were not paid to 58 Barre Street Housing Limited Partnership as of June 30, 2011, so they are not recorded in these financial statements. The promissory notes will be funded by the City during 2012 by the $105,000 committed by the City Council from the Montpelier Housing Trust Fund and $280,000 from an awarded VCDP grant.

5.i. Subsequent Events

Subsequent to year end, the City obtained a tax anticipation note of $1,800,000 from Merchants Bank with interest at 1.59% and due June 30, 2012.

Subsequent to year end, the City incurred flood damage from Hurricane Irene which affected a limited number of street locations. The total cost of the damage has not been determined, but the City anticipates being reimbursed most of the cost of the damages from Federal Grants.

The City has evaluated subsequent events through February 3, 2012, the date on which the financial statements were available to be issued.

CITY OF MONTPELIER, VERMONT
REQUIRED SUPPLEMENTARY INFORMATION
Schedule of Funding Progress for the Retiree Health Plan

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) Entry Age (b)	Unfunded AAL (UAAL) (b - a)	Funded Ratio (a / b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b - a) / c)
6/30/2010	0	479,000	479,000	0.0	5,456,892	8.78
6/30/2011	0	495,747	495,747	0.0	5,908,378	8.39

CITY OF MONTPELIER, VERMONT
Combining Balance Sheet
Other Governmental Funds
June 30, 2011

	Special Revenue Funds								Permanent Funds				
	Green Mount Cemetery Fund	Montpelier Parks Commission Fund	Montpelier Events Fund	Reach Fund	Conservation Fund	Montpelier Foundation Fund	Montpelier Housing Trust Fund	Montpelier Senior Citizens Fund	George Blanchard Trust Fund	Non-Expendable Cemetery Trust Fund	Hubbard Park Trust Fund	Expendable Cemetery Trust Fund	Total Other Governmental Funds
Assets:													
Cash	$ 0	0	0	0	46,415	99,056	0	96,702	0	0	0	0	242,173
Investments	5,244	0	0	0	0	86,754	0	289,101	72,129	713,917	14,663	0	1,181,808
Receivables	10,907	207	0	0	0	0	0	0	0	0	0	0	11,114
Due from other governments	0	960	0	129,755	0	0	0	0	0	0	0	0	130,715
Loans receivable	0	0	0	0	0	0	164,000	0	0	0	0	0	164,000
Due from other funds	0	18,345	34,990	0	0	0	105,629	0	0	0	0	343,352	502,316
Total assets	$ 16,151	19,512	34,990	129,755	46,415	185,810	269,629	385,803	72,129	713,917	14,663	343,352	2,232,126
Liabilities and fund balances:													
Liabilities:													
Accounts payable	$ 12,396	3,435	0	12,375	0	200	0	5,660	0	0	43	0	34,109
Accrued payroll and related expenses	2,880	2,715	0	3,052	0	0	0	6,292	0	0	0	0	14,939
Deferred revenue	0	0	0	17,059	0	0	164,000	0	0	0	0	0	181,059
Due to other funds	7,701	0	0	114,328	11,502	28,812	0	35,681	0	341,224	0	0	539,248
Total liabilities	22,977	6,150	0	146,814	11,502	29,012	164,000	47,633	0	341,224	43	0	769,355
Fund balances (deficit):													
Nonspendable	0	0	0	0	0	0	0	0	72,129	372,693	0	0	444,822
Restricted	0	0	19,702	0	0	156,798	0	338,170	0	0	14,620	343,352	872,642
Committed	0	13,362	0	0	34,913	0	105,629	0	0	0	0	0	153,904
Assigned	0	0	15,288	0	0	0	0	0	0	0	0	0	15,288
Unassigned	(6,826)	0	0	(17,059)	0	0	0	0	0	0	0	0	(23,885)
Total fund balances (deficit)	(6,826)	13,362	34,990	(17,059)	34,913	156,798	105,629	338,170	72,129	372,693	14,620	343,352	1,462,771
Total liabilities and fund balances	$ 16,151	19,512	34,990	129,755	46,415	185,810	269,629	385,803	72,129	713,917	14,663	343,352	2,232,126

CITY OF MONTPELIER, VERMONT
Combining Schedule of Revenues, Expenditures and Changes in Fund Balances
Other Governmental Funds
For the Year Ended June 30, 2011

	Special Revenue Funds									Permanent Funds				
	Green Mount Cemetery Fund	Montpelier Parks Commission Fund	Montpelier Events Fund	Reach Fund	Conservation Fund	Montpelier Foundation Fund	Montpelier Housing Trust Fund	Montpelier Senior Citizens Fund	MontpelierNet Fund	George Blanchard Trust Fund	Non-Expendable Cemetery Trust Fund	Hubbard Park Trust Fund	Expendable Cemetery Trust Fund	Total Other Governmental Funds
Revenues:														
Property taxes	$ 0	0	0	0	0	0	0	125,707	0	0	0	0	0	125,707
Intergovernmental	0	0	0	314,499	0	0	0	0	0	0	0	0	0	314,499
Fees and charges for services	29,929	2,460	0	2,665	0	0	0	53,949	0	0	5,885	0	0	94,888
Investment income (loss)	801	13	0	0	116	16,105	300	4,104	0	837	58,672	156	0	81,104
Contributions	0	1,145	0	0	1,500	84,754	0	49,520	0	0	0	0	0	136,919
Rents and commissions	0	3,240	0	0	0	0	0	0	0	0	0	0	0	3,240
Other revenues	0	4,780	2,775	1,716	0	0	0	1,658	0	0	0	0	0	10,929
Total revenues	30,730	11,638	2,775	318,880	1,616	100,859	300	234,938	0	837	64,557	156	0	767,286
Expenditures:														
Public safety	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Culture and recreation	0	120,200	14,766	335,939	0	16,196	0	239,785	0	0	0	0	0	726,886
Community development	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Cemetery	168,998	0	0	0	0	0	0	0	0	0	0	0	0	168,998
MontpelierNet Expenses	0	0	0	0	0	0	0	0	2,664	0	0	0	0	2,664
Capital outlay:														
Culture and recreation	0	5,000	0	0	0	0	0	0	0	0	0	0	0	5,000
Cemetery	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Debt service - principal	10,431	0	0	0	0	0	0	0	0	0	0	0	0	10,431
Debt service - interest	3,236	2,275	0	0	0	0	0	0	0	0	0	0	0	5,511
Total expenditures	182,665	127,475	14,766	335,939	0	16,196	0	239,785	2,664	0	0	0	0	919,490
Excess (deficiency) of revenues over expenditures	(151,935)	(115,837)	(11,991)	(17,059)	1,616	84,663	300	(4,847)	(2,664)	837	64,557	156	0	(152,204)
Other financing sources (uses):														
Transfers in	152,445	104,539	11,000	0	0	0	26,000	0	2,134	0	0	0	55,712	351,830
Transfers out	0	(300)	0	0	0	0	0	(16,722)	0	0	(55,712)	(156)	(27,000)	(99,890)
Total other financing sources (uses)	152,445	104,239	11,000	0	0	0	26,000	(16,722)	2,134	0	(55,712)	(156)	28,712	251,940
Net change in fund balance	510	(11,598)	(991)	(17,059)	1,616	84,663	26,300	(21,569)	(530)	837	8,845	0	28,712	99,736
Fund balance - July 1, 2010	(7,336)	24,960	35,981	0	33,297	72,135	79,329	359,739	530	71,292	363,848	14,620	314,640	1,363,035
Fund balance (deficit) - June 30, 2011	$ (6,826)	13,362	34,990	(17,059)	34,913	156,798	105,629	338,170	0	72,129	372,693	14,620	343,352	1,462,771

City of Montpelier Vermont
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2011

Federal Grant/Program Title	CFDA Number	Grant Number	Grant Amount	Expenditures
Department of Health and Human Services				
US Administration of Aging				
Rural Elder Assistance for Care and Health (REACH)	93.048	90AP2656/02	$ 409,734	$ 331,558
Total US Administration of Aging				331,558
US Department of Energy				
Recovery Act: Montpelier Community Renewable Energy	81.087	DE-EE0003071	8,000,000	237,238
Total US Department of Energy				237,238
United States Department of the Interior				
Passed through Vermont Division for Historic Preservation				
Certified Local Government Program				
Montpelier Historic District Brochure & Website	15.904	CLG -09-015	3,447	3,447
Historic City Plans & Map Digitization	15.904	CLG -11-09	10,911	3,683
Total US Department of the Interior				7,130
US Department of Justice				
BJA FY09 Recovery Act Edward Byrne Memorial Justice				
Assistance Grant Program	16.579	2009-SB-B9-0115	33,209	12,155
COPS Hiring Recovery Program	16.710	2009RKWX0869	209,571	42,344
Bulletproof Vest Partnership Program	16.607	OJP 15-04-0001	1,568	1,568
Total US Department of Justice				56,067
US Department of Homeland Security				
Passed through Vermont Department of Public Safety				
US Department of Homeland Security Grant-FEMA		EMW-2009-FO-05268	58,330	56,977
US Department of Homeland Security Grant	97.067	2007--GE-T7-0049	1,806	1,806
US Department of Homeland Security Grant	97.067	2008-GE-T8-0045	16,589	16,589
US Department of Homeland Security Grant-FEMA Region I	97.039	FEMA-DR-1698-VT	449,756	19,767
Total US Department of Homeland Security				95,139
US Department of Housing and Urban Development				
Passed through Vermont Agency of Commerce and				
Community Development:				
Community Development Block Grants/State's program	14.228	IG-III-2008-Monteplier-00016	74,000	53,829
Community Development Block Grants/State's program	14.228	#07110-0201/05IG(11)	50,194	50,194
Housing Preservation Grant	14.228	HPG-2007	50,000	5,502
Total US Department of Housing and Urban Development				109,525
US Department of Transportation-Federal Highway Administratio				
Passed through Vermont Agency of Transportation:				
Transportation Enhancement Project (RT 2/302)	20.205	NHEGC-FEGC 028-3(34)	3,396,129	3,297
FHWA-Transportation Enhancement Project (Carr Lot)	20.205	STP MMTC(3)	246,000	50,304
FHWA-Highway Planning & Construction (Vine St)	20.205	EA#AREH007-300/ARRA	168,000	153,435
		May flood		64,490
Safe Routes to School	20.205	STP SRIN 11/300	101,700	702
Total Passed through Vermont Agency of Transportation				272,228
Passed through Vermont Department of Public Safety:				
Governor's Highway Safety Program	20.613	02140-0911-3530	9,495	7,438
Sub-granted by Fletcher Allen Health Care				
Governor's Highway Safety Program			4,150	4,114
Total Passed through Vermont Dept of Public Safety				11,552
Total US Department of Transportation				283,780
Federal Emergency Management Agency				
Passed through Vermont Agency of Transportation				
FEMA Disaster Relief	97.036	EA#40011211	N/A	155,341
				155,341
US Environmental Protection Agency				
Passed trhough the Vermont Agency of Natural Resources:				
Clean Water State Revolving Fund/ARRA	66.458	CWSRF-AARA 09 -AR1-016	1,174,700	403,988
Total US Environmental Protection Agency				403,988
Total Expenditures of Federal Awards				$ 1,679,766

SECTION II

COMPLIANCE AND INTERNAL CONTROL

Love, Cody & Company, CPAs

REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

To the City Council
City of Montpelier, Vermont

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Montpelier, Vermont, as of and for the year ended June 30, 2011, which collectively comprise the City of Montpelier, Vermont's basic financial statements and have issued our report thereon dated February 3, 2012. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the City of Montpelier, Vermont's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City of Montpelier, Vermont's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the City of Montpelier, Vermont's internal control over financial reporting.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City of Montpelier, Vermont's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information and use of management, City Council, others within the entity, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Love, Cody & Company, CPA's, P.C.

February 3, 2012

Vt. Reg. #357

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ENGINEERING • PLANNING
MANAGEMENT • DEVELOPMENT

Jeffrey W. Tucker, P.E., LEED AP
Local Project Manager

To: William J. Fraser, Montpelier City Manager

Re: Montpelier STP MMTC (3) & STC EH07 (15)
Multi-Modal & Transit Center

Date: February 1, 2012

The following work has been conducted on this project between the period of August 22, 2011 and January 31, 2012.

1. VTrans / FHWA Coordination:

- The City conducted several important meetings with VTrans and FHWA in November and December 2011 regarding right of way and property appraisals.

- The first meeting was held on November 14, 2011. Representing the City included William Fraser and Jeff Tucker, representing VTrans included Sue Scribner, Ande Deforge, Rob White and Bruce Melvin, representing FHWA included Chris Jolly and Rob Sikora. The key issues discussed included status of NEPA (the CE had been issued as of October 6, 2011), advancing the project into the Right-of-Way phase and status of the earmarks. The meeting concluded with VTrans providing verbal authorization (with FHWA concurrence) that the City could advance the property appraisals. FHWA also reiterated the earmarks (except for the pedestrian bridge) is for downtown redevelopment.

- The second meeting was held on December 20, 2011. Representing the City included William Fraser and Jeff Tucker, representing VTrans was Ande Deforge and representing FHWA was Chris Jolly. Greg Goyette, the design engineer also attended the meeting. The primary purpose of the meeting was to discuss general project elements that FHWA would consider eligible for reimbursement. Chris Jolly reaffirmed that property acquisition, site regrading and preparation, repairs to the retaining wall, the railroad crossing at-grade crossing, parking associated with the pathway and associated lighting and landscaping elements are project eligible. Additional discussion regarding brown field clean up will be discussed once the property appraisals have been completed.

2. Preliminary Plans:

- The design of the bike path, from Taylor Street to Main Street is underway. Preliminary Plans are expected to be completed by early March 2012. Project Managers expect to present the preliminary plans to the public at a subsequent council meeting to be scheduled by the City Manager.

3. Property Appraisals:

- Appraisals of the four (4) parcels to be acquired is underway. Martin Appraisal Services of Montpelier was selected for this work, which is scheduled for completion by the end of February 2012. Then, the appraisals will be independently reviewed by VTrans, and once completed VTrans will advise the City what the approved appraisal values are for each parcel. With this information in hand, the City will then receive authorization from VTrans to negotiate purchase of the properties with each property owner.

4. FTA Coordination:

The City provided Mary Beth Mello, FTA Regional Administrator with a detailed project status report on December 13, 2011. The City coordinated closely with Michelle W. Fishburne, PE, Region 1, and Environmental Protection Specialist regarding the NEPA and the content of the letter as it relates to the NEPA status. Based on discussions with Ms. Fishburne, the City understands the NEPA phase of the project is updated, complete and accepted by FTA. The City has not yet received any official response from their December 13, 20011 letter to Ms. Mello.

The City (William Fraser and Jeff Tucker) participated in the FTA Civil Rights Guidance Conference presented by Margret Griffin, FTA Civil Rights Officer on December 13, 2011. The purpose of the conference was to review Civil Rights requirements and to assist grant recipients with these requirements. Ms. Griffin reviewed the requirements for Title VI, DBE, ADA and EEO. The City also reviewed relevant Title VI, DBE, ADA and DBE guidance information in preparation of the conference.

The City is advancing the next phase of the project, which is property acquisition. The City has procured a qualified real estate appraisal, and is conducting an appraisal of the affected properties. The appraisal work is being conducted in accordance with appropriate federal acquisition procedures. The appraisals are expected to be complete in February 2012, and will then be independently reviewed by appraisal specialists at the Vermont Agency of Transportation, on behalf of FHWA.

The City has received authorization from FHWA to advance the Preliminary Engineering phase of the FHWA's portion of the project, and the City is advancing the design at this time. The City has requested authorization from FTA to advance the PE phase of the multi-modal facility portion of the project, and is awaiting approval of this request from FTA.

The funding earmarks remain in place, which total $5,344,250. The total estimated project cost (FHWA and FTA) is approximately $6,348,000. The balance is paid for by the City bond and supplemental funding.

5. Next Steps:

- Once the Preliminary Plans have been reviewed, revised and accepted by the City, Right-of-Way (ROW) plans will be prepared. These ROW plans will depict the specific properties to be acquired and the specific permanent rights for several other properties.

- Then, with the property appraisals and independent review of appraisals in hand, the City expects VTrans to provide authorization to negotiate an acquisition value with each affected property owner, and then move forward with property acquisition. Final design of the project is expected in the summer of 2012, following property acquisition.

Sandy Pitonyak

To: L-Council
Subject: Two Catering Permit Applications

Both are from Yebba, Inc., d/b/a The Abbey Pub & Restaurant for:

A wine reception scheduled to be held on Tuesday, January 24th, from 3:00 to 6:00 P.M. at the State House.

Another wine reception scheduled to be held on Thursday, January 26th, from 3:00 to 6:00 P.M. at the State House.

From: Nancy Sherman [nsherman@cvcoa.org]
Sent: Monday, January 23, 2012 2:22 PM
To: Sandy Pitonyak; L-Council
Subject: RE: Two Catering Permit Applications

1-23-12 3:00PM
Alan Weiss called and approved SP

I approve botyh catering permits
-Nancy

From: Tom Golonka [tomgolonka@comcast.net]
Sent: Monday, January 23, 2012 5:31 PM
To: Nancy Sherman-cvcoa
Cc: Sandy Pitonyak; L-Council
Subject: Re: Two Catering Permit Applications

Ok with me
Tom

From: Timothy Andrew Hooper
Sent: Monday, January 23, 2012 5:38 PM
To: Nancy Sherman-cvcoa
Cc: Sandy Pitonyak; L-Council
Subject: Re: Two Catering Permit Applications

Make it so.

From: Sarah Jarvis
Sent: Monday, January 23, 2012 7:44 PM
To: Angela Timpone - GMail
Cc: Sandy Pitonyak; L-Council
Subject: Re: Two Catering Permit Applications

I approve of both.
~ Sarah

From: Angela Timpone [angelatimpone@gmail.com]
Sent: Monday, January 23, 2012 4:43 PM
To: Sandy Pitonyak
Cc: L-Council
Subject: Re: Two Catering Permit Applications

Yes to both.

Request to Cater Malt and Vinous Beverages & Spirituous Liquors

Caterer's Permit Number 2019-01

APPROVED	DISAPPROVED Date:
Reason:	
(for department use only)	

To: Board of Selectmen/Alderman at catered location and Vermont Liquor Control Board.

From: Licensee name: Yebba Inc

d/b/a: The Abbey Pub & Restaurant

Street: 10212 VT Rt. 105 Town/City: Enosburg Falls, VT

Contact name and phone number: Jenn Carey 933-4747 x 25

Email or Fax # jenn@abbeygroup.net

BE SURE TO READ INSTRUCTIONS BELOW, BEFORE COMPLETING APPLICATION.

(Each catered affair must have a recommendation from the local Board of Selectman or Alderman acting in their capacity as local control commissioners and must have the approval of the State Liquor Control Board.)

Please answer the following questions:

1. Describe type of party to be catered: wine reception
2. Location of catered party (street, town or city; if no address, describe location): 115 State Street, Montpelier VT 05633
3. Date of catered party (not more than five days, unless specifically authorized: 1-24-12
4. Hours of operation: Beginning 1500 hrs. Ending 1800 hrs. No. of Persons 100

Signed: Jennifer Carey (caterer) Date: 1-23-12

We recommend: approval disapproved

If you recommend disapproval, please state reason(s): ______

Town/City Clerk's signature Of CATERED location. Town/City Fax Number or email address: ______ Date

SUBMIT AT LEAST 5 DAYS PRIOR TO DATE OF FUNCTION

Submit to Town/City Clerk for recommendation.
Town/City Clerk will email, fax or mail to Vermont Liquor Control Board, 13 Green Mountain Drive, Montpelier, VT 05602 email address: { HYPERLINK "mailto:DLC-Licensing@state.vt.us" } Fax number is 802-828-1031

LIQUOR CONTROL BOARD'S PROCEDURAL REQUIREMENTS FOR CATERER'S PERMIT HOLDERS:

1. All liquor control laws and regulations that apply to 1st and 3rd class licenses also apply to caterer's permits.
2. Before a catered event is approved in any open area, the following requirements must be fulfilled:
   a) A defined area, for serving and consumption of alcohol beverages, designated with physical barriers.
   b) Separate toilet and lavatory facilities available for both men and women.

Request to Cater Malt and Vinous Beverages & Spirituous Liquors

Caterer's Permit Number 2019-01

APPROVED	DISAPPROVED Date:
Reason:	
(for department use only)	

To: Board of Selectmen/Alderman at catered location and Vermont Liquor Control Board.

From: Licensee name: Yebba Inc

d/b/a: The Abbey Pub & Restaurant

Street: 6212 VT Rt. 105 Town/City: Enosburg Falls, VT

Contact name and phone number: Jenn Carey 933-4747 x.25

Email or Fax # jenn@abbeygroup.net

BE SURE TO READ INSTRUCTIONS BELOW, BEFORE COMPLETING APPLICATION.

(Each catered affair must have a recommendation from the local Board of Selectman or Alderman acting in their capacity as local control commissioners and must have the approval of the State Liquor Control Board.)

Please answer the following questions:

1. Describe type of party to be catered: Wine reception
2. Location of catered party (street, town or city; if no address, describe location): 115 State Street, Montpelier, VT 05633
3. Date of catered party (not more than five days, unless specifically authorized: 1-26-11
4. Hours of operation: Beginning 1500 hrs. Ending 1800 hrs. No. of Persons 100

Signed: Jennifer Carey (caterer) Date: 1-23-12

We recommend: approval disapproved

If you recommend disapproval, please state reason(s): ____

Town/City Clerk's signature Of CATERED location. Town/City Fax Number or email address: ____ Date

SUBMIT AT LEAST 5 DAYS PRIOR TO DATE OF FUNCTION

Submit to Town/City Clerk for recommendation.
Town/City Clerk will email, fax or mail to Vermont Liquor Control Board, 13 Green Mountain Drive, Montpelier, VT 05602 email address: { HYPERLINK "mailto:DLC-Licensing@state.vt.us" } Fax number is 802-828-1031

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   a) A defined area, for serving and consumption of alcohol beverages, designated with physical barriers.
   b) Separate toilet and lavatory facilities available for both men and women.

2nd Round

Sandy Pitonyak

To:	L-Council
Subject:	Catering Permits

Two more applications from Yebba, Inc.; both for Wine Receptions at the State House from 4:00 to 7:00 P.M. One is scheduled for Tuesday, January 31st; the second is Wednesday, February 1st.

From:	Angela Timpone [angelatimpone@gmail.com]
Sent:	Monday, January 30, 2012 3:31 PM
To:	Nancy Sherman-cvcoa
Cc:	Sandy Pitonyak; L-Council
Subject:	Re: Catering Permits

Ok with me.

From:	Sarah Jarvis
Sent:	Monday, January 30, 2012 3:25 PM
To:	Sandy Pitonyak
Cc:	L-Council
Subject:	Re: Catering Permits

I approve of both.
~ Sarah

From: Nancy Sherman [mailto:nsherman@cvcoa.org]
Sent: Monday, January 30, 2012 3:26 PM
To: Sandy Pitonyak; L-Council
Subject: RE: Catering Permits

I approve both also
-Nancy

From:	Tom Golonka
Sent:	Monday, January 30, 2012 3:42 PM
To:	Sandy Pitonyak
Subject:	Re: Catering Permits

Ok with me
Tom

Request to Cater Malt and Vinous Beverages & Spirituous Liquors

Caterer's Permit Number 2010-01

APPROVED	DISAPPROVED Date:
Reason:	
(for department use only)	

To: Board of Selectmen/Alderman at catered location and Vermont Liquor Control Board.

From: Licensee name: Yehha Inc

d/b/a: The Abbey Pub & Restaurant

Street: 6212 VT Rt 105 Town/City: Enosburg Falls, VT

Contact name and phone number: Jenn Corey 933-4747

Email or Fax # jenn@abbeygroup.net

BE SURE TO READ INSTRUCTIONS BELOW, BEFORE COMPLETING APPLICATION.

(Each catered affair must have a recommendation from the local Board of Selectman or Alderman acting in their capacity as local control commissioners and must have the approval of the State Liquor Control Board.)

Please answer the following questions:

1. Describe type of party to be catered: wine reception

2. Location of catered party (street, town or city; if no address, describe location): State House, 115 State St. Montpelier, VT 05633

3. Date of catered party (not more than five days, unless specifically authorized: 1-31-12

4. Hours of operation: Beginning 1600 hrs. Ending 1900 hrs. No. of Persons 100

Signed: Jennifer Corey (caterer) Date: 1-30-12

We recommend: approval disapproved

If you recommend disapproval, please state reason(s): ______

Town/City Clerk's signature Of CATERED location. Town/City Date

Fax Number or email address: ______

SUBMIT AT LEAST 5 DAYS PRIOR TO DATE OF FUNCTION

Submit to Town/City Clerk for recommendation.

Town/City Clerk will email, fax or mail to Vermont Liquor Control Board, 13 Green Mountain Drive, Montpelier, VT 05602 email address: { HYPERLINK "mailto:DLC-Licensing@state.vt.us" } Fax number is 802-828-1031

LIQUOR CONTROL BOARD'S PROCEDURAL REQUIREMENTS FOR CATERER'S PERMIT HOLDERS:

1. All liquor control laws and regulations that apply to 1st and 3rd class licenses also apply to caterer's permits.
2. Before a catered event is approved in any open area, the following requirements must be fulfilled:
   a) A defined area, for serving and consumption of alcohol beverages, designated with physical barriers.
   b) Separate toilet and lavatory facilities available for both men and women.

Request to Cater Malt and Vinous Beverages & Spirituous Liquors

Caterer's Permit Number 2019-01

APPROVED	DISAPPROVED Date:
Reason:	
(for department use only)	

To: Board of Selectmen/Alderman at catered location and Vermont Liquor Control Board.

From: Licensee name: Yebba Inc

d/b/a: The Abbey Pub & Restaurant

Street: 6212 VT Rt. 105 Town/City: Enosburg Falls, VT

Contact name and phone number: Jenn Carey 933-4747

Email or Fax # jenn@abbeygroup.net

BE SURE TO READ INSTRUCTIONS BELOW, BEFORE COMPLETING APPLICATION.

(Each catered affair must have a recommendation from the local Board of Selectman or Alderman acting in their capacity as local control commissioners and must have the approval of the State Liquor Control Board.)

Please answer the following questions:

1. Describe type of party to be catered: Wine reception
2. Location of catered party (street, town or city; if no address, describe location): Statehouse, 115 State St. Montpelier, VT 05633
3. Date of catered party (not more than five days, unless specifically authorized: 2-1-12
4. Hours of operation: Beginning 1600 hrs. Ending 1900 hrs, No. of Persons 100

Signed: Jennifer Carey (caterer) Date: 1-30-12

We recommend: approval disapproved

If you recommend disapproval, please state reason(s): ____

Town/City Clerk's signature Of CATERED location. Town/City Fax Number or email address: ____ Date

SUBMIT AT LEAST 5 DAYS PRIOR TO DATE OF FUNCTION

Submit to Town/City Clerk for recommendation.

Town/City Clerk will email, fax or mail to Vermont Liquor Control Board, 13 Green Mountain Drive, Montpelier, VT 05602 email address: { HYPERLINK "mailto:DLC-Licensing@state.vt.us" } Fax number is 802-828-1031

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   a) A defined area, for serving and consumption of alcohol beverages, designated with physical barriers.
   b) Separate toilet and lavatory facilities available for both men and women.

Sandy Pitonyak

To: L-Council
Subject: 2 Catering Permit Applications

Valley Bowl, Inc., from Randolph, for a Graduation to be held on Friday, February 3rd, from 8:00 P.M. to 1:30 A.M. at Noble Hall on College Street.

Valley Bowl, Inc., for a Legislative Reception on Tuesday, February 7th, from 3:30 to 7:00 P.M. at the Vermont State Employees Association Office, 155 State Street.

From: Nancy Sherman [mailto:nsherman@cvcoa.org]
Sent: Friday, January 27, 2012 4:24 PM
To: Sandy Pitonyak; L-Council
Subject: RE: 2 Catering Permit Applications

I approve both permits
-Nancy

From: Angela Timpone [angelatimpone@gmail.com]
Sent: Friday, January 27, 2012 3:11 PM
To: Sandy Pitonyak
Cc: L-Council
Subject: Re: 2 Catering Permit Applications

Fine with me.

From: Timothy Andrew Hooper
Sent: Friday, January 27, 2012 3:45 PM
To: Sandy Pitonyak
Cc: L-Council
Subject: Re: 2 Catering Permit Applications

Aye!

From: Tom Golonka [tomgolonka@comcast.net]
Sent: Friday, January 27, 2012 5:07 PM
To: Sandy Pitonyak
Cc: L-Council
Subject: Re: 2 Catering Permit Applications

Ok with me
Tom

From: Sarah Jarvis [sarahvermont@yahoo.com]
Sent: Friday, January 27, 2012 5:15 PM
To: Sandy Pitonyak
Cc: L-Council
Subject: Re: 2 Catering Permit Applications

I approve of both.

Request to Cater Malt and Vinous Beverages & Spirituous Liquors

Caterer's Permit Number 5838-001-catr-01

APPROVED DISAPPROVED
Date:

Reason: ______

______

(for department use only)

To: Board of Selectmen/Alderman at catered location and Vermont Liquor Control Board.

From: Licensee name: Valley Bowl Inc

d/b/a: Valley Bowl Inc

Street: 12 Prince Street Suite 5 Town/City: Randolph

Contact name and phone number: Wayne F. Warner 802-728-4525

Email or Fax # valleybowlinc@myfairpoint.net

BE SURE TO READ INSTRUCTIONS BELOW, BEFORE COMPLETING APPLICATION.

(Each catered affair must have a recommendation from the local Board of Selectman or Alderman acting in their capacity as local control commissioners and must have the approval of the State Liquor Control Board.)

Please answer the following questions:

1. Describe type of party to be catered: graduation
2. Location of catered party (street, town or city; if no address, describe location): College street Nobil Hall
3. Date of catered party (not more than five days, unless specifically authorized: 02/03/2012
4. Hours of operation: Beginning 8 pm hrs. Ending 1:30am hrs. No. of Persons 150

Signed: ______ Date: January 27,2012
(caterer)

We recommend: approval disapproved

If you recommend disapproval, please state reason(s): ______

______

Town/City Clerk's signature Of CATERED location. Town/City Date
Fax Number or email address: ______

SUBMIT AT LEAST 5 DAYS PRIOR TO DATE OF FUNCTION

Submit to Town/City Clerk for recommendation.

Town/City Clerk will email, fax or mail to Vermont Liquor Control Board, 13 Green Mountain Drive, Montpelier, VT 05602 email address: { HYPERLINK "mailto:DLC-Licensing@state.vt.us" } Fax number is 802-828-1031

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2. Before a catered event is approved in any open area, the following requirements must be fulfilled:
   a) A defined area, for serving and consumption of alcohol beverages, designated with physical barriers.
   b) Separate toilet and lavatory facilities available for both men and women.

Request to Cater Malt and Vinous Beverages & Spirituous Liquors

Caterer's Permit Number 5838-001-catr-01

APPROVED	DISAPPROVED Date:
Reason: ______	
(for department use only)	

To: Board of Selectmen/Alderman at catered location and Vermont Liquor Control Board.

From: Licensee name: Valley Bowl Inc

d/b/a: Valley Bowl Inc

Street: 12 Prince Street Suite 5 Town/City: Randolph

Contact name and phone number: Wayne F. Warner 802-728-4525

Email or Fax # valleybowlinc@myfairpoint.net

BE SURE TO READ INSTRUCTIONS BELOW, BEFORE COMPLETING APPLICATION.

(Each catered affair must have a recommendation from the local Board of Selectman or Alderman acting in their capacity as local control commissioners and must have the approval of the State Liquor Control Board.)

Please answer the following questions:

1. Describe type of party to be catered: legislative recption
2. Location of catered party (street, town or city; if no address, describe location): 155 state street Vermont State Employees Association
3. Date of catered party (not more than five days, unless specifically authorized: 02/07/2012
4. Hours of operation: Beginning 3:30pm hrs. Ending 7pm hrs. No. of Persons 150

Signed: ______ (caterer) Date: January 27,2012

We recommend: approval disapproved

If you recommend disapproval, please state reason(s): ______

Town/City Clerk's signature Of CATERED location. Town/City Fax Number or email address: ______ Date

---

SUBMIT AT LEAST 5 DAYS PRIOR TO DATE OF FUNCTION

Submit to Town/City Clerk for recommendation.
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   a) A defined area, for serving and consumption of alcohol beverages, designated with physical barriers.
   b) Separate toilet and lavatory facilities available for both men and women.

Sandy Pitonyak

To: Nancy Sherman; Angela Timpone; Tom Golonka
Subject: Another Catering Permit Application!

... from The Skinny Pancake for a Legislative Reception (beer & wine) to be held on Thursday, February 2nd, 2012, from 5:00 to 7:00 P.M. at City Center, 89 Main Street.

Three Council Members are here meeting with the City Manager; that is why you three are the only ones receiving this! Thank you ...

OK Q.G. Weiss - Skinny
OK
OK

From: Nancy Sherman [mailto:nsherman@cvcoa.org]
Sent: Tuesday, January 31, 2012 12:19 PM
To: Sandy Pitonyak; Angela Timpone - GMail; Tom Golonka
Subject: RE: Another Catering Permit Application!

I approve
Nancy

From: Tom Golonka [tomgolonka@comcast.net]
Sent: Tuesday, January 31, 2012 1:27 PM
To: Sandy Pitonyak
Subject: Re: Another Catering Permit Application!

OK with me
Tom

From: Angela Timpone [angelatimpone@gmail.com]
Sent: Tuesday, January 31, 2012 1:23 PM
To: Sandy Pitonyak
Cc: Nancy Sherman-cvcoa; Tom Golonka
Subject: Re: Another Catering Permit Application!

Fine with me. Angela

Request to Cater Malt and Vinous Beverages & Spirituous Liquors

Caterer's Permit Number 6316-001-Catr-01

APPROVED	DISAPPROVED Date:
Reason:	
(for department use only)	

To: Board of Selectmen/Alderman at catered location and Vermont Liquor Control Board.

From: Licensee name: The Skinny Pancake, Inc.

d/b/a: The Skinny Pancake

Street: 60 Lake St. Town/City: Burlington

Contact name and phone number: Kelly Coons (802) 999-3873

Email or Fax # kelly@skinnypancake.com

BE SURE TO READ INSTRUCTIONS BELOW, BEFORE COMPLETING APPLICATION.

(Each catered affair must have a recommendation from the local Board of Selectman or Alderman acting in their capacity as local control commissioners and must have the approval of the State Liquor Control Board.)

Please answer the following questions:

1. Describe type of party to be catered: Legislative Reception
   Type of alcohol: beer + wine
2. Location of catered party (street, town or city; if no address, describe location): City Center, 89 Main St, Montpelier, VT
3. Date of catered party (not more than five days, unless specifically authorized: 2/2/12
4. Hours of operation: Beginning 5pm hrs. Ending 7pm hrs. No. of Persons 75

Signed: Kelly C (caterer) Date: 1/25/12

We recommend: approval disapproved

If you recommend disapproval, please state reason(s): ____________________

Town/City Clerk's signature Of CATERED location. Town/City Fax Number or email address: Date

SUBMIT AT LEAST 5 DAYS PRIOR TO DATE OF FUNCTION

Submit to Town/City Clerk for recommendation.

Town/City Clerk will email, fax or mail to Vermont Liquor Control Board, 13 Green Mountain Drive, Montpelier, VT 05602 email address: { HYPERLINK "mailto:DLC-Licensing@state.vt.us" } Fax number is 802-828-1031

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2. Before a catered event is approved in any open area, the following requirements must be fulfilled:
   a) A defined area, for serving and consumption of alcohol beverages, designated with physical barriers.
   b) Separate toilet and lavatory facilities available for both men and women.

CITY OF MONTPELIER
MONTPELIER, VERMONT

Agenda for City Council Meeting
City Council Chambers, City Hall
Wednesday, February 8, 2012

7:00 P.M.

1) Call to Order by the Mayor

2) 12-041. General Business and Appearances

3) 12-042. Consideration of the Consent Agenda:

a) Consideration of the Minutes from the January 4th, January 11th, and January 26th, 2012 City Council Meetings.

b) Consideration of making application to the U. S. Forest Service for a grant that would provide evaluation and design services to potential customers to the district heat system.

1) The U. S. Forest Service has a grant solicitation for greater use of forest resource for using low-value woody biomass material to create renewable energy.

2) Grant funds would be used to further the planning of such facilities by funding the engineering services necessary for final design and cost analysis for the connection of customers to the district heat system. There is a 20% match requirement. This would be met by requesting a contribution from the entities receiving the service and an in-kind contribution by the city.

c) Summary Budget Report by Department for General Fund and Detailed Budget Status Reports for General Fund, Water Fund, Sewer Fund, Cemetery Fund, Parks Fund, Parking Fund and Senior Center Fund for a six-month period beginning July 1, 2011 and ending December 31, 2011.

d) Consideration of the becoming the Liquor Control Commission for the purpose of acting on the following:

1. Ratification of the issuance of Catering Permits to Yebba, Inc., d/b/a The Abbey Pub & Restaurant, for …

   A. Two Wine Receptions scheduled to be held from 3:00 to 6:00 P.M. at the State House. One scheduled for Tuesday, January 24th; the other on Thursday, January 26th.

   B. Two more Wine Receptions at the State House from 4:00 to 7:00 P.M. One scheduled for January 31st; the second held on February 1st.

2. Ratification of the issuance of Catering Permits to Valley Bowl, Inc., from Randolph. One for a Graduation held on Friday, February 3rd, from 8:00 P.M. to 1:30 A.M. at Noble Hall; the other for a Legislative Reception on Tuesday, February 7th, from 3:30 to 7:00 P.M. at the Vermont State Employees Association Office, 155 State Street.

3. Ratification of the issuance of a Catering Permit to The Skinny Pancake for a Legislative Reception (beer and wine) held on Thursday, February 2nd, from 5:00 to 7:00 P.M. at City Center, 89 Main Street.

e) Payroll and Bills

4) 12-043. Setting of "approximate times" for the following agenda items.

5) 12-044. Presentation of the City's Audit Report for fiscal year July 1, 2010 – June 30, 2011.

a) Steve Love of Love, Cody & Company, CPA's, will present the Audit Report to the Council.

b) Recommendation: Receive report; opportunity for discussion; acceptance of the City's FY 11 Audit Report.

6) 12-045. Carr Lot Update

a) Jeff Tucker from DuBois & King will provide this update to the City Council.

b) Recommendation: Receive update; opportunity for discussion.

7) 12-046. Flood Mitigation Update

a) Jeff Tucker will also be providing this update.

b) Recommendation: Receive update; opportunity for discussion.

8) 12-047. Consideration of an ***"Our Town Grant"*** from the National Endowment of the Arts.

a) Planning and Community Development staff drafted a concept paper and convened a meeting of stakeholders last week to discuss the grant application.

b) A draft of the application, which is due March 1st, will be available for the City Council's review.

c) The grant program encourages communities to "create livable, sustainable neighborhoods with enhanced quality of life, increased creative activity, distinct identities, a sense of place, and vibrant local economies that capitalize on existing local assets." Details can be found at: http://www.nea.gov/grants/apply/OurTown/index.html.

d) Recommendation: Planning staff will further explain this application; opportunity for discussion; direction to staff.

9) 12-048. Receive Rec Department Report

a) Following the Recreation Department Review Committee's meeting on February 2nd, City Councilor Angela Timpone requested that this item be place on this evening' agenda.

b) Recommendation: Receive report; discussion.

10) 12-049. Council Reports
11) 12-050. Mayor's Report
12) 12-051. Report by the City Clerk-Treasurer
13) 12-052. Status Reports by the City Manager

14) 12-053. Agenda Reports by the City Manager

a) Staff would like to provide Council with an update on water discussions with the Town of Berlin.

b) Possible 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 or other public body, or person involved at a substantial disadvantage.*"

Adjournment

On Wednesday evening, January 4, 2012, the City Council Members met in the Council Chamber.

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

Call to Order by Mayor

Mayor Hooper called the meeting to order at 7:00 P.M.

12-001. General Business and Appearances

John Bloch from 6 Winter Street said they are circulating a petition for placement on the Town Meeting ballot that regards personhood of corporations. He also spoke about the charter change raising by about 100 percent the number of signatures required on a petition to get an item on the ballot. He disagreed with that approach he felt it was an ill-advised move.

12-002. Consideration of the Consent Agenda

a) Consideration of Minutes from the December 7, 2011 City Council Meeting and the December 21st, 2011 Special City Council Meeting.

b) Ratification of a poll vote taken on December 23rd for permission to close Main Street for First Night festivities.

c) Approval of an extension of the District Energy Project Manager Contract for Harold Garabedian.

d) Approval of the extension of the REACH Time Banks USA Evaluation and Training Contract.

e) Approval of the Grant Agreement for the Municipal Planning Grant for the rezoning initiative.

f) Consideration of becoming the Liquor Control Commission for the purpose of acting on the following:

1) Application for a Catering Permit from The Skinny Pancake, Inc. for one of their "Green Drinks" events scheduled to be held on Tuesday, January 10th, 2012, from 6:00 to 8:00 P.M. at City Center, 89 Main Street.

g) Payroll and Bills

General Fund Warrant dated December 28, 2011, in the amount of $113,367.77 and $105,115.82.
Payroll Warrant dated January 5, 2012 in the amount of $124,110.05 and $27,247.22.

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

Council Member Weiss asked to remove item c, the energy project; item d) REACH Time banks and item e) relating to the Municipal Planning Grant from the consent agenda.

Mayor Hooper called for a vote on the remainder of the consent agenda. The vote was 5-0, motion carried unanimously.

12-002(a) Approval of the Grant Agreement for the Municipal Planning Grant for the rezoning initiative.

Council Member Weiss said he doesn't understand how the Municipal Planning Grant got on the Consent Agenda to begin with. He was reminded on the 26th day of October the Council made a motion 4 to 2 in favor that they would approve the submission of the application with the understanding that the Council will have the right to reject the funding if awarded and the Council would meet with the Planning Commission. He thinks the Council has the right to make a determination right now whether or not the conditions have been met. Should we approve the funding in the amount of $15,000 but the city will have to put in $3,500 in order to support the project. He was not in favor of going ahead with this.

Mayor Hooper said she recalls they wanted to have a meeting with the Planning Commission. We intend to reorganize our zoning and if we can take advantage of a municipal planning grant to accomplish that it would be unfortunate to not accept money. They have an obligation to talk with the Planning Commission.

Council Member Sherman said she felt they should go ahead and approve the grant because we know what it is being used for.

Motion was made by Council Members Sherman, seconded by Council Member Timpone to approve the grant agreement relating to the Municipal Planning Grant. The vote was 4-1, with Council Member Weiss voting against the motion.

12-002(b) Approval of the extension of the REACH Time Banks USA Evaluation and Training Contract.

Council Member Weiss said this is the second or third time they have approved such an arrangement and he wonders whether or not there has been a formal evaluation made in terms of time banks and the contract they sign with the city to indicate they are performing according to legal expectations.

Planning Director Hallsmith replied there has not been a formal evaluation done but they work very closely with them. They are the city's evaluators. It is their responsibility to provide us with a lot of reports and data on the way the care bank is performing. It is their responsibility also to help us replicate it because it is a federal grant with the idea it could be replicated. It certainly has met her expectations of the program. It is required by the federal government to have an ongoing evaluation function.

Council Member Jarvis moved the extension of the REACH Time bank USA Contract. Council Member Sherman seconded the motion. The vote was 5-0, motion carried unanimously.

12-002(c) Approval of an extension of the District Energy Project Manager Contract for Harold Garabedian.

Council Member Weiss said this is a contract between the city and Harold Garabedian. He has done a marvelous job in the role he has and needs extra time working with the Energy Advisory Committee. According to the professional fees he can make $8680 per day. The contract is very clear when you get into the exhibits that if the contract is worth more than $100,000 there are limitations. If this gentleman were working 200 days at that rate he could be earning $136,000. Is there a cap on what he can earn or can he earn more than $100,000 which would set another whole set of condition on the agreement.

Discussion followed on the amount of time expected to be covered with this extension and that the payment was coming from grant money for the project.

Motion was made by Council Member Weiss, seconded by Council Member Sherman to approve the extension of the District Energy Project Manager contract. The vote was 5-0, motion carried unanimously.

12-003. Setting of "approximate times" for the following items.

Council Members set the time to be spent on each agenda item.

12-004. Appointment(s) to Montpelier's Conservation Commission.

a) After 10 years of service, Kris Hammer is stepping down; his term is set to expire in February, 2014. Karen Freeman's term expires on January 22nd, 2012.

b) Staff advertised and as of the deadline, December 29th, the only response has been from Karen Freeman who wishes to be reappointed.

c) Recommendation: Reappoint Karen Freeman to another 3-year term; consider any other applications that might be submitted in the meantime for Kris Hammer's vacant seat.

Motion was made by Council Member Jarvis, seconded by Council Member Weiss to reappoint Karen Freeman for a three year term and re-advertise for the other vacant seat. The vote was 5-0, motion carried unanimously.

12-005. Opportunity for Paul Carnahan to update the Council on the Blanchard

Block Project; Council will also be asked to consider a request for the use of two parking spaces for this project throughout the summer.

Paul Carnahan, Chair Person of the Montpelier Alive Design Committee said they had a design charet in 2010 to talk about how to improve the appearance of the back of the Blanchard Block. They repaired the sidewalk in which Tim Heney and the city worked on cooperatively. The motivation for that was to have access to the back of Capitol Stationers in the Blanchard Block. The idea that came out was having some sort of pocket park seating area behind the Blanchard Block as another place where people in the downtown can go and congregate. As the sidewalks improved behind the Blanchard Block the idea evolved into what he is presenting tonight which is a temporary seasonal pocket park which would be located over two parking places directly behind Bear Pond Books at the outlet of the alleyway between the Blanchard Block and Tim Heney's building. This would be a platform put out in the spring and picked up in the fall. We would have the benefit of enjoying the space during the warm summer months. He is seeking input from Council Members and they are hoping to apply to the Downtown Transportation grant fund which has a deadline in the middle of January. It is a 50/50 match. They will be using money the city allocated in the capital fund for Montpelier Alive for their match. They will be taking up two parking spaces. This will also go through the city's zoning process.

Mr. Carnahan explained the plan showing benches on two sides along with a small railing. They would like to plant a shade tree in the space.
The drawings show a piece of artwork and that is just a concept at this time. There will be planters in addition to the benches.

Council Member Sherman inquired how much the grant was for.

Mr. Carnahan replied it would be $5,000; the project would be $10,000. It is a 50/50 match.

Claire Benedict said the merchants are all behind this. They hate to give up parking spots but they think the appeal of this outweighs the loss of the two parking spots, especially since it is seasonal.

The consensus of the council was favorable.

12-006. Review of the Recreation Department Budget and wrap-up/approval of the City Council's Proposed Budget for FY'13.

James Surwillo, Brian Murphy Arne McMullen thanked the Council for the time to present their 2013 budget for the Montpelier Recreation Department. Included in the packet is the mission statement, program offerings, some budget information and winter program brochure. The mission of the Montpelier Recreation Department is to provide a variety of quality programs, community events and recreational services in a safe and affordable manner,

and to effectively develop and maintain recreational facilities for all residents of the Montpelier community. One of the things they need to do is provide programs for all ability levels so they work with preschools up to adults. They need to use their facilities to their maximum potential. Many sports are becoming year round. They play soccer in the spring and fall. They are seeing more use of their fields and facilities.

Some of the completed projects is the little league backstop which was long overdue to be replaced, the pavilion at the pool, which will benefit the day camp program as well. The roof on the gym was replaced and the lighting in the recreation building and pool were replaced with the help of Efficiency Vermont. They like to have values behind their programs to promote recreational activity for preschools through seniors. This last year their overall attendance was over 2,500 enrollments for their programs and their special events added another 2,000 plus participants. The ski and skate program had another 1,000 participating. Their attendance at the swimming pool is once again over 10,000; the rec center was over 1,700 and public skating was approximately 1,200 people participating at the Civic Center.

Another one of their goals is reasonable pricing and they always try to promote wellness and fitness through activities. A lot of time goes into the thought process when they are preparing their budget. They know over these last few years that the economy has not been very good to a lot of us and people are struggling. He goes through a four year history of past budgets and the Rec Board reviews the budget as well. Last week they presented a budget to the School Board and they made a motion for them to move forward with the budget he is sharing with the Council.

He shared a copy of the budget with Council Members.

Council Member Golonka said he has asked Bev for the Senior Center nonresident activities that they fully funding them and Montpelier taxpayers aren't subsidizing outside residents. What process does he go through to insure that is the case and how do they measure that? He doesn't see any revenue numbers in the budget.

Recreation Director McMullen said regarding the residents and nonresidents they do have a nonresident rate for most of their programs. The only ones they don't are for the soccer camps in the summer time and the Mountaineers don't do a nonresident rate. If a program isn't covered by the fees they don't run it.

Council Member Golonka said we need to delineate the amount of money that was school work versus recreation department work. He doesn't see any corresponding transfers from the school or from the recreation budget. It is imperative for a taxpayer to see that. Are there opportunities to look at the facility on Barre Street and how we are using it? He sees that as a wasted asset. It is falling apart and no money has been put into it. How does that building fit into the strategic plan?

Recreation Director McMullen replied they are doing things to update it. They put on a new roof and they still run programs in that building. The gym gets utilized quite a bit. They are working on making the building ADA accessible.

Council Member Jarvis asked how necessary it is to have that facility in the condition it is. She is interested in how many other gym facilities in the city are available for other programs.

Recreation Director McMullen said quite often during the day there are groups that use it. Noontime basketball takes place every day. They also use it for their youth basketball programs.

Council Member Jarvis said they have questions about the reserve fund balance. Can they justify having a reserve fund balance when none of the other departments in the city are allowed to have them?

Brian Murphy said they are old facilities. They have a very short season with the pool and short Mountaineer season. They need funds available to fix these items quickly.

Recreation Director McMullen said the schools have a fund balance as well.

Council Member Sherman inquired about the staffing at the Recreation Department.

Recreation Director McMullen replied besides himself there is a program coordinator; two administrative assistants and two maintenance people plus they share a half time maintenance person with the school system. There are 6.5 FTEs.

Mayor Hooper said the department received funding for supporting the subsidized child care during the summer camps. Where would that revenue be?

Recreation Director McMullen replied it would be under outdoor programs. It is around $30,000 to $34,000 last summer.

Council Member Weiss asked what budget the School Board asked the Recreation Department to go forward with.

Recreation Director McMullen replied with the 5 percent decrease which would be a $30,000 reduction in the appropriation.

Council Member Golonka moved that based on the School Board's recommendation we put on the ballot the amount approved by the School Board for this fiscal year. Council Member Timpone seconded the motion. The vote was 5-0, motion carried unanimously.

Assistant City Manager Hill noted that Arne McMullen and his staff have been extremely helpful to the Senior Center and staff. They take care of our walkways.

City Budget Discussion:

City Manager Fraser said after listening to concerns expressed by the public and the Council it might be helpful to take the different budgets and review the new information. He wanted to present a no tax increase budget with a few compromises but hit the Council's goals. He suggested they take three items that had originally been in the outside agencies, the Housing Trust Fund and circulator bus, and put them on the ballot. They used $149,000 out of the fund balance last year knowing it would create a budget hole for this year. Since then they have adopted a fund balance policy which sets a goal but he suggests they take half of what they used last year and use it for this year. He talked to the Chair of the Street Lighting Committee and he is going to recommend dropping the street lighting budget by $7,200.

Council Member Jarvis asked what the city's obligation is to the circulator bus.

City Manager Fraser said they didn't commit to anything. It was put on by petition and passed by the voters. Our policy is that once it has been done and approved it goes into the base budget.

Mayor Hooper said they need to have a conversation about each item. They are now developing the Council's budget and these are Bill's recommendations for cuts. We need to indicate whether we accept it.

Yes on the communications position.
Yes on the HR consulting
Yes on the Citizen Survey
Yes on the emergency training exercise
Yes on the fund balance if we have a 5-year plan
Yes on the street lighting
Yes on the increase in the ambulance revenue
Yes on the Justice Center – Council Member Weiss said no.
We need a little more discussion around the DPW operating expenses

Council Member Jarvis said they should consider not offering dental insurance to employees.

Mayor Hooper said on her list she would remove from funding are the dues for the Central Vermont Economic Development Corporation, Welcome Back Legislators. They have questioned the permitting software. She would remove The Bridge. The Citizen Survey is up for discussion. She understands they are going to receive a petition from the Library which will be for an increase. Maybe they need a library discussion.

Council Member Golonka asked what is too much that someone can ask for legally. Or, do they have some discretion. $300,000 is a lot when they don't have any input.

City Manager Fraser replied his understanding is that something which is for a municipal purpose like a Library can be legally brought forward. They can't say no.

Mayor Hooper said they have agreed to remove from the original cut list the following: 10 percent of the cemetery, the emergency notification system, GMTA, video archiving, Senior Center, VLCT dues and the river gauges. Those items are all back in the budget.

Discussion followed on the Planning Department VISTA's community enhancements, Justice Center, Tree Board, School Resource Officer, street position, fire department position and police officer position.

Linda Setchell said if the city loses the lawsuit on the property assessment for National Life is that money extra on top of the budget or is the money included in this budget.

City Manager Fraser said they assumed no change in property tax value. If they had to pay that out it would be a one-time payment from the fund balance and then the grand list would change.

Peter Nielsen said Bill has presented a budget proposal that would just be a flat rate with no increase in the tax rate. There was also a list of items that people had agreed to leave in.

Mayor Hooper said they should talk about the core services first. She wants to hold off on the outside agencies.

City Manager Fraser said they did the Citizens Survey a couple of years ago and thought there was some value to that. They had originally planned to do it during this present year so it was included in the budget. He took it out because he took out everything that was new. We have had more citizen involvement than we have had in many years. It might not be a bad idea to go back out to the community and get randomly selected people to answer those questions again. We are going to be sitting here next year with the same problem. The last time we did the survey was in 2009.

Council Member Sherman said they are raising the threshold for getting petitions so we are stepping back from public input there. This would open the door and let us hear what peoples' views are.

Council Member Weiss said they are playing a shell game. If you want to put the citizens survey in say so and then describe where you are going to take $10,000 from some other portion of the budget, but let's not waiver on these things.

Council Member Golonka said he would take it out. He doesn't think we need to do this as frequently.

Mayor Hooper said she found it incredibly useful and it guided our policy discussions. It was a good statistical analysis of what is going on in the community as opposed to people calling up when they are mad about something. She worries the longer they put it off the less valuable it will be and it won't happen.

The next on the list was the permitting software.

Council Member Sherman said she thinks it is a tool that will help us keep the records straight for development projects. It would be helpful as we move forward in some of our goals and an investment that would pay off in the long run and possibly have an impact on personnel needs. It's important information and coordinates some of the fragmented record keeping.

Planning Director Hallsmith replied it is both efficiencies and public access to the records they are looking for and this software allows them to put a lot more information on the web and make it accessible to the public which reduces the amount of time and effort the public needs to make to come into their office for the information. It reduces the amount of duplicate entries that are made into the system. It coordinates the mapping and assessor's data and the Building Inspector's data so they are all integrated. This was one of the recommendations of the MATRIX Report. They have done a lot of work to streamline the permitting process. Now the building permits are moving into her office it will be very helpful in coordinating all of this.

Council Member Golonka inquired how many permits a year there are.

Planning Director Hallsmith replied about 200 and with building permits it is a lot more than that. Raising fees is as controversial as raising taxes judging from the last time they did it.

Council Member Weiss said he thinks it is wrong to consider raising any fees. This Planning Department has a proposed budget of $416,000. Let's takes $6,000 out of that budget and let them have their permitting software.

Planning Director Hallsmith said she would prefer to keep a VISTA than to have the permitting software. The VISTAs serve an important public purpose in terms of getting people that wouldn't otherwise be involved in city government involved. It is very helpful to have two of them.

Mayor Hooper said for the time the majority of the Council is saying to keep the software in the budget.

Council Member Weiss said he was surprised to learn that the Justice Center is a department of the city. He doesn't think the Justice Center should be a department of the city. He doesn't think the city should be making any contribution and if the Justice Center is going to stay in that location, and he hopes they don't, they should be charged for rent of the space and utilities they are using. His request is to take $24,000 and effective July 1st they will not be considered a department and let them know they have the choice of moving or paying rent.

Mayor Hooper said they have agreed they will not allocate $24,000 to the Justice Center. They aren't eliminating it. There is an expectation that the grant resources that will be coming in will be able to provide the services.

City Manager Fraser said the original budget showed the city's contribution going from $31,000 to $48,000 and Yvonne showed us information saying they have been much closer to $24,000. They haven't needed the city's full allocation in the budget so he suggested they only put in $24,000 of city money.

Street Position – it was a recommendation from Bill and the MATRIX Report. She has a hard time seeing how that is wise when we talk about improving the sidewalks and the general maintenance of the sidewalks required.

City Manager Fraser said they need to send a crew to clean catch basins, paint sidewalks or plowing, and it would just take longer to get certain things done.

Mayor Hooper said the city did better after the May storms because our catch basins were cleaned out. The storm forced us to do the cleaning and maintenance we should be routinely doing and as a result did not have the same sort of damage in August that we could have had. This is cutting a person in a department that has seen significant cuts over time.

Council Member Jarvis said they are crafting a budget to present to the public so she votes to cut the position.

Mayor Hooper said of the first list they have left in the permitting software. They pulled the GPS tracking out. Council Member Golonka said he doesn't believe it is worth $11,000

Mayor Hooper said under the planning budget there is a proposal to remove one of the VISTAs. We should hear from Gwen.

Planning Director Hallsmith said it is one of the best bargains we have in the city, $8,000 per employee, and it gets us two full-time staff people to work on anti-poverty issues and issues of low income residents all year. It is also two of the very few entry level positions we have in the city government that support youth in our community. It started through the Vermont Youth Service Bureau. Their task is to make sure they get more low income people involved in city government and work on programs and projects. It is very helpful to have two because they are young employees. They have a very busy department. The two of them serve as a support system for each other. They do a lot of work with the neighborhoods and work helping people understand the zoning and doing outreach throughout the community. It is a very small budget number for an incredible service to the community and it has expanded their ability to communicate with residents on a number of issues. Losing them would be a real loss to the city. In addition to the amount of money that was in the capital budget for the update of the Master Plan there is money dedicated to printing because every update involves a lot of printing costs.

Mayor Hooper explained when she worked for the downtown organization she wished she had the ability to figure out how to bring some VISTAs in because they would be a tremendous enhancement to the work they were trying to do in the downtown. Given the interest in economic development issues they have been very actively staffing Montpelier Alive for some of their efforts.

Council Member Jarvis said she doesn't think the city needs to pay for two of them.

Planning Director Hallsmith said because the VISTAs are working at a poverty level they do have some leeway to choose projects they find really interesting. The VISTAs do an enormous amount of work and good to connect with the community.

Council Member Weiss said it isn't the Council's job to direct personnel and he has observed and worked with the VISTAs the last three years and we need them. Let's include the $16,000 to support them and take it out of the Justice

Center which would still leave them with $8,000. Council Member Timpone agreed they should keep the VISTAs. Mayor Hooper agreed there was a consensus to leave them in.

The Tree Board – Council Member Golonka said he would like to see it more focused. This is mostly Geoff and includes some of the Tree Board funding as well for a part-time position. Council Member Sherman said the Tree Board are volunteers and we need them. They agreed they should be left in.

Building Inspector – Council Member Golonka said this program was meant to be self-sufficient and it is another example of the state pushing down an inspection program on the city budget. It is $27,000 and it serves a purpose but the state should pay for it. He believes it should be a state function.

City Manager Fraser explained with the contract they have with the state the city receives all of the state fees from the work that is generated in Montpelier. It has never been fully self-sufficient from the beginning and we used to have a health officer. In our budget we will show a net $17,500 amount. If we were to cut it we would still lose about $10,000 in building permits and lose the other state revenue.

School Resource Officer – Council Member Weiss said he would like to eliminate the position from the support of the city. He doesn't think the city is getting its fair share of the time. Looking at the Resource Officer's monthly reports at least a third of his time is spent on cases outside of Montpelier. If the school system thinks it is important let them pay the whole thing but he doesn't think the taxpayers are receiving the benefit from the $44,000 that it is putting into its share when we aren't getting half of the benefit.

Council Member Jarvis said when she was with the State's Attorney's Office from the law enforcement and court perspective that position was doing quite a bit in terms of crime prevention. It is an amazing combination of a police officer and a social worker. And it isn't just about the school but these are residents and families of Montpelier and a lot of these issues he deals with are issues that would become police cases, drug cases, abuse and neglect and truancy cases. She felt the position saved police time and community resources and was well worth the money.

Council Member Timpone replied it is proactive policing and making sure Montpelier kids make better choices.

Police Chief Facos said a lot of the assist can be with the Department of Children and Families. He has very strict guidelines. U-32 has tried to pull him into several processes at certain times. He is very good at directing the school personnel to go through the Vermont State Police for that unless it is something that is jointly affecting Montpelier and East Montpelier. An agency assist could be anything from the US Army doing a background check on somebody to a trooper needing assistance on the interstate.

Mayor Hooper said she doesn't think there is support for removing it from the budget.

Reduce assessing by a third – Council Member Golonka said he wanted to know what meant.

City Manager Fraser said that is third from the bottom of the list.

Mayor Hooper said she thinks our Central Vermont Economic Development Corporation is one of the best in the state and there is a huge amount of service they provide to the region.

Assistant City Manager Hill explained the organization and the benefits of belonging to CVEDC. The $3,000 we pay for dues has never increased in two decades.

Public Works Director Todd Law said what the cuts means to them in the Street Division is they currently are not meeting their requirements for all of the unfunded mandates. Their CSO requirements of cleaning catch basins they can't stay on top of it now with their current workload. Is it possible? Definitely. What does it mean during the winter operations? It will probably take one person off a plow truck so some of the streets won't get some of the same attention they do now. It would be one of the smaller trucks. During the summer when their crews are most critical about fixing catch basins and getting more proactive on cleaning. They have to do their crosswalks fairly early and do sign inventories.

Mayor Hooper asked him that aside from being out of compliance with the federal rules are on the storm water management, if we aren't cleaning the catch basins as frequently, what does that mean?

Public Works Director Law replied it is an environmental concern. Our catch basins are designed so everything goes into the catch basin and sediment drops out. When the sediment gets up to the pipe level at some point in time it goes out to the river.

Council Member said she doesn't think they have had the same conversation they have had with Todd as they have with police and fire and we need to before they pull the street position.

12-007. Consideration of any proposed Charter changes, the wording for such changes, and official filing with the City Clerk.

Council Member Weiss said months ago they decided to make it more difficult for the outside agencies to get on to the ballot to ask for money. That spread to a proposed charter change to make everything going on the ballot at the annual meeting be 10 percent. John Bloch said he wanted to file a petition which related to the personhood of corporations. That has nothing to do with finance and he was correct that 10 percent is too high for an issue like that. His position remains the same. If you want 10 percent to the outside agencies, okay, but there should be a 5 percent threshold for any item which is not financially related.

Council Member Golonka said in Bill's example Brattleboro had a 5 percent threshold for nonbinding resolutions and a 10 percent threshold for finance related resolutions. He would be in favor of that model. Council Member Golonka moved to include the language in Bill's memo with Council Member Weiss seconding the motion.

This option proposes to assess a rooms, meals and alcohol tax of 1 percent which would be applied to infrastructure issues.

City Manager Fraser said they have to file the language with the clerk and hold a public hearing on January 26th and a second one on February 22nd.

Brian Cain, Director of Sales for the Capitol Plaza, said he received a letter today from a tour operator. Part of his job at the hotel is to deal with motor coach companies that come into our region, stay in Montpelier and hopefully at their hotel. He shared the information that a local option tax was being considered with our major carriers. He shared a letter he had received from the New England Program Director for Holiday Vacations, who said increases such as these were not looked upon favorably. There are many other suitable locations to stay in Vermont. We strongly considered Burlington and Stowe before settling on Montpelier in 2011. We hope that you convince the City Council that the benefits of implementing this tax may be short lived if groups choose another location for accommodations. Last year we brought 173 guests into Montpelier for two-night stays. They had a leisurely time in the city which allowed them to shop and to dine locally. We are hopeful that the city decides that the additional tax may not be in the best interest of the community.

When he spoke to the Montpelier Business Association the analogy he used was a local options tax for a major carrier like this is very much like a toll both over a city where the surrounding cities don't have that toll booth.

Mayor Hooper said the carrier who wrote the letter brought 173 guests for two nights they are talking about a $300 increase. It would be $1 per guest night.

Mr. Cain said it is 1 percent on their entire tour. These are bulk carriers and when they contact them it is something that the negotiations for the prices themselves are pretty strict. He has to give a very good rate and it is highly competitive. They aren't choosing a hotel but choosing a community, and they fell in love with our community and being able to walk through our town without box stores. That relationship with this particular company was very successful. He has been doing this for over 20 years working with tour operators. They know surcharge towns. Because it is so competitive they often times will look elsewhere.

Council Member Weiss said people who have contacted him are 100 percent negative and he won't support this article.

Council Member Golonka said he has been against these taxes for a while and won't support it.

Council Member Sherman said the time has come. We are looking at serious infrastructure needs and she doesn't see any other way. It is time for an alternate source of revenue. It is wonderful they love our town but we cannot survive unless we have a local options tax. She is in favor of it even though she realizes it will have an impact on downtown businesses. We will have to get approval from the Legislature so this is just starting the ball rolling. We are proposing this to take care of serious infrastructure issues, and it is essential.

Council Member Timpone said after spending the summer looking at infrastructure this has convinced her to support it. She has been contacted by people who say they can't afford any more increases in their property tax. At least put it on the ballot so people can vote for it. The only way she could support it is because right now it is tied to infrastructure.

Council Member Jarvis replied she did not want to vote on this item on its own because for her whether she supports either of these items depends on whether or not there is an allocation for business development.

Mayor Hooper said the other proposal is that the city charter be amended to create a local options tax which would provide that 1 cent be assessed on sales in the City of Montpelier with the provision that 20 percent of the revenue collected from the sales tax will be dedicated for economic development and/or business promotion. Last night she sent Council Members a memo to bring it back to economic development. What she is asking they dedicate the revenue to economic development based upon plans approved annually by the City Council.

Fred Bashara, Capitol Plaza, said he spoke this morning before the Chamber of Commerce business meeting and posed a question to George Malek how this tax would work. He asked if he knew how Williston and the others working on it and he got an answer from the Tax Department. He asked if this was a business tax or a citywide tax? He was told it was as citywide tax. That means that every person in the city of Montpelier that has an electric bill has an extra 1 percent added to it.

Mayor Hooper replied no. It only relates to retail tax.

Mr. Bashara said for anyone that has a rental property they would most likely not absorb the tax on the fuel oil but pass it on to the residents who live there. It would be better if it taxes everybody on their property tax and be uniform and designate those taxes to infrastructure than trying to get a little bit out of businesses. People who go out of the city and buy their goods and services – National Life probably spends a million dollars a year on fuel. Now there is a law suit where they want to reduce their property taxes. We may end up losing more than what you are trying to gain.

Mayor Hooper said they are trying to hold down property taxes. Everybody is in agreement that our infrastructure is in desperate need of work and there are other services that other people throughout Central Vermont use and expect that the residents and businesses in Montpelier provide them. How do we pay for that?

Mr. Bashara replied it isn't just shoppers and tourists that use our facilities. The residents of this city use our facilities as well. They want business to succeed and grow in this town and not just cycle it.

Council Member Jarvis said the residents are also saying their property taxes are too high.

Mayor Hooper said this is an equity issue. There are 8,000 residents who are here and 20,000 people during the day. Our businesses benefit by the 20,000 who come in but 60 percent of our property taxes are paid by the residential folks who do not have that benefit. She pays a higher property tax as a residential person than she would if she lived 300 feet further up the road. To her there is an equity issue.

George Malek, Central Vermont Chamber of Commerce, said image is everything. If he were trying to sell it he would say it is a 1 percent tax and a 1 cent tax. However, the flip side of the coin is that it can be described as a 10 to 17 percent tax increase. Is a penny going to stop somebody? Is a dollar going to stop somebody? The image is where it counts. There are people who will avoid a 10 percent increase. The reality is if it is 1 in 100, if it is just 1 percent, it is a million dollars in sales lost. If 1 percent of the purchasers decide the image they get is that they are not wanted in Montpelier or shopping locally makes them feel taken advantage of, 1 in 100, in $1 million in lost sales; that's significant. To believe that everybody is going to either not notice or not care is wishful thinking. He asks them to consider the image they can be putting out. He said they would be taking 50 percent more out of the market. The fact is they will take twice as much out of the market. If that same $750,000 were done in property taxes $150,000 would be paid by the State of Vermont through income sensitivity which doesn't extend to the business community. In addition, the folks who did pay it would be in the 25 percent plus tax bracket so they get to deduct it and save another $750,000 they would pay in taxes otherwise. The bottom line is they are taking twice as much money out of the community as you need to get the same amount of money and paying with an image that is going to cost. The Council's best intentions of designating funds last only as long as you are seated here. The tax will never go away. He asks the Council to give some very serious thought to going down this road.

Council Member Jarvis said when looking at the numbers it is hard to buy his argument.

Mr. Malek replied it is the cost of inflation.

Bob Gross said he has lived in town for about 20 years. He is a resident of this town and paying for the services for the people coming into this town use. We have a larger fire department, police department, public works department and large infrastructure because everybody else is here and as a resident he pays for that. Regarding the oil and electricity tenants are not paying sales tax on oil or electricity but only businesses themselves. They are talking about 20 percent of the revenue collected going towards economic development or business promotion. They should be careful that it is 20 percent of the revenue received from the state for the sales tax. He hopes the Council supports this way of sharing some of the costs with everybody who uses the services in the city.

Claire Benedict said she is a home owner and a business owner of Bear Pond Books in town. She wants to address the equity issue. People from out of town are using our services. The local options is going to put the burden on business owners and people who are doing business in town. She doesn't feel it is equitable to use the business owners to collect the tax and fund the roads and sidewalks so there is inequity there as well. There probably isn't a way to increase revenues that will be equitable for everybody. She is concerned about the idea that at the Council's discretion 20 percent will be spent because what is going to happen when there is a new Council and the economy changes. It's a very tough economy right now and it's a difficult time for all business owners. Everybody is on a razor's edge on margins right now so she doesn't feel like it is a good time to send a message out to the public that it is even more expensive to shop in Montpelier than it is now. We have the shop local message out and now they are going to penalize the customers for that loyalty. There is a lot of competition out there from the internet that charges zero percent sales tax.

Phil Dodd, a resident of Montpelier, said he certainly sympathizes with the businesses who are suffering with a difficult economic climate. His business has seen income going down for three years and a lot of the taxpayers in Montpelier are struggling to pay their taxes so it is a problem we all share. We are facing a fear of the unknown here. In the last 20 years there are 13 towns that have now adopted this kind of a tax and he isn't aware that any have repealed it or complain about the impact on the businesses there. Burlington is a good example where they have gone to 2 percent on rooms and meals and they still pack them in at the hotels and restaurants. It is worth researching how this is working out in other towns such as Rutland and Brattleboro. If we do get more revenues and able to keep our tax rate down that is going to benefit the business properties too because their municipal tax will drop. We have heard a lot of good debate and perhaps it is time to let the voters of

Montpelier have this debate. Maybe they will pass the rooms and meals and not the sales tax. Earlier there was talk in the budget about allocating certain things to the local options tax. That might be something to be a little wary of because if that tax doesn't pass or the Legislature decides they won't approve it this year that we would be stuck and those items wouldn't be funded.

Eric Bigglestone, owner of Capitol Stationers, said he owns a commercial building in town and also a residence in Montpelier. Sitting here for the past 4 hours it has been an educational experience for him. It seems like the Council is working very hard at cutting its expenses and that is what as a resident and business owner he is asking them to do. They should especially cut expenses before they look at new revenue streams like a local options tax. Montpelier is a unique place. Our population triples throughout the day. He has not spoken to one merchant who is in favor of this tax. The economy is very fragile. They love their customers and having business here but he doesn't think it is sending the right message by adding this 1 percent on to what they already provide for people.

Peter Nielsen commended the Council on the hard work they have been doing on the budget for the past several months. Montpelier has a very complex situation because we are the regional hub. We are kind of behind times in addressing some of the equity issues. The Council is choosing to take on the issue of how we grow and evolve and what local options gives you is another revenue stream and another tool to be used. He is 100 percent in favor of the City Council having tools at its disposal to be able to deal with all of the complexities so local options tax is a tool to do all of the hard work. He hopes they pass it.

Tim Heney said he doesn't favor the local options tax. Bringing up public policy and trying to create it at this hour of the night is brutal. It is something that needs to be understood and studied before it goes any further.

Mayor Hooper said she has been Mayor for almost eight years and has brought this up every year. Early on there have been many different studies on this and Bill and she visited 3 or 4 communities that have local options taxes and talked with business owners and property owners about the effect of the tax on the community. We have been talking about this now for several weeks and she is disappointed she didn't know about the tax on utilities for commercial properties.

Council Member Weiss said he had empathy for Eric and Claire who happen to own businesses in this city and outside the city and they are faced with how they going to conduct their business in Montpelier as compared to their business in Berlin. Secondly, they have talked about the electric tax but we have to be reminded again if there is a sales tax these merchants are going to have to pay 1 more percent on whatever buy under the law and shipping that goes with it. That is an additional expense. A while back the Council said they wanted to have a discussion on economic development. The way this is worded the City Council will assess a sales tax of 1 percent with the provision that 20 percent of the revenues will go for economic development undefined. It doesn't say who is going to be responsible for that and what is going to happen to the other 80 percent. That should be included. The equity of these 20,000 people coming into Montpelier every day without them these businesses would not be here.

Council Member Sherman said the businesses are benefitting from the people who come in every day. Therefore, some of the cost of handling and the services these people require should be paid by the downtown merchants who get the business from them. She thinks it is an issue of equity that 8,000 people should not have to pay for the services that support the 20,000 during the day. We have studied this and it is time to go ahead. We know what economic development means. The terminology will be in the charter and it's not like it can be changed or increased or abused. It is clear what the local options taxes are for and economic development will be defined by a plan approved by the Council. We have heard from citizens and looked at this for a number of years and postponed it. It is time to proceed with the charter change. If the charter change passes then we go to the next step. If it is passed and approved and they decide not to implement it they can do that. It is the right thing to do at this time given what the conversations are around financing and essential city services.

Council Member Golonka said what Tim said hit a chord with him about what their role on the Council is and it is our need to endorse something if it is on the ballot because people look to us for some direction. At this point he cannot support it. It is too vague in terms of what are we using the money. He will vote no to putting it on the ballot.

Linda Setchell said they have talked about the other towns but she doesn't think these other towns have the activity that Montpelier has. She has seen in the past two years a bunch of businesses have moved into other locations in town and now all of the empty spaces are owned by one landlord who is currently giving someone who is trying to open a new business a lot of trouble. You can have a local options tax in Vergennes but you don't have that landlord making it really hard for other people to open new businesses, and that problem has not been dealt with. Before you implement a local options tax you need to deal with that problem. We are looking for a 7 percent increase this year. National Life made $122.4 million last year; it's in their annual report. Bill has done his job by dealing with the appeal, but where has the political leadership been to go after National Life and say this is ridiculous. We gave you a $300,000 reduction in your taxes. People are losing their homes and we need this political leadership. We are asking our business owners to take on more taxes. We are asking our home owners to take on more taxes and those guys are sitting up on the hill making $122.4 million and nobody is saying a word to them.

Council Member Jarvis said she is concerned about the taxes on utilities for commercial properties. She is prepared to file language and set up a public hearing. When Gwen was talking about the work of the Planning Department projects she considers economic development not everybody else considers economic development. For her it is about putting some money back into the business community because she has some concerns about how this will affect the reality and infrastructure of Montpelier. It is very much about spending money on business development and business promotion. We decide how funding is spent. That is the Council's job so any revenue that is collected the city will decide how it is spent. Her yes vote is contingent upon giving back to the community.

Council Member Weiss asked what they were going to use the other 80 percent revenue for.

Council Member Jarvis replied it would be general fund revenue. Council Member Jarvis moved they file the language as presented in the agenda materials and to set the matter for a public hearing for both items. Council Member Timpone seconded the motion.

Council Member Weiss moved to amend the motion. For the first article 80 percent be written in as being dedicated to improvement of the infrastructure above ground and below ground. The Committee on Capital Improvements told us we need about $30 million to bring all of our infrastructure up to standard.

Council Member Jarvis said she doesn't accept the amendment. The amendment died for a lack of a second.

Mayor Hooper called for a vote on the motion. The vote was 3-2, with Council Members Golonka and Weiss voting against the motion. Mayor Hooper voted in the affirmative to make the fourth vote.

City Manager Fraser said they have added $6,000 into the budget for permitting and they haven't made any other changes. They haven't talked about the fund balance or ballot items.

Council Member Jarvis said they were talking about cutting one position from each department. What does that mean for the schedules? What does it mean for the organization?

Fire Chief Gowans said two weeks ago they had a presentation prepared on staffing and there have been a number of studies done. Before any decision are made about the Fire Department he would like the opportunity to bring that back. The study compares four person crews, three person crews, two person crews and the percentage of times a rescue can be made. It was a national study. It also talks about residential fires at 2 in the afternoon compared to midnight.

It was noted that Public Works does a phenomenal job as far as plowing and maintenance and it directly has an impact on the Fire Department. There is a huge ripple effect about cutting a position in Public Works Department.

Police Chief Facos said they have seen a dramatic reduction in the number of accidents in the last 6 to 7 years. Signage has improved. Plowing sidewalks has made for safe routes to school. It is the heart of community policing. Montpelier is in a valley with very steep hills so when these storms hit the better we can make the roads safe, the fewer accidents.

Mayor Hooper said she would be comfortable to put the street position back in for Public Works and set the budget without that cut in Public Works.

Police Chief Facos said he was going to go over where they stand with the COPS Grant. There are three choices. The federal government paid for three year 100 percent of base salary and the step increases obligation so the community could maintain that position for the fourth year. Option 2 is that for five years the City of Montpelier would be ineligible for a variety of federal grant opportunities which would include the JAG funding which is the justice assistance grants and the COPS Grant. The total grant was $209,000 and we would have to pay that back to keep us in good standing. Communities do fall on hard times, but the challenge there is there is a federal audit and it would encompass the entire city financially. In other words, Uncle Sam makes the determination of whether the city is at that level. He hopes the city will be in a stronger economic shape as a community in another two years. That was certainly the President's goal with any of the federal funding. If they were to look at a force reduction in police officers from 16 officers he would say they would cut the School Resource Officer and maintain the detective. In his professional management of the department he would say no to both positions. As Corporal Moody retires the School Resource Officer position would be different in terms of function but they would have a presence in the school. There has been 25 percent reduction in juvenile crimes. That's a huge number in law enforcement. On top the preventative networking for kids and families is a challenge. For major holidays they have been able to bring in to the Barre/Montpelier region state troopers from Derby. Tuesday he had a meeting with the US Attorney's Office, the Drug Task Force and ATF and there are fewer and fewer resources available so it is good to partner up when they can. They take in a lot of guns so they don't have more gun and drug violence in the city. We have a very vibrant downtown. You want to be safe having a good time in downtown Montpelier so it is a matter of having the sufficient capacity to keep things safe with the variety and complexity of the criminal complaints they have to investigate.

Mayor Hooper said she is interested in knowing what they have been doing with dispatch. Can we close a night or two a week and Barre take over the dispatch? Are there ways on the slower nights for sharing the costs of doing the dispatch?

Fire Chief Gowans said he was in touch with Senator Leahy's office and the city has received a $142,500 grant towards the purchase of a fire engine.

Council Member Jarvis moved they accept Bill's budget proposal with the Council's changes taking the circulator bus out and adding the permitting software back in. Council Member Golonka seconded the motion. They hadn't talked about the fund balance. They are putting the street position back in the budget. The Housing Trust Fund and the outside agencies are on the ballot.

No voting action was required and the motion was withdrawn.

12-008. Reports by City Council

Council Member Jarvis reported that First Night was fantastic.

Council Member Weiss said he understands the railroad pays the state a payment in lieu of property tax and the state is supposed to give half of that to the municipality. He wants to know if we are eligible to receive our half.

12-009. Mayor's Report.

None.

12-010. Report by the City Clerk-Treasurer.

None.

12-011. Status Report y the City Manager.

City Manager Fraser said they hope to have the final agreements for the District Heat project on the next agenda.

12-012. Agenda Reports by the City Manager.

None.

Adjournment:

After motion was duly made and seconded by Council Members Jarvis and Sherman, the council meeting adjourned at 12:50 A.M.

Transcribed by: Joan Clack

Attest: ______________________________

Charlotte L. Hoyt, City Clerk

On Wednesday evening, January 11, 2012, the City Council Members met in the Council Chamber.

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

Call to Order by the Mayor.

Mayor Hooper called the meeting to order at 6:30 P.M.

12-013. General Business and Appearances

None

12-014. Consideration of the Consent Agenda.

a) Consideration of Minutes from December 14, 2011

b) Consideration of becoming the Liquor Control Commission for the purpose of acting on the following:

1. Application for a Catering Permit from Hyzer Industries, Inc., d/b/a Three Penny Taproom for an event at Onion River Sports, Langdon Street, on February 10, 2012, 4 p.m. to 9 p.m.
2. Application for a Catering Permit from the Skinny Pancake, Inc., for a private birthday party at the chapel at VCFA, 36 College Street on January 21, 2012 from 6 p.m. to 10 p.m.
3. Application for a Catering Permit from the Skinny Pancake, Inc., for one of their "Green Drinks" events at the City Center, 89 Main Street, on February 21, 2012 from 6 p.m. to 8 p.m.
4. Application for a Catering Permit from the Skinny Pancake, Inc., for one of their "Green Drinks" events at the City Center, 89 Main Street, on March 13, 2012 from 6 p.m. to 8 p.m.

5. Application for a Catering Permit from the Skinny Pancake, Inc. for one of their "Green Drinks" events at the City Center, 89 Main Street, on April 10, 2012 from 6 p.m. to 8 p.m.
6. Application for a Catering Permit from the Skinny Pancake, Inc., for one of their "Green Drinks" events at the City Center, 89 Main Street, on May 8, 2012.
7. Application for a Catering Permit from McGillicuddy's Irish Pub for an event at the Vermont Grocer's Association, 160 State Street, on January 18, 2012 from 4 p.m. to 9 p.m.
8. Application for a catering Permit from MCGillicuddy's Irish Pub for an event at the Chapel/Wood Art Gallery, VCFA/Union Institute on January 24, 2012 from 5 p.m. to 10 p.m.

Motion was made by Council Member Jarvis, seconded by Council Member Weiss to approve the consent agenda. The vote was 5-0, motion carried unanimously.

12-015. Approval of three contracts with the State of Vermont for the Downtown District Heating Project.

City Manager Fraser reviewed the three contracts with the council. The thermal purchase agreement outlines the business deal between the city to the state, how the rates are constructed, how future capacity is purchased and how problems are resolved. The second is the procurement agreement which outlines the specific terms of the city's initial investment from grants and funds that buy our capacity and the third is the agreement which has to do with how the federal funds are managed and the process to take. In June the Council approved the Memorandum of Understanding with the State of Vermont which at that point outlined the big pieces. Our team consisted of Attorney Saudek, Project Manager Garabedian and himself. They have finally reached a place where their team feels comfortable that they can recommend the Council approve the contracts. They have a design team now working with the state. They will send up the RFP bids for boilers to the state tomorrow and they will be getting preliminary cost estimates in January. That will be our first indication of whether our end of the project is still within our funds that are available. The goal right now is to have everything bid out and awarded by late summer and fall because a lot of the materials take time to order for both the state and city. Construction will begin in 2013 so this will become operational by October 2013. It is a tight schedule but it can still be met but in order to move forward these agreements need to happen.

One issue that has had some publicity is the Union Elementary School and the cost of converting that system. They have a 75-year-old heating systems and pipes that are old steam pipes in disrepair. That has been a cause of concern. They are going to have to rehab that whole heating system in that building at some point. We have always assumed they would be heating Union School and are planning for that. However, if for some reason the school chose not to participate or it is too expensive to do that they have made adjustments in their thinking that they would not count that amount of bond money. When they estimated the city's bond it was based on the assumption of a certain amount of heat for all of the city's buildings, including Union Elementary School. The bond payments were calculated to stay within that cost of heat they are already paying. We would back out the amount allocated for Union School heat and not issue bonds for that amount so they wouldn't ask the taxpayers to pay twice. That has been in their contingency plan and not a new situation.

Council Member Weiss said he is trying to figure out the chronology. At some point the city may then choose to go out to bid on contractors and at some point the city may have to buy pipe. At some point the State of Vermont has to have installed a furnace or boiler. What is the chronological pattern between our having to have pipe and the state having to have the boiler?

City Manager Fraser said they would have to order boilers before we order our pipe. There is a schedule that is coordinated. The technical considerations inside their plant are such they have to build in a way to heat our system and have the right kind of equipment to do heat exchanges. There is a very high integration of the two projects. If they get bids that are too high then we or the state can't do it.

Mayor Hooper said the pipes have to be in the ground and completed when the boilers are ready to go. We don't want them in the ground longer.

Council Member Sherman moved approval of the three contracts with the State of Vermont that will enable us to proceed with the district energy heat project. Council Member Jarvis seconded the motion.

Council Member Golonka said he was voting no on the three contracts because he doesn't like the exclusivity factor about the capacity. He doesn't like the fuzzy nature of the retroactive pricing or going back to readjust the bills to Montpelier.

He doesn't like the stated appeal process. In general he is concerned about the project itself because of the 16-year break even in the current models. He thinks they are going to have to really investigate that because he would hate to see us get into this project and then if it goes over the 16 years then it goes into a 20-year and 25-year, and then we are suddenly on the hook for something they hadn't anticipated.

Council Member Weiss said he would be voting no for different reasons. The City of Montpelier is the buyer and the State of Vermont is the seller. The state is not prepared tonight to sell us anything. Therefore, he doesn't want to enter into a contract in which we are committed to something and the state does not have the capacity to meet that.

City Manager Fraser said the contract is very clear that if the state can't deliver then we don't have to buy anything. They have to provide the goods and we aren't buying anything until they build something. Once they build the plant and use the funds then we will be committed to buying the heat. One of the reasons it is tight for so long is that what we were asked to do, to use a very low oil price and stay within just the existing users and run it tight. The models were all designed to meet the requirement that we showed the system can stand on its own for just the city buildings because they did not want to be dependent on private customers. It is, however, being built to have private customers and have more users, and when you add more users to the system then the performance improves dramatically.

Mayor Hooper thanked Bill Fraser, Dick Saudek and Harold Garabedian along with Gwen Hallsmith for working through this very complex process. It has taken a period of time because it is a new concept for everyone and they have done a great service for our community. She went on to say they had brought us a contract that meets what they said they would do when we ask the voters to consider the bond earlier in the year. It is also the beginning steps in a dream we have been having for about 15 years about how to use alternative energy to support the city, an important element of which is our desire to economically support the private sector in the downtown. Their deep hope is they will get people hooking on to the system and enjoying the benefits of the equivalent of $3.05 oil. She thinks the contract accomplishes what they said they would do.

Mayor Hooper called for a vote on the motion. The vote was 3-2, with Council Member Golonka andWeiss voting against the motion. Mayor Hooper voted in favor of the motion to make the fourth vote in favor of the motion.

Attorney Dick Saudek asked if the Council could authorize Bill Fraser to sign the contracts.

Motion was made by Council Member Jarvis, seconded by Council Member Timpone to authorize the City Manager to sign the contracts on behalf of the city. The vote was 4-1, with Council Member Golonka voting against the motion.

12-016. Consideration of application for a Vermont Downtown Board Grant for the Blanchard Block "park-let".

a) Montpelier Alive Design Committee Chair Paul Carnahan described the project at last week's meeting.

b) Grants for the downtown board must be approved by the City Council.

c) Descriptive materials were distributed last week.

d) Recommendation: Approve grant application.

Mayor Hooper said this agenda item requires no action as the project did not meet the grant criteria.

Mayor Hooper called for a short break at 6:49 P.M. and they were ahead of schedule and were expecting more people to come for the next agenda item.

Mayor Hooper called the meeting back to order at 7:00 P.M.

12-017. Conduct First Public Hearing on Proposed FY 13 Municipal Budget.

a) The City Manager presented a recommended budget on December 7th, 2011.

b) The Council conducted "budget workshops" as part of their meetings held on December 7th, December 14th, and December 21st, 2011; and January 4th, 2012.

c) The proposed budget requires less than a penny ($0.007) increase in the municipal tax rate and includes a bond for infrastructure improvements and equipment purchase.

d) Recommendation: Present budget to public; conduct public hearing; provide direction to staff as necessary.

Mayor Hooper said City Manager Fraser will do a power point presentation on the FY13 budget. Department heads were present to answer questions. Following the presentation there will be a public hearing to take comments and questions.

City Manager Fraser presented a power point presentation on the FY13 budget. He explained the budget process, the use of the Matrix consultant recommendations and reviewed the budget figures he had provided to the council for their consideration.

Mayor Hooper said at the last meeting, city staff was asked certain questions. Tonight the Fire and Police Department heads will address those questions. She opened the public hearing at 7:20 P.M.

Police Chief Facos provided a hand out to the council in response to police department overtime.

Police Chief Facos spoke about how a reduction in staffing would affect the department. The COPS grant that is in place with the Department of Justice pays the base pay for three year for one officer. At the end of that three year period the city is required to maintain that employee for the fourth year. The City has two options continue with the program or release the employee. The city may lose future grant opportunities up to five years if they don't complete the grant requirements. Currently the department has seventeen officers. If a position is cut he would take an officer off the day shift.

Police Chief Facos reviewed the 2011 activity levels and trends.

Fire Chief Gowans said at the last meeting questions were raised about changing staff levels and they provided a power point presentation from NFPA which addressed those questions.

Fire Chief Gowans said they were in the process of writing another FEMA grant, but if the city did not follow through on the COPS grant it would also affect the fire departments ability to get grants as well.

The issue of a second call coming in while a first call is active was researched. Last year, 13% of the calls were second calls. Mutual aid is called in to handle the second call, which takes roughly 7 minutes. Montpelier's response time is about 3.2 minutes on the average. Getting to a fire before the "flashover" point is significant. According to research, "flashover"generally happens in 7 minutes. Changing staffing levels could be the difference between life and death for someone in cardiac arrest.

Department members do extensive training as well as vehicle, equipment and station maintenance during their downtime. These tasks are done every day. For emergency preparedness, firefighters check commercial buildings, fire hydrants and river gauges. The department also does community outreach tasks which makes the department special. These services may be the first to go with budget cuts. There is a lot that the department does, but a lot that generally people don't see.

Council Member Jarvis asked about the difficulties in recruiting more volunteer members to the force as a Call Firefighter and changes in standards making recruitment more difficult. It was noted that the quality and quantity of applicants is going down, so they are looking at people joining at a lower level but then train them and build them up. They are paid hourly and for training. Currently there are three people but no EMTs.

Fire Chief Gowans said the career firefighters and chiefs are submitting new regulations for certifications. Currently 160 hours for training. This will increase. Other towns with successful volunteer fire departments already have these training standards in place. Vermont has now adopted a national standard for ongoing training for EMTs with significantly more hours than what is required currently. That will be a big challenge this fall to get all current people certified at the national level. They will need to hire an outside instructor. This is mandated for this fall.

Public Works Director Law presented information about how many employees are in the department and what their functions are. They need 14 people on the road during storms, including a supervisor. The issue now is the summer staffing because since crews can't take time off during the winter, they take it in the summer. At the same time, there are many projects/tasks that need to be accomplished with less staffing. At current level of staffing and service to maintain infrastructure is pretty much at its maximum capacity.

Green Mountain Transit representatives were present to talk about the Circulator Bus and the city's decision not to place it on the ballot.

Council Member Jarvis said she was disappointed in the ridership numbers for the time frame it has been in use.

Ms Burkett, GMTA representative said the normal incubation period is three years to allow people to incorporate it into their lives.

Council Member Sherman thanked GMTA staff for their efforts.

Phil Dodd, Montpelier resident said the Council should consider the ballot side and assuming they will all pass which will result in a 2.67% tax rate increase. The school increase is just over zero percent. He urged Council to continue to look for savings. He looked at several regional centers, statewide, with similar downtowns and compared the municipal tax rates to the median homeowner. Montpelier is the 6th highest tax rate. He suggested researching other regional centers to see what they are doing.

Council Member Jarvis noted it is the Council's job to submit the budget, but that the taxpayers make the decisions about the extra costs that are not part of the recommended budget.

Council Member Golonka noted to better manage this in the future, a change is being made to increase the number of signatures required to get on the ballot.

Council Member Jarvis asked about $30,000 for the wastewater consultant as a possible place for a cut.

Public Works Director Law replied that the City has been operating under an expired permit and there may need to be improvements to the infrastructure before a permit will be issued for the existing waste water facility.

Council Member Jarvis asked about charging for police or fire departments services for special events like Corporate Cup, 4th of July, etc.

A telephone caller expressed concern for the long list of outside agencies that are on the ballot. She said the City and the City Manager has done a good job, having said that, she encouraged the Council to look for ways to save.

Mayor Hooper closed the public hearing at 8:56 P.M.

Motion was made by Council Member Jarvis, seconded by Council Member Timpone to set the second public hearing for Thursday, January 26, 2012. The vote was 5-0, motion carried unanimously.

12-018. Conduct First Public Hearing on Warning for the March 6, 2012 Annual City Meeting.

a) A draft warning of ballot items for the Annual City Meeting is being prepared and will be available in advance of the meeting.

b) Recommendation: Conduct Public Hearing; provide direction to staff as necessary.

Mayor Hooper opened the public hearing at 9:00 P.M.

City Manager Fraser explained the styles of how charter changes were presented in the past. Given the possible length of this ballot, the City might not want to put all the text in, but rather have Attorney Guiliani write a summary for voters to read on the ballot.

Council Member Weiss said the summary is missing and he doesn't want to have the discussion until the summary is handed out.

Council Member Golonka noted the question regarding future regionalization was missing from the warning.

Mayor Hooper closed the public hearing on the warning at 9:05 P.M.

Council Member Golonka, seconded by Council Member Weiss moved that the second public hearing on the warning be set for Thursday, January 26, 2012. Motion carried unanimously.

12-019. Reports by City Council

Council Member Sherman asked about debris in the river.

Public Works Director Law noted an excavator came in on Monday to pull debris off the abutments of the bridge.

Mayor Hooper asked about the excavation being done in the river by the state.

Public Works Director Law explained that the state was doing the work to put the land back in its place after the flooding, rather than excavating the river bed.

Public Works Director Law noted that the waste water effluent is coming along well. They are getting closer to throwing the switch.

Council Member Weiss said that last Friday evening residents on Northfield Street held a neighborhood meeting, about 40 people, and sincerely described what could they do to help themselves and their neighbors if there was any kind of need. He thinks that group has the tenacity to stick to do something.

Council Member Timpone said tomorrow night the Recreation Review Committee will meet for the first time. They will look at should the Recreation Department stay under the School or should it be under the City Council.

12-020. Mayor's report

Mayor Hooper spoke about the DuBois Construction fire and she had spoken to Phil Scott. He was particularly complimentary of the fire department, public works, and the many people who showed up and helped.

Mayor Hooper had attended the North Street neighborhood meeting Monday night, with about 40 or so people where a discussion of the history of their neighborhood was discussed. Paul Gilles gave the presentation which was very comprehensive.

Mayor Hooper said the City Manager's review has been scheduled for February 8, 2012. She suggested three Council members meet with Bill to decide a plan and strategy of how to conduct the review, but that all Council members be at the review. She asked Council Members Golonka, Weiss and Jarvis to be on the preliminary committee.

12-021. Report by the City Clerk-Treasurer

City Clerk Hoyt noted she has three more meetings to go before her retirement as City Clerk.

12-022. Status reports by the City Manager

City Manager Fraser said Friday, January 27, is the court-ordered meeting with National Life. He suggested the Council meet to discuss the case ahead of time in executive session to give direction to the Council's representative. They scheduled a meeting for January 26, 2012 at 6:00 P.M.

12-023. Agenda reports by the City Manager

None.

Adjournment.

After motion was duly made and seconded by Council Members Weiss and Timpone the council meeting was adjourned at 9:20 P.M.

Transcribed: Patricia Tedesco
Joan Clack & Charlotte Hoyt

Attest:_______________________________
Charlotte L. Hoyt, City Clerk

CITY COUNCIL MEETING   SPECIAL COUNCIL MEETING   JANUARY 26, 2012

THIS MEETING IS BEING HELD ON A THURSDAY DUE TO THE STATUTORY REQUIREMENT THAT ACTION, ON SOME OF THE FOLLOWING AGENDA ITEMS, IS REQUIRED 40 DAYS PRIOR TO TOWN MEETING

On Thursday evening, January 26, 2012, the City Council Members met in the Council Chambers.

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

Call to Order by the Mayor:

Mayor Hooper called the meeting to order at 6:00 P.M.

12-024. Meeting with Attorney Robert Fletcher, regarding a mediation session for National Life's property value appeal.

a) Possible 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,* 1 *municipality or other public body, or person involved at a substantial disadvantage.*

On motion of Council Member Timpone, seconded by Council Member Golonka, the council went into executive session at 6:00 P.M., in accordance with Title I, VSA Sec. 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 or other public body, or person involved at a substantial disadvantage.

Present: Mayor Hooper; Council Members Golonka, Timpone, Weiss, and Sherman. Also City Manager Fraser, Attorney Fletcher and Assessor Twombly. Council Member Hooper arrived at 6:07 P.M. and Council Member Jarvis has recused herself as she works for the law firm involved in the litigation.

On motion of Council Member Weiss, seconded by Council Member Sherman, the council came out of executive session at 7:00 P.M., in accordance with Title I, VSA Sec. 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 or other public body, or person involved at a substantial disadvantage. The vote was 5-0, with Council Member Jarvis abstaining.

12-025 General Business and Appearances

Craig Royce said he tried to take his little boy down to the State House for Earth Day on April 22nd and there was nothing going on. He has this spot reserved for this and would like an informal acknowledgement from the city that he is doing that so when he solicits donations for resources and money he has some credibility.

Council Member Jarvis suggested he contact Montpelier Alive

12-026. Consideration of the Consent Agenda:

a) Consideration of the minutes from the December 21st, 2011 (evening) City Council Meeting.

b) Acting as the Liquor Control Commission, City Council Members may now consider the following permits:

1) Ratification of the issuance of a Catering Permit to Yebba, Inc., d/b/a The Abbey Pub & Restaurant, for an afternoon Reception that was held from 3:00 to 6:00 P.M. on Wednesday, January 11th, 2012 in the State House Food Court.

c) Approval of Payroll and Bills

General Fund Warrant dated January 11, 2012, in the amount of $14,425.82 and $719,882.85.
Community Development Agency Warrant dated December 12, 2011 in the amount of $286.00.
Payroll Warrant dated January 19, 2012, in the amount of $123,014.83 and $26,827.42.

Motion was made by Council Member Hooper, seconded by Council Member Sherman to approve the consent agenda. The vote was 6-0, motion carried unanimously.

12-027. Setting of "approximate times" for the following agenda items.

Council Members set approximate times for each item on the agenda.

12-028. Appointments to Montpelier's Business Loan Fund Committee.

b) Both Kim Phalen's and Stephan Klein's terms expire this month. Staff advertised and received the following responses: Kim and Steve are seeking reappointment; Kimberly Cheney also submitted a letter of interest.

c) Recommendation: Discuss the committee's membership; appointments.

Motion was made by Council Member Sherman, seconded by Council Member Timpone to reappoint Kim Phalen and Stephen Klein to the Montpelier's Business Loan Fund Committee. The vote was 6-0, motion carried unanimously.

12-033. Receive, review and approve any Petitions filed for inclusion on the March 6th, 2012 Annual City Meeting Warning

City Clerk Hoyt reported she had received three petitions and the signatures had been verified and each petition had the number of signatures required by law.

Mayor Hooper reviewed the three petitions received. One has to do with the United States Supreme Court's decision relating to speech. Shall the City of Montpelier vote to urge the Vermont Congressional delegation and the U.S. Congress to propose a U.S. Constitutional amendment for the state's consideration. There were also petitions about local foods in Montpelier and the Montpelier Circulator Bus.

John Bloch said he would like to address the first petition which is not a request for money. It is to get a sense of the towns' residents to send and urge our federal delegation to take measures that will reverse the Supreme Court ruling.

Paige Guertin from North Street reiterated what Mr. Bloch said and This amendment would be a beginning to recapture democracy. She was at a Rural Vermont meeting the other night when the petition was presented about local foods and they want to get the discussion started about local food sovereignty.

Motion was made by Council Member Hooper, seconded by Council Member Weiss to receive the three petitions for placement on the ballot. The vote was 6-0, motion carried unanimously.

12-029. Conduct Second Public Hearing on Proposed FY13 Municipal Budget.

a) The City Manager presented a series of budget alternatives on December 7th, 2011.

b) The Council conducted budget workshops on December 7th, December 14th, December 21st, 2011; and January 4th, 2012.

c) The First Public Hearing was held on January 11th.

d) The proposed FY13 General Fund budget is $10,929,853 which is 0.6% increase from FY12. When combined with the proposed Recreation Budget, the budget requires 0.8 cent (0.84%) increase in the municipal tax rate and includes a bond for infrastructure improvements and equipment purchase. The budget also contemplates ballot items in the amount of $140,175 which would require an additional 1.7 cents on the tax rate.

e) Recommendation: Conduct Second Public Hearing. Adopt final city Council budget for presentation to voters on March 6th.

City Manager Fraser did a power point presentation of a revised budget. This is the second and final public hearing on the budget. A copy of the power point presentation will be made a part of the permanent record.

The School Board is proposing a general fund budget of $15, 724,940. It is an increase of approximately 5.31 percent over their FY '12 budget. Their total increase is only 2.74 percent. There is some offsetting revenue and rising costs due to special education needs and with those needs comes reimbursement from both the federal and state government. They are estimating those at a little over $460,000. Their grant fund budget is a little less than last year. They are estimating $428,850, a decrease of almost $40,000 at jobs funding which the School Board used last year. The proposed budget for the Recreation Department is $575,230 which is a 5 percent reduction in the appropriations. Their per pupil cost via Act 68 is $12,800, an increase of $290, which is a 2.3 percent increase. Their enrollments are staying level for FY'13. Overall in their district they will be plus 2 students. Their equalized per pupil tax calculation is up over 4 which will help in terms of state grants. Health insurance premium is going to be 3.5 percent. What does that look like for the average Montpelier resident? With the CLA they are estimating a 1.3 cent increase, which is 1.06 over FY'12. They estimate that is approximately $14 per $100,000 valuation of the house. None of the state rates have been set yet. They are trying to increase the collaboration between Main Street Middle School and Montpelier High School in math instruction and assessment. One of the math teachers is going to be going over to Main Street Middle School and teaching a class there. They increased funding in professional development to be ahead of the formal implementation of common curricular objectives which are coming. They are going to integrate a literacy coach in Montpelier High School. This is not often seen at the high school model. There is currently a literacy coach at the Middle School and the Elementary School but part of the common core is reading and utilizing and analyzing complex tests across the curriculum. It is a well known fact that their science scores aren't the best in town. It is clear that an inquiry based science program is necessary to begin to bring that up. The Board increased their facilities director from part time to full time. A significant portion of it is due to the heating initiative as well as having somebody to oversee the three buildings they have on a full-time basis. Their FY'13 budget represents a reduction of 1.72 credentialed staff. They did not do any full staff reduction but did some sectioning reduction at the schools. It also represents a reduction of 2.09 non-credentialed staff which is instructional assistants. They are proposing a reduction in the financial contribution to girl's hockey and football which would be supplemented by other towns joining in with them. They are proposing to eliminate softball at Main Street Middle School and there is no softball at the High School. They are committed to maintaining the high quality educational programs already in existence in Montpelier public schools and they want to honor the mission of the Montpelier Public Schools.

Council Member Weiss said it was about 10 years ago that the High School was accredited. Is that coming up?

The response was that the visiting team is coming this spring. The High School has been using a significant professional development time to prepare a report. They are coming in March and the findings will come in either April or May.

Mayor Hooper opened the public hearing on the city and school budgets at 7:40 P.M.

Vicki Lane, Paul Carnahan, and Peter Nielsen asked questions on both budgets.

Bill Merrylee spoke on behalf of the Montpelier Bike Group. He encouraged the implementation of bike lanes as they make capital improvements and resurface roads.

Ms O'Brien asked a question about the $870,000 bond and clarification on how it was to be used.

Diane Zamos from North Street thanked the Council for their service. She is disappointed with the budget. She spoke about how the median household income had dropped. A budget is no more than a spending plan. We have a very smart City Manager and competent department heads so she would ask the Mayor to challenge the folks who work for us to try not to spend it so next year when they come back there might be a little extra to go towards the debt service.

Peter Davy, Independence Drive resident and new homeowner said it was informative to come to the budget hearings. He appreciates the work they have done and the effort to control costs. On Northfield Street he sees the police there often but the roads really do need some help. He read the pedestrian bridge on the river has a problem. Consistently the town has had water problems and those things can't be planned but eat up the existing budgets.

Sue Zeller said she knows how difficult it is to do budgets because she is Deputy Commissioner of Finance for the state. If we have a gap in our infrastructure spending of a half million dollars and we are going to bond for that, what will it do for us next year?

City Manager Fraser said the Council set a debt limit of what they can bond for.

Nancy Schultz from North Franklin Street said she appreciates the break out of the ballot. When Montpelier made the decision to put all of the items into the budget as voter she didn't like it because everything was disguised. All of the nonprofits are hidden and wrapped into the budget. She has a revenue generating suggestion is that government should encourage good behavior and that is to get our citizens moving more and our able bodied citizens walking when they can walk. She suggested they increase their parking fees because there is considerable free parking in Montpelier. We need to encourage walking or cycling.

Mayor Hooper closed the public hearing at 8:18 P.M.

Motion was made by Council Member Jarvis, seconded by Council Member Timpone to adopt the budget presented to the Council by the City Manager and present it to the voters on March 6th.

Council Member Weiss said he will vote no because he thinks the suggested tax rate is out of line and too low. There are too many items outside the budget and if it passes we don't have a true tax rate on July 1st.

Mayor Hooper called for a vote on the motion. The vote was 5-1, with Council Member Weiss voting against the motion.

12-032. Conduct a Public Hearing to consider proposed amendments to the City's Charter.

a) The following articles are being considered for inclusion on the Warning for the City Meeting scheduled to be held on March 6, 2012:

b) **ARTICLE 10.** Shall the city amend Title XII – Section 2 of the city charter to allow for the assessment of a 1% local sales tax as per amendment language filed with the City Clerk on January 4, 2012? 20% of revenues received will be dedicated for business development and/or business promotion. 80% of all revenues received will be dedicated to offset property tax revenue. (Requested by the City Council)

c) **ARTICLE 11.** Shall the city amend Title XII – Section 2 of the city charter to allow for the assessment of 1% local rooms, meals and alcohol taxes as per amendment language filed with the City Clerk on January 4, 2012? 100% of revenues received will be dedicated for infrastructure improvements and maintenance. (Requested by the City Council)

d) **ARTICLE 12.** Shall the city amend Title V – Sections 1 and 3 and adding a new section 4 of the city charter (and renumber remaining sections accordingly) to change the signature requirement for legally binding petitions from 5% of registered voters to 10% of registered voters as per amendment language filed with the City Clerk on January 4, 2012? (Requested by the City Council)

e) Recommendation: Conduct the Public Hearing; choose whether to include these items on the March 6th ballot.

Mayor Hooper said the Council is conducting a public hearing to consider proposed amendments to the City Charter reviewed the articles to be placed on the City Meeting Warning.

Mayor Hooper said they would take comment on the charter change proposal for implementation of a sales tax.

Karen Williams-Fox, owner of Woodbury Mountain Toys, said they have been fighting this local sales tax for a while. The first time around they said it would only pass if Barre and Berlin were attached to it. She agrees with that because she knew Barre and Berlin were not going to go through with it and support a local options tax. She is worried she will lose customers. It is already difficult to explain each time you have a sale, especially those under the age of 10, why they have to pay more than $2 for an item and a lot of times they are pulling it out of their pocket for the sales tax. She would rather pay the city a percentage. It poses a stigma to the downtown. A lot of people don't come to Montpelier because they feel like they are overpriced and there is no parking. She does a lot for the downtown. She sponsors the Green Mountain Film Festival, the theater, the Mountaineers and the schools. She does it because she wants to be here, but she doesn't want to keep making her customers pay more. She doesn't go to the Williston or Burlington because they have a local sales tax.

Thomas Moore from Prospect Street and he is a new business owner. The parking is a problem for our shoppers. To put on another 1 percent is also a wrong thing to do. People are not for it at all. We have voted no to this twice already. Customers circle around and around until they can find a parking space and it is not fun to go shopping and looking for a space to park. They are going to go to New Hampshire.

George Malek from the Central Vermont Chamber of Commerce said he wanted to give the numbers that reflect the difference to taxpayers and to the market between the property tax and the local options tax if we used the figure that was provided at $750,000 to Montpelier. With a local options tax total collections are more than twice that much at $950,000 with the state taking $285,000 of that giving the city $665,000 and using the city's numbers an additional $85,000 from the new revenues from pilot to provide the same $750,000. What we don't know is to what extent people will not come to shop, how much local folks will spend and therefore pay the tax through options tax instead of property tax, etc. We do know we are collecting twice as much as we would have residents paying if they were doing through a property tax, and we know who wins. The winters are easy. The difference between the two is the State of Vermont saves $150,000. Other Vermont municipalities gain $200,000. The federal government saves $150,000 so there is a half million dollars we know where the benefit goes, and none of it is to Montpelier residents. We know who pays, and that is the customers to the tune of just about a million dollars. Generally what is not good for customers is not good for businesses either. In some ways the discussion of options tax is unfortunate because it is distracting. The reality is that what you are talking about is a permanent increase in municipal spending of somewhere in the neighborhood of 10 percent that is tax financed municipal spending. That is a much more critical issue. It isn't going to decrease city spending but set a new normal for Montpelier and Montpelier taxpayers.

Rob Kasow said the problem for merchants with a sales tax is there is a certain disconnect between the people who support local options tax and what merchants deal with on a day to day basis. We are the public face of the city. If this passes and gets on the ballot we have to stay downtown and listen to everyone complain. Despite the fact we have had two floods and three years of recession a lot of us are hanging on by our toenails and it is very frustrating to hear people so cavalier with the future of our businesses because there are no merchants on this panel. It is going to hurt the merchants and the perception of our city. When they run their businesses they have to live within their budgets. The prices of his products are printed on the products. He can't raise prices to make up deficits. Every time the city needs something they come up with a new tax. He would like the city to live within its means the way he has to live within his means which means going without sometimes and learning the difference between what the city needs and what the city wants, and stop making every want a need. Every want doesn't need to become a ballot item. This is a community wide problem and now just the merchants. We have become the most expensive city in the state and yet our infrastructure is terrible. We don't have our priorities right. Our spending priorities are not correct. To make up that deficit by diminishing the downtown merchant community is just fundamentally wrong and he urges the Council to reject this.

Terri Youk, owner of the Savoy Theater, said he has a question and comment rolled into one. One of the things to consider for a business like the Savoy Theatre, which is a little different than some of the other merchants where you can just take a 1 percent tax and add it on, but in a business like theirs they have to have a flat rate for those people standing in line. They have to absorb that 1 percent. Capital purchases made within Vermont as well as energy purchases are also subject to that 1 percent. Is that correct?

Mayor Hooper replied there is a long list of exemptions.

Mr. York said looking at his budget broadly he would have to eat about $3,000 to $5,000 in an organization that is suffering as it is on margins. This kind of tax would put a huge burden on the Savoy Theater. He will do everything in his power to make people aware and educate them when this does come on the ballot so they understand the ramifications for all businesses.

Mayor Hooper said if he is purchasing items for resale those items are exempt under the current statute and would be exempt under this.

Mr. York said he is talking about technology and oil for heating.

Mayor Hooper said they would move on to the room and meals tax.

They received a phone call from Jack McCullough saying he is strongly in favor of a local options as a way to get people who don't live in our city but come in on a daily basis using our infrastructure and services to contribute to the cost of our infrastructure and services.

Brian Cain said he would like to comment on the phone call that just came in. It is very easy for somebody to say we are going to levy a local options tax on room and meals and that particular rooms and meals tax is going on to the out of towner or out of stater. He has done a little homework with the Vermont Department of Taxes. Montpelier is a very unique town. It is a town that is restaurant strong and hotel bed-based weak. What that means specifically for sales is that in general the City of

Montpelier does about $19 million in sales just in food. In alcohol on top of that they do about $3.7 million, so there is about $22 million in sales from the different restaurants. For hotel rooms it is only $3 million. That means through NECI and through independent restaurants there are a lot of great restaurants in this town, and for all of its residents it is something we can be very proud of. Also statistically it is proven that in the state of Vermont, and in Montpelier as well, over half of those sales come from locals. Over half of the $19 million we are doing in revenue in our restaurants is coming from local residents. It is a very unsafe assumption to be able to say that this 1 percent option tax, whether it is room, meals and sales, is going to come from out of staters or out of towners. He feels strongly it is a levy on citizens and it's those citizens and customers that are choosing to do business in our restaurants, hotels and shops. It is a disguise to come up with a way to call this a local option tax. You have to remember that all of us went through two floods this year and are all hanging on a string.

Phil Dodd said he supports the rooms and meals tax, not necessarily the sales tax. It is not as radical a concept as it may seem. Thirteen other cities and towns in Vermont have such a tax and none of them have repealed it. The voters actually approved a meals and alcohol tax 20 years ago. The Legislature wouldn't let us pass such a thing and get it enacted so it never came into play. It passed by a 61 percent margin. There was support for it in the community at that time. It did not include rooms at that time but meals only. We do have this burden of being a regional center. The Police Chief told him that more accidents in town are not involving Montpelier residents. We are supplying fire protection and police services to state buildings. We have more traffic and stop lights than we would have if we were just a community of 8,000 people. In the downtown there are expenses for sidewalk maintenance and plowing as well as the parking to maintain and street lights. The residents do contribute towards decorations in Montpelier Alive, and there is a cost to all of this. He really likes the downtown and wants it to thrive. In case of the rooms and meals he doesn't think it really would have an effect. Looking at it as a taxpayer he would be better off living 100 yard into East Montpelier. He could still come down and shop in all of the fine stores and eat here and not have to pay what the residents of Montpelier do. This kind of disparity between some of the people who are using the downtown is growing because the population has been growing much faster in the U-32 towns so we are seeing more use of our downtown and more use of our roads. In essence Montpelier taxpayers are subsidizing these other users. We do want to see people from out of town and visitors from other places helping to contribute to these costs of running a city with a substantial business district. In the case of the meals tax we aren't talking about a lot of money. An $8 lunch means an extra 8 cents and it would be 40 cents on a $40 dinner. He doesn't see that driving away business. In these other communities that have the rooms and meals tax it seems to be working. They have all been added in the last 20 years. This is not that an unusual approach. He would like to see the voters get a chance to consider a rooms and meals tax.

Fred Bashara, owner of Capitol Plaza, said it will affect your servers in your restaurants and your employees. When you go to a restaurant you look at the tip. If the total is too much the server is going to get less. These are people who work hard. The minimum wage for them is $3.40 or $3.50 and they deserve their tips. What is the infrastructure – just roads or water and sewer? Didn't we already pass a bond last year for road work? They are trying to put the burden on the commercial community downtown which is less than two miles. There are 73 miles of roads in this city and 20,000 people don't shop in all our businesses downtown. If we all saw that many people our buildings would all look like Williston and they would all be box stores. It's a tough thing to do, especially when the economy is bad and unemployment is still high. Our expenses are high. We have had two floods this year. The businesses do pay their fair share. Their buildings are taxed at a higher rate than residential properties and many of us who live here pay residential and commercial rates.

There was a phone call from Mary Alice Bisbee who suggested there be separate language. She supports meals and alcohol and doesn't support rooms and sales taxes.

Peter Nielsen said he sympathizes with all of the people in the room with the thin margins downtown and he understands their struggles. He also has deep empathy for everyone who is paying the high property taxes in town. He was listening to a couple of realtors talk about selling a house in Montpelier versus one right up the road in East Montpelier and it is the same house for the same price. There is about a $6,800 tax bill in East Montpelier and about $10,000 tax for the same house in Montpelier. This is an unsustainable situation where the property values in Montpelier will not keep up with the surrounding areas. You are going to run into a much bigger problem in the city if you don't take this unfortunate step forward and start acting like the regional hub we have to be. You are going to have to find other tools in the future to diversify the revenue streams. This is one change he really encourages the city to make.

Linda Setchell said we have a big elephant in Montpelier – vacant buildings and they have been vacant for a while now. You can levy a local options tax but you are now dealing with the same sort of downtown that some of these other downtowns are dealing with. That same landlord who has all of these vacancies also appealed a bunch of his tax rate increases and won five of the appeals. We have another problem that needs to be addressed before we start levying local options taxes. It's not a destination any more. A third or quarter of downtown is empty. Look at State Street. It's looking a little rough. Look at Main Street right in front of City Hall; it's looking a little rough. It didn't look like this when she moved here in 2005. It was bustling and vibrant. It's looking a little rough. We've had two floods hit our businesses. She has worked with some of these business owners and knows they are struggling and they are feeling so much competition from the internet. There are just a lot of factors in this. We have to deal with some of the other things before we levy this tax. This is not the right time.

Brian Cain said the last call wanted to separate the rooms and meals tax that can't be done. It's the same thing. He feels the local options tax is going to be a toll booth over our city and for anybody who doesn't think the Berlin Mall isn't going to advertise this or Barre is not going to advertise this, that is local marketing and our neighbors will do it against us.

Mayor Hooper closed the public hearing on these two proposals and opened the public hearing on the third charter change. They would like to bring it back to the City Council. Mayor Hooper reviewed the handouts for the audience.

In 2009 she asked Council Members Hooper, Jarvis and Weiss to look at revenues and expenses in the city and to think about how we are spending money and what the opportunities are to change our revenue stream. They have talked about what the employees have done to hold down our insurance costs. There is an active group looking at regionalizing services because they believe there are some opportunities to get some economies of scale if they put their fire and police departments together. The City Manager put some information together about local options taxes and what they would generate and what the average citizen in Montpelier would pay in rooms and meals taxes against paying for the same services through property taxes. Folks have suggested growing our grand list which would mean getting more from property taxes. Our grand list would have to increase to the equivalent of two National Life buildings or 400 new houses.

She is at a dilemma of how we continue to provide the services this community expects on our property taxes and appreciates the distinction between the wants and needs. Most of the time what they hear from the community is why aren't the roads and sidewalks better and please add to the services we have. She is curious about the responsibility for taxes now and sometime in the past. In 1985 about 53 percent of the grand list was on the residential properties. Today 66 percent of the grand list is on the residential properties. In that 25 years we have been watching this slow shift of paying for services over to residential properties.

Council Member Golonka said he has been against these taxes for a while. It is poor public policy to go after the very people who have suffered the most over the past year in Montpelier. This is just slapping them in the face. He will vote no and encourage everyone on Town Meeting Day to vote this down because it is poor public policy.

Council Member Timpone said she isn't convinced this is the best tax and it is regressive. However, she sat on the Capital Improvements Committee and saw how we had been putting off equipment purchases, taking care of our roads and this is one of the options they came up with. Tonight she will be voting yes for both items. She appreciates all of the comments they have heard from the business owners and downtown but she has also received many phone calls from voters saying they want to vote on this and want it on the ballot.

Council Member Weiss added he will vote no on both. He is opposed to the taxation but is more opposed to the wording of the articles. Article 10 says that 20 percent of revenues will be dedicated for business development and/or promotion. That's $80,000 going for what and to whom? All he has heard from the Council is that it is under our jurisdiction. Eighty percent in Article 10 will be dedicated to offset property tax revenue. There are different ways to offset property tax revenue, one of which is to spend the 80 percent for some project and tell the voters we did this nice project and didn't raise their taxes. The language is faulty in addition to the unfairness and implications of the tax. Article 11 going back to infrastructure he would agree that falls under the jurisdiction of the Council but it isn't comprehensive or detailed or enough. You can count on his vote no.

Council Member Sherman said she believes they have gone through this decision process thoroughly. The proposed budget for FY'13 has nothing unnecessary in it and preserves the essential services we need this year and the services we want to continue. She sees the trend that the property tax burden is shifting to residential and we need to do something to balance that and mitigate that shift. The key thing that distinguishes Montpelier from all of the other cities and towns that were compared to would be state government and what happens downtown with tourists and lobbyists associated with our unique role as state capitol. We need to find a way to get support for the city from nonresidents. Taxes are a way to support what the best interest of all visitors and residents in the long run. We need to invest in the city and its resources. She will vote yes on both items.

Council Member Hooper said he has been an opponent of local options taxes for a long time and mostly for the reasons that George Malek brought to our attention about the inefficiencies of them. We are giving a lot of money to people other than ourselves by collecting taxes through our businesses, but in the past year he has been persuaded that despite that we need additional money to improve our infrastructure and the residential property owners are on the verge of revolt. Other towns have tried this and not had a reduction in their net sales. It is time to try it here and will vote to put it on the ballot.

Council Member Jarvis said she intends to vote yes on both. We have voted no on local options several times in the past and the Council has refused to enact them because they felt there was something else they could do. They have been under spending on our infrastructure and equipment. She has been concerned about how this might affect the business community which is why she has insisted on the 20 percent appropriation for business development and promotion. She doesn't think this is a conflict of interest but she is on the Board of Montpelier Alive and Chair of the Economic Development Committee.

Council Member Sherman moved the Council approves Article 10 and Article 11 for inclusion on the warning for the Montpelier March Town Meeting Day ballot. Council Member Hooper seconded the motion. The vote was approved on a vote of 4 to 2 with Council Members Golonka and Weiss voting no.

Mayor Hooper opened the public hearing to discuss Article 12.

John Bloch said he hopes they have a deep and probing discussion of this item because it far transcends whether you are going to put a 1 percent tax on somebody. It goes to the very root of a representative democracy. It is crappy public policy and insane when they have to go around and herd people to volunteer to do things. Let's just do away with elections and ballots because by raising by 100 percent the number of signatures required sends a very clear message out that unless you are a very powerful organization we don't want to hear from you and don't muck up the ballot. He beseeches them to think this through before they jump off the diving board. It has disastrous dilatory effects on the general populations. When they were collecting signatures they had a ball. Most people are totally unaware of what they proposed. The Council is not the keepers of the public to keep them from doing stupid things. What they should be doing is encouraging with the constituency so it doesn't come as a big shock to the public. He asked them to dump the whole thing because it isn't going to accomplish what they most fear – restricting the request for more money. Those organizations that are well oiled will go about taking their employees and their constituents to get the necessary signatures. If we want to restrict the request for money we need a more elegant tool to accomplish that end. What he fears is for non-handouts when it is public policy time to talk about something that people feel it is too much of a push. He spoke to this Council against raising it 100 percent when his own Councilor from his own district was proposing it. He begged them to vote it down.

Phil Dodd said he has a process question about the outside agencies and the ballot items. In recent years they have been kept inside the budget if they did not request more and this year they were all put on the ballot without needing to petition. What will happen a year from now?

Mayor Hooper said for the past eight years it has been handled differently.

Council Member Weiss said the Mayor proposed the Council create in early 2012 an entire policy for outside agencies to be reviewed in its entirety. He anticipates that will happen.

Michael Sherman from College Street said our constitution gives us the right to petition the government and they are raising the bar and making it harder for people to come to the Council and put before you questions that are of concern to a fair number of people. By doubling this you are making it that much more difficult for citizens to express their concerns. These petitions start in January and it's not easy to stand out on the cold street and go door to door in January to collect signatures. He has been involved with four petitions. Getting 325 names is not easy in a short period of time. This proposal suggests that it is easy and he wants to emphasize the fact that it takes effort to get these petitions to the Council. Raising the bar by 100 percent puts an unfair burden on smaller organizations and small groups of people who have a great commitment to get the citizens voted to think about these issues. He urges the Council to rethink this and keep it where it is and allow groups and citizens to come to the Council with proposals so the voters may make a choice.

Mayor Hooper closed the public hearing on the proposed amendment to the Charter.

Council Member Hooper said he wonders what might fall in the legally binding but not appropriation category.

Council Member Jarvis reminded the Council we are a representative government and anyone can come to the Council and ask us to appropriate money or to create ordinances.

Council Member Golonka said it isn't necessarily to stifle participatory democracy. It is really a way to get Council into the discussion of some of these articles. He feels they have lost complete control over negotiation with the Library. He thinks they need control over the Library and feels this will help us. This is a collection of years' worth of petitions they have collected. At what point do we require them to repetition.

John Bloch said he feels they have lost control also and not just for the Library but a number of issues. If there are streams of funding coming into these larger organizations why are we being hit again? The wording is unfortunate becomes it does not become immediately clear. He thinks they need to look at the whole budgeting process to see if it meets the common good. What mechanisms can we take to make government more viable and more accessible and transparent? He absolutely agrees about the control issue.

Council Member Sherman said the letter was sent out in October telling nonprofits saying they didn't have to come to the Council if they were in the budget. She doesn't know that they want to negotiate with all of these little organizations. The Library is different.

Council Member Weiss said Article 12 shall amend item 5, sections 1 and 3. Sections 1 and 3 do not require anything in terms of a specific percentage except for special meetings. He isn't sure the Council needs this as referenced in sections 1 and 3. Then it adds a new section 4.

Motion was made by Council Member Golonka, seconded b Council Member Jarvis to place Article 12 on the Annual City Meeting ballot. The vote was 4-2, with Council Members Weiss and Sherman voting against the motion.

12-030. Conduct a Public Hearing to consider the following Article and its inclusion on the Warning for the City's March 6th Annual Meeting.

a) **ARTICLE 9.** Shall the voters authorize the City Council to borrow a sum not to exceed *$870,000* for *infrastructure improvements and equipment purchase*? If approved, bonds for these capital items would be issued for a term of 20 years. With a 20 year bond, approximately $23,500 would be required for the first year interest payment and approximately $74,300 for the second year principal and interest payment and future payments declining each year as the principal is repaid. (Requested by the City Council)

b) Recommendation: Conduct the Public Hearing; direction to staff.

Mayor Hooper opened the public hearing at 10:00 P.M.

Tim Heney said basically there is about $1.1 million or $1.2 million in maintenance projects in the budget of which about $700,000 or $800,000 has been used for paying other capital debt we have. We are trying to come up with more money for needed capital improvement projects.

City Manager Fraser said because they are behind we need to do a lot of capital projects. It was really both projects and equipment for bonding. They are all capital purchases.

Mayor Hooper closed the public hearing at 10:05 P.M.

12-031. Consideration of a Necessity Resolution for Agenda Item #12-029 which reads: "RESOLVED, that the public interest and necessity demand that certain infrastructure improvements be made, viz. street improvements

including retaining walls, storm drains, culverts and street rehabilitation, fire truck purchase, facilities repairs, and ADA renovations at an estimated aggregate cost of Eight Hundred Seventy Thousand Dollars ($870,000) …"

City Manager Fraser reminded everyone that the necessity is the need to borrow.

Motion was made by Council Member Weiss, seconded by Council Member Sherman to approve the Necessity Resolution. The vote was 6-0, motion carried unanimously.

12-034. Conduct Second Public Hearing on Warning for the March 6, 2012 Annual City Meeting.

a) Council conducted the First Public Hearing on January 11, 2012; this hearing is the deadline for all petitioned ballot items.

b) Recommendation: Conduct the Public Hearing; approve final warning for presentation to voters.

Mayor Hooper opened the public hearing at 10:08 P.M. No one came forward to comment and the public hearing was closed.

Motion was made by Council Members Jarvis, seconded by Council Member Hooper to approve the final warning for the March 6, 2012 Annual City Meeting. The vote was 6-0, motion carried unanimously.

12-035. Status Review of Major Projects.

a) Council has requested regular progress reports regarding major projects.

b) Reports have been prepared indicating project budgets, sources of funding, expenses to date, and anticipated project schedules. These will be updated quarterly.

c) Recommendation: Discussion, accept reports.

Council Member Weiss moved the Council receive the major project reports and review at a later time. Council Member Timpone seconded the motion. The vote was 6-0, motion carried unanimously.

City Manager Fraser said they have been tracking these projects for years and have found it quite useful.

12-036. Reports by City Council

Council Member Weiss reminded that the Manager has advertised for volunteers to serve on the Redistricting Committee and he hopes folks will contact his office and volunteer.

Council Member Jarvis mentioned that the Economic Development Committee of Montpelier Alive is meeting on February 7th at 4:00 P.M. to talk about their vision of what economic development is and everyone is invited to attend the meeting.

12-037. Mayor's Report

None.

12-038. Report by the City Clerk-Treasurer

None.

12-039. Status Reports by the City Manager

City Manager Fraser reported that the city signed the District Heat contracts and testified before the Senate Institutions Committee on Wednesday. It was a very interesting and educational meeting.

There was a period of time in the city when the city switched to a May Town Meeting vote so they could start their budget process in January and February since the fiscal year starts in July. That lasted a few years and got voted back. This is a legal option that is available to the City and would allow us to have better information available for the new fiscal year.

Adjournment:

After motion was duly made by Council Member Jarvis, seconded by Council Member Timpone, the council meeting adjourned at 10:17 P.M.

Transcribed by: Joan Clack

Attest: ______________________________

Charlotte L. Hoyt, City Clerk

28 North Main Street
Randolph, VT 05060
(802) 728-3376
Voice (802) 728-413 x1405
Fax (802) 728-4930
jtucker@dubois-king.com

ENGINEERING • PLANNING
MANAGEMENT • DEVELOPMENT

Jeffrey W. Tucker, P.E., LEED AP
President / Chief Executive Officer

To: William J. Fraser, Montpelier City Manager

Re: Winooski River Flood Damage Risk Reduction Project
Progress Report No. 3

Date: January 18, 2012
`

The following work has been conducted on this project since the last progress report dated October 4, 2011.

1. Structure Inventory and Structure Value Survey

- No Structure Inventory and Structure Value Survey work was required during this period and none has been conducted. D&K provided the detailed structure inventory and value survey information to the Army Corps of Engineers, New York District (COE) on September 20, 2011.

2. Cultural and Environmental Resource Analysis

No work on cultural and environmental resources was necessary during this period, and no work has been conducted. Work on this will resume once project scoping has been completed, and specific improvement sites have been identified.

3. Design Engineering and Management

D&K has completed the HEC-RAS hindcasting portion of the work. Our Senior River Hydraulics Engineer completed the field reconnaissance and updated the HEC-RAS river model for existing conditions. The updated HEC-RAS model was submitted to the COE and to CRREL on December 7, 2011 for CRREL's use in the ice modeling.

As part of this effort, D&K also completed the field survey work and obtained the additional river cross sections requested by the Cold Regions Engineering and Research Laboratory (CRREL). These additional river cross sections have been incorporated into the HEC-RAS river model.

As a follow-up, D&K contacted and spoke with Meredith Carr at CRREL on January 13, 2012 regarding the HEC-RAS model. CRREL has been reviewing the model and expects to complete their work and provide D&K with any comments later this month.

D&K believes the project has advanced to the point where a project scoping meeting to identify and discuss the evaluation of ice mitigation alternatives is ready to be held.

We have requested the COE to schedule this meeting and expect this will occur once CRREL has finished their review of the HEC-RAS model.

D&K has also advanced the hydrology hindcasting portion of the work. The open water and ice affected flows in the Winooski update are nearly complete. The results will be incorporated into the HEC-RAS model.

Next steps:

- Completion of the HEC-RAS model review by CRREL and the COE. D&K will address any review comments and issue a final model that will serve as the basis for the evaluation of ice mitigation measures.

- Schedule and conduct a project scoping and plan formulation meeting to discuss ice mitigation measures and initiate the engineering evaluation of them. D&K will coordinate this meeting, and expect to invite representatives from the City, VANR, CRREL and COE and D&K to participate. Based on recent discussions with the Army Corps of Engineers Project Manager, we anticipate this meeting occurring in February 2012.

U. S. Forest Service Grant: 2012 Hazardous Fuels - Woody Biomass Utilization Grant Program (http://www.fpl.fs.fed.us/research/units/tmu/tmugrants.shtml)

Concept Paper

3 February 2012

Need

The City of Montpelier is developing a community renewable thermal energy central distribution project. The basis of the Project is to use the funds that would purchase fuel oil over the need twenty years to heat City Hall, Fire Station, Police Station, Union Elementary School and Montpelier High School together with state and federal grants and develop a central distribution system, fueled by locally renewable woody biomass to heat these buildings from a central heat plant which the State of Vermont is developing. The distribution system which the City is developing is being built with excess capacity; the intention is to use this capacity to heat other buildings in the downtown area.

Goal

The goal of this project is to increase the connected load of the Montpelier District Heat System. If successful, this grant would fund financial analyses to document the cost and benefit of a building connecting to the central heat system and fund necessary engineering services to design the connection to the distribution system of such buildings and assist with the design of the connection for UES and MHS.

Objective

Along the current proposed route of the distribution system, 252,000 square of building heated space has been identified as candidate space to connect to the heat distribution system. Only through building specific analyses can an objective data-driven decision be made of the cost and benefit of a particular building connecting to the system. The targeted buildings would be evaluated and reports provided to the building's owner allowing them to make a decision to connect or not.

Strategy

Increasing connected load to the central heat system benefits everyone. As the fixed costs are covered by the base buildings, any increase in load (up to the excess capacity being carried) only represents an increase in variable cost, mostly in the cost of woody biomass fuel. Woody biomass fuel cost is significantly less than the cost of the fuel oil it would displace.

A barrier to a building owner deciding to connect to the central heat system is the unknown capital cost to connect that building; through this grant that information would be developed and provided to the building owner at a fraction of the cost it would cost without the grant. For those buildings owners that choose to connect, the engineering design of connection would also be provided at a fraction of the cost without the grant.

Activities

The major activities under this grant would be working with building owners to collect and evaluate current heating costs, the cost to connect, the cost-benefit of connection to the central heat system. For those building owners that choose to connect engineering design services would be available to design the building connection. Other activities would be develop a generic connection template and provide training to local plumbers who would be interested in learning how to connect smaller buildings that might not require comprehensive design services, and assisting with the design of the connection of UES and MHS.

Outcomes

- Increase connected load to the central distribution system
- Reduced overall heating costs for city/school buildings and buildings that are connected to the system
- Reduced fossil fuel consumption
- Reduced air emissions
- Increased reliance on locally harvested renewable woody biomass fuel
- Training of local plumbers in the connection of heating systems to the central heat distribution system

Budget

Revenue

The requested funds from the U. S. Forest Services are $248,556. The Woody Biomass Utilization Grant program has a 20% match requirement, or $62,139 for a total project budget of $310,695.

The match funds will come from payments by those building owners receiving services ($25,000), schools ($35,639) and City in-kind ($1,500).

Total Expenses

UES & MHS Design Evaluation:	$	172,000
4 Site Specific Design Evaluations:	$	76,000
Small Facility Generic Design:	$	17,500
Plumber Education:	$	5,800
Develop ProForma Template:	$	6,900
Apply ProForma Template:	$	9,500
Community Relations:	$	8,200
Project Management @ 5%:	$	14,795
	$	310,695

UES & MHS Design Evaluations:	$	172,000
4 Site Specific Design Evaluations:	$	76,000
Small Facility Generic Design:	$	17,500
Plumber Education:	$	5,800
Develop ProForma Template:	$	6,900
Apply ProForma Template:	$	9,500
Community Relations:	$	8,200
Project Management @ 5%:	$	14,795
	$	310,695

Match Calculatons:		
Federal	$	248,556
Match	$	62,139
Total Project	$	310,695

Schools:		
UES	58,000	ft2 heated spaced
MHS	89,174	ft2 heated spaced
SubTotal Schools:	147,174	ft2 heated spaced
4 Site Specific Evaluations:		
Union Mutal Insurance Company	25,000	ft2 heated spaced
Credit Union	28,000	ft2 heated spaced
Vermont Mutual Insurance Company	37,000	ft2 heated spaced
GSA	70,000	ft2 heated spaced
SubTotal	160,000	ft2 heated spaced
Buildings covered by Generic Evaluation:		
Christ Church	16,000	ft2 heated spaced
Country Courthouse	8,000	ft2 heated spaced
Sheriiff's Office	2,500	ft2 heated spaced
Bethany Church	13,000	ft2 heated spaced
Unitarian Church	15,000	ft2 heated spaced
Library	17,000	ft2 heated spaced
52 State Street (Everett)	8,200	ft2 heated spaced
46 State Street (Everett)	12,700	ft2 heated spaced
SubToal	92,400	ft2 heated spaced
Total	252,400	ft2 heated spaced

To meet Match:			
GSA	$	7,000	$ 7,000

Other Site Specific Evaluation contribute	$	3,500	each, or	$ 14,000
s covered by Generic evaluatiuon contribute	$	500	each, or	$ 4,000
City In-Kind	$	1,500		$ 1,500
Schools				$ 35,639
				$ 62,139

Our Town Grant Concept Paper

Montpelier contains a rare collection of cultural and creative institutions which combine to make the smallest state capital in the country a hidden treasure. The Vermont College of Fine Arts, the only graduate school in the country dedicated to the arts, Lost Nation Theater, a professional theater company, the New England Culinary Institute, one of the nation's leading culinary schools, the Green Mountain Film Festival, Capital City Concerts, Montpelier Chamber Orchestra, the Savoy Theater, the T.W. Wood Gallery, the Summit Music School – the list goes on. Yet for all its diversity, people in the city do not always see the larger picture or understand that the city is a hub for the creative economy.

The city needs housing and workspace for the start-up enterprises driven by these institutions, and we need to bring all the stakeholders and resources together to capture the possibilities and synergy of the unique combination of arts we have here.

Major Project Activities

- Development and implementation of creative economy job sector strategy.
- Successful branding of Montpelier as a green creative capital.
- Creation of a team of creative economy stewards and ambassadors who will implement the green creative economy development strategy.
- Successful adoption of place identity by a wide swath of the community through city wide dialogue and group efforts.
- Feasibility study on an arts incubator in the River District.
- Series of events and activities that reflect newfound place identity of the green cultural capital.
- Rezoning of River District and subsequent development as indicator of community's commitment to the growth of the creative economy sector citywide.
- Development of artist residency programs that build both place identity and build bridge between the creative economy and the practices of working artists.
- Master classes in various disciplines to promote a vibrant arts sector.

Outcomes and Measurements

Montpelier will build a collective sense of identity as a green cultural capital. New collaborations between existing and new institutions will emerge that reflect this growing sense of identity. This will include arts festivals, branding and marketing campaigns, residencies, and jointly sponsored events. Existing institutions will adopt a shared tag line involving the creative economy and express a shared vision for the development of the community as a hub of creative endeavors and sustainability. Earned media in the press will make mention of Montpelier's newly voiced identity as a sustainable creative and cultural capital.

Montpelier's economic development efforts will be branded as part of the creative economy. The development of the River District will be fostered by the rezoning of that district and the establishment of new businesses and institutions, such as arts incubators or design firms. Connections between arts education institutions and employment in the creative economy will be explored through workforce development workshops and partnerships between organizations in each sector. In time, new jobs and businesses in the creative economy will be created. In the first two years, 10 jobs and three new creative economy jobs will be achieved.

A strategic plan for the further development of the creative economy will be developed amongst the stakeholder group and organized by the steering committee. Staff time from the City of Montpelier and the Vermont College of Fine Arts will contribute to this effort.

Schedule of Key Project Dates

September 2012: meeting of creative economy stakeholder group to set priorities for the grant period. A special committee on the development of employment in the creative sector will begin to meet to develop trial projects for the grant period and a strategic plan for the ongoing sustainability and implementation of the creative economy.

October 2012-January 2013: several news articles will mention formation of the working group on the creative economy, meetings on collaborative efforts will convene, plans for Spring/Summer 2013 will be discussed.

Winter 2012-2013: Organization of spring and summer events. Meetings with partner organizations and buy-in to shared place identity goals discussed. Ideas for more in depth collaborative efforts discussed. Strategies for recruitment of creative economy businesses and promotion of Montpelier as a creative economy hub discussed and identified.

Spring and Summer 2013: Celebration of Montpelier's creative economy through highlighting of this umbrella concept at partner organization festivals and events. Press releases and promotional materials for these events will include the new creative capital tag line and acknowledge this identity.

Fall 2013: In fall tourist season, outreach to fall tourists and surveys on the appeal of the creative economy. Steering committee meets to plan summer 2014 artist residencies and to discuss strategies – including recruitment and promotion -- to attract creative economy businesses.

Winter 2013-2014: Intensive efforts to recruit and promote businesses to Montpelier's creative sector. Work between the Vermont College of Fine Arts and the City of Montpelier to design and establish residencies for artists for summer of 2014 designed to lead to employment in the local creative economy. Work with creative economy business leaders to discuss practical pathways of transition into the employment sector for fine artists.

Spring-Summer 2014: Events to continue to highlight Montpelier's role as creative capital. Artist residency and master class programs to be offered as focus of emerging creative economy. Opening of new creative economy business, including in the new River Arts District.

September 2014: As grant period winds down, completion of strategic plan by steering committee to provide working blueprint for further evolution of the capitol city's creative economy.

Partners, key organizations, individuals, and works of art that will be involved in the project

The Vermont College of Fine Arts will be our main partner. Lost Nation Theater, TW Wood Gallery, Flywheel Productions, and Gossens-Bachman architects have also indicated enthusiasm at this effort. Other potential partners include local authors and other artists, the Green Mountain Film Festival, the New England Culinary Institute, the Kellogg Hubbard Library, the Vermont Council on the Humanities, the Vermont Arts Council, the Vermont Office on Creative Economy, the Vermont Symphony Orchestra, software and game developers, the Summit Music School, The Savoy Theater, Bear Pond Books, Capitol Concerts, Montpelier Chamber Orchestra, All Together Now, the Eat More Kale folk artist Bo Mueller, All Species Day, the list goes on.

Promotion and Outreach Plan

The creative economy identity plan will be promoted through a series of meetings with stakeholders and potential partners and through community meetings. In addition, a public relations effort will be undertaken through a media campaign that will include earned media, joint sponsorship and branding of events and festivals, the creation and adoption of a tag line, and creative efforts such as videos, social media, fliers, and tabling at the farmer's market. Media campaign efforts will reach to the media market in Vermont, to the tourist press, and to arts and creative networks.

Evaluation and Documentation Plan

Quarterly reports of outcomes and measurements will be provided to the steering committee which will evaluate progress against stated goals and measurements. The steering committee will base success partly on objective measures regarding numbers of new collaborations, events and projects formed, numbers of mentions of the efforts in the press, and, on a larger scale, number of new jobs formed and businesses formed or relocated to participate in Montpelier's burgeoning creative scene. It will also evaluate more subjective measures such as the sense of community members that the identity as a cultural capital is being achieved and to what degree In small ways this will be expressed as anecdotal evidence of mentions of this identity.

Goals and Impact

The goal of this project will be to raise the profile of Montpelier as a capital of creative and visionary work. The reputation of this state capital as such a hub will spread nationwide and internationally. The unique identity of Montpelier will be acknowledged and viewed as a strong asset for the greater culture. The city will be viewed more and more as a destination for visiting and relocation for those involved in creative pursuits. Collaboration between creative economy organizations with a strong sense of mission resulting in multiplier effects applied to economic, social and cultural development of the capital city.

Budget

The city grant of $15,000 will be a source of revenue, along with matching funds of $5,000 each for marketing efforts by LNT and VCFA. There is talk about a match for the incubator study - let's assume $10,000 match, $10,000 grant for the sake of argument. The budget needs to be programmatic, so it's clear what the money is funding.

Revenue	
Municipal Planning Grant	$30,000.00
LNT Marketing	$10,000.00
VCFA Marketing	$10,000.00
Local Incubator Funding	$20,000.00
Total Revenue	$70,000.00
Expenditure	
Incubator Study/ Workforce Development	$20,000.00
River District	$30,000.00
Marketing/ Event Promotion	$14,000.00
Overhead	$6,000.00
Total Expenditure	$70,000.00

City of Montpelier
GENERAL FUND FY 2012 Summary Budget Report
As Of and For The
6 Months Ending 12/31/2011
50% of Fiscal Year Completed

Account Number and Description	Budget FY 2012	Actual to Date Through	Variance	Percent of Budget
REVENUES				
TOTAL PROPERTY TAX REVENUE	$7,103,545.17	$7,111,434.38	$7,889.21	100.11%
TOTAL STATE/LOCAL PILOT	$862,716.00	$841,770.01	($20,945.99)	97.57%
TOTAL PERMITS AND LICENSE REV	$86,700.00	$60,734.48	($25,965.52)	70.05%
TOTAL INTERGOVERNMENTAL REV	$863,815.00	$466,489.57	($397,325.43)	54.00%
TOTAL FEES & CHARGES FOR SERVICES	$574,661.00	$408,324.55	($166,336.45)	71.05%
TOTAL RENTS & COMMISSIONS/UTILITY FEES	$28,100.00	$20,825.00	($7,275.00)	74.11%
TOTAL FINES & FORFEITURES	$26,000.00	$9,292.99	($16,707.01)	35.74%
TOTAL EQUIPMENT/LAND REVENUE	$362,748.00	$285,563.84	($77,184.16)	78.72%
TOTAL INTEREST/INVESTMENT REVENUE	$58,000.00	$11,674.98	($46,325.02)	20.13%
TOTAL MISC REVENUE	$51,167.00	$40,791.62	($10,375.38)	79.72%
TOTAL OPERATING TRANSFERS	$844,927.00	$687,452.00	($157,475.00)	81.36%
TOTAL GENERAL FUND REVENUES	$10,862,379.17	$9,944,353.42	($918,025.75)	91.55%
EXPENDITURES				
TOTAL CITY COUNCIL	$29,871.00	$11,917.82	$17,953.18	39.90%
TOTAL CITY MANAGER	$316,704.13	$162,847.29	$153,856.84	51.42%
TOTAL CITY CLERK	$233,135.17	$95,345.95	$137,789.22	40.90%
TOTAL FINANCE	$339,500.31	$164,649.18	$174,851.13	48.50%
TOTAL TECHNOLOGY SERVICES	$209,883.85	$111,735.71	$98,148.14	53.24%
TOTAL PROPERTY ASSESSOR	$190,286.02	$78,840.23	$111,445.79	41.43%
TOTAL PLANNING & DEVELOPMENT	$403,420.49	$181,257.28	$222,163.21	44.93%

City of Montpelier
GENERAL FUND FY 2012 Summary Budget Report
As Of and For The
6 Months Ending 12/31/2011
50% of Fiscal Year Completed

Account Number and Description	Budget FY 2012	Actual to Date Through	Variance	Percent of Budget
TOTAL CITY HALL MAINT	$186,340.31	$78,599.29	$107,741.02	42.18%
TOTAL 58 BARRE ST BLDG MAINT	$1,500.00	$1,463.84	$36.16	97.59%
TOTAL POLICE OPERATIONS	$1,516,186.29	$794,495.84	$721,690.45	52.40%
TOTAL POLICE COMMUNICATIONS	$496,654.77	$261,766.28	$234,888.49	52.71%
TOTAL OUTSIDE PAY POLICE	$0.00	$0.00	$0.00	0.00%
TOTAL POLICE CANINE UNIT	$0.00	$1,416.77	($1,416.77)	0.00%
TOTAL POLICE SCHOOL RESOURCE OFFICER	$87,600.69	$41,710.80	$45,889.89	47.61%
TOTAL COMMUNITY JUSTICE CENTER	$114,626.43	$52,017.83	$62,608.60	45.38%
TOTAL RE-ENTRY PROGRAM	$116,268.75	$47,417.29	$68,851.46	40.78%
TOTAL FIRE AND E.M.S	$1,837,347.58	$861,677.04	$975,670.54	46.90%
TOTAL BLDG CODE & HEALTH ENFORCEMENT	$85,043.02	$39,171.57	$45,871.45	46.06%
TOTAL EMERGENCY MANAGEMENT	$6,969.00	$1,186.58	$5,782.42	17.03%
TOTAL DPW STREETS	$1,502,561.94	$590,144.63	$912,417.31	39.28%
TOTAL DPW FLEET OPERATIONS	$519,892.42	$247,911.25	$271,981.17	47.69%
TOTAL DPW BUILDING OPERATIONS	$61,150.00	$40,447.66	$20,702.34	66.14%
TOTAL WRIGHTSVILLE BEACH FUNDS	$4,007.00	$0.00	$4,007.00	0.00%
TOTAL AGENCY CONTRIBUTION	$98,675.00	$99,175.00	($500.00)	100.51%
TOTAL LIBRARY CONTRIBUTION	$293,975.00	$293,975.00	$0.00	100.00%
TOTAL COMMUNITY ENHANCEMENT	$48,800.00	$47,545.30	$1,254.70	97.43%
TOTAL TREE MANAGEMENT	$30,942.00	$14,434.57	$16,507.43	46.65%
TOTAL TREE BOARD	$1,750.00	$434.37	$1,315.63	24.82%

City of Montpelier
GENERAL FUND FY 2012 Summary Budget Report
As Of and For The
6 Months Ending 12/31/2011
50% of Fiscal Year Completed

Account Number and Description	Budget FY 2012	Actual to Date Through	Variance	Percent of Budget
TOTAL CONSERVATION COMMISSION	$5,750.00	$3,000.00	$2,750.00	52.17%
TOTAL DEBT SERVICE	$699,302.00	$554,322.10	$144,979.90	79.27%
TOTAL ADMIN COPIER & POSTAGE	$0.00	$11,863.52	($11,863.52)	0.00%
TOTAL OTHER GOVERNMENTAL	$155,971.00	$141,174.60	$14,796.40	90.51%
TOTAL TRANSFERS TO OTHER FUNDS	$925,267.00	$925,267.00	$0.00	100.00%
TOTAL EQUIPMENT PLAN	$289,998.00	$132,011.18	$157,986.82	45.52%
TOTAL EMPLOYEE BENEFITS	$0.00	$7,196.98	($7,196.98)	0.00%
TOTAL GF MISC EXP	$0.00	$18,447.93	($18,447.93)	0.00%
TOTAL TAX ABATEMENTS/CREDITS	$53,000.00	$54,531.43	($1,531.43)	102.89%
TOTAL GF MISC EXP	$0.00	($15.49)	$15.49	0.00%
TOTAL GENERAL FUND EXPENDITURES	$10,862,379.17	$6,169,383.62	$4,692,995.55	56.80%
GENERAL FUND NET EXCESS / (DEFICIT)	$0.00	$3,774,969.80		

City of Montpelier, Vermont
"The Smallest Capital City in the United States"

DATE: February 1, 2012

TO: Mayor and City Council Members

FROM: Sandra Gallup, Finance Director

SUBJECT: SUMMARY BUDGET REPORT BY DEPARMENT FOR GENERAL FUND AND DETAILED BUDGET STATUS REPORTS FOR GENERAL FUND, WATER FUND, SEWER FUND, CEMETERY FUND, PARKS FUND, PARKING FUND AND SENIOR CENTER FUND FOR A SIX MONTH PERIOD BEGINNING JULY 1, 2011 AND ENDING DECEMBER 31, 2011.

Enclosed please find budget reports for the above reference funds. **For the General Fund, please note that 91.5% of revenues budgeted have been received (compared to 93% last fiscal year) and 57% of expenditures budgeted have been expensed for this time period (compared to 59% last year). This represents 50% of the budget year completed.**
GENERAL FUND NOTES:
Revenue:
Revenue continues to come in as expected with a few exceptions. PILOT funds are $47,000 higher than budget. Ambulance and building permit fees are projected to exceed the budget this year. A shortfall in the $40,000 budgeted for is expected. As of December 31st, property tax revenue is very close to the budgeted amount although property tax grievance settlements will adjust the tax revenue down.
Expenditures:
Most program expenditures are in line with the FY12 budget. Legal fees are high with 75% spent within the first six months. Police overtime is also running high. Staff changes and/or vacancies in the Planning, DPW Streets and City Clerk departments have occurred, or are expected to occur. The financial affect of the staff turnover will be clearer in the next few months. The City Clerk's salary line is expected to exceed its budget due to the City Clerk's retirement.

WATER FUND: 54% of revenues budgeted have been received (compared to 53% last fiscal year) and 43% of expenditures budgeted have been expensed for this time period (compared to 46% last year). The year-to-date expenditures are $69,000 less than last year. Due some large water leaks unaccounted water is calculated to be at 31% which is higher than last year's percentage of 28%.

SEWER FUND: 65% of revenues budgeted have been received (compared to 64% last fiscal year) and 49% of expenditures budgeted have been expensed for this time period (compared to 44% last year). Repairs to the wastewater treatment facility which are needed due to the May flood event, continue to be made. Repairs in this fiscal year total $124,000 and the City's VLCT property insurance policy will cover most of these costs. The retirement of three wastewater treatment plant employees in 2011 will produce savings in salaries in this fiscal year.

PARKING FUND: 53% of revenues budgeted have been received (compared to 47% last fiscal year) and 61% of expenditures budgeted have been expensed for this time period (compared to 55% last year). We hope that the new online payment of parking tickets and the use of debit card in parking lots will increase revenues. Expenditures are high due to the $39,000 parking lot resurfacing project at Capitol Plaza and the purchase of a new parking lot meter for the Blanchard lot. A reserve fund will provide funding for the resurfacing project. This continues to be a tight year for parking fund finances.

These Budget Reports are scheduled for the City Council Consent Agenda for February 8, 2012.