



**CITY OF
MONTPELIER
MONTPELIER,
VERMONT**

Agenda for City
Council Meeting
Wednesday,
December 22, 2010
07:00 P.M.

- 1) Call to Order by the Mayor
- 2) 10-321. General Business and Appearances
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- 3) 10-322. Consideration of the Consent Agenda:
 - a) Consideration of becoming the Liquor Control Commission for the purpose of acting on the following:
 - 1) An Application for a Catering Permit from Vermont Hospitality Management, d/b/a New England Culinary Institute, for a Graduation scheduled to be held on Friday, January 7th, 2011 from 3:15 to 6:00 P.M. at the College Hall Chapel.
- 5) 10-324. District Heat Update.
 - a) The committee has completed formal interviews with the three firms who have submitted proposals.
 - b) The committee met on December 10th to discuss the interviews and to attempt to decide which direction to go in.
 - c) Recommendation: Receive update; discussion; possible direction to staff.

- 4) 10-323. Continued discussion regarding the City's FY 2011-12 Budget ? Recreation Department, Senior Center, Police/Dispatch/Parking, City Council, City Manager, Clerk/Treasurer, Finance/IT, Assessor and Revenues.
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- 6) 10-325. Reports by the City Council
- 6) 10-325. Reports by the City Council
- 7) 10-326. Mayor's Report
- 8) 10-327. Report by the City Clerk-Treasurer
- 8) 10-327. Report by the City Clerk-Treasurer
- 9) 10-328. Status Reports by the City Manager
- 10) 10-329. Agenda Reports by the City Manager

Adjournment

Adjournment

**Request to Cater Malt and
Vinous Beverages.&
Spirituos Liguors**

Caterer's Permit Number 1488.005 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: Vermont Hospitality Management
d/b/a: New England Culinary Institute
Street: 56 College Street Town/City: Montpelier
Contact name and phone number: Fawn Wells Maxfield 802-279-6317
Email or Fax # fawn.wells@neci.edu

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): VCFA College Hall Chapel, 36 College St. Montpelier, VT 05602
 3. Date of catered party (not more than five days, unless specifically authorized): 1/7/11
 4. Hours of operation: Beginning 3:50pm hrs. Ending 6pm hrs. No. of Persons 100
- Signed: [Signature] Date: 12/17/10
(caterer)

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.

On Wednesday evening, December 22, 2010, the City Council Members met in the Council Chamber.

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

Call to Order by the Mayor:

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

10-321. General Business and Appearances.

Council Member Weiss said during the energy update he would like to add a nomination for a person who would like to serve on the Energy Committee and has been endorsed by Planning Director Hallsmith and the Energy Committee.

Mayor Hooper said they would like to reorder the agenda a little and put the Energy Update next after the Consent Agenda.

10-322. Consideration of the Consent Agenda

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

- 1) An Application for a Catering Permit from Vermont Hospitality Management, d/b/a New England Culinary Institute, for a Graduation scheduled to be held on Friday, January 7, 2011 from 3:15 to 6:00 P.M. at the College Hall Chapel.
- 2) Consideration for a First Class Liquor License Application for A&E Restaurants, d/b/a The Black Door Bar and Bistro, at 44 Main Street. This is an ownership change and request to approve the new owners.

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

10-324. District Heat Update

- a) The committee has completed formal interviews with the three firms who have submitted proposals.
- b) The committee met on December 10th to discuss the interviews and to attempt to decide which direction to go in.
- c) Recommendation: Receive update; discussion; possible direction to staff.

Council Member Weiss said at a previous meeting of the Council they were introduced to Daniel Jones who was one of the four candidates to sit on the Planning Commission. He has been very faithful in attending the Energy Advisory Committee meetings and lives in Montpelier on Northfield Street. He has a great background in media and communications and is very much interested in the energy program. Last night the Energy Advisory Committee voted unanimously to ask the Council to appoint Mr. Daniel Jones to a seat on that committee.

Council Member Weiss moved that the Council appoint Daniel Jones to a seat on the Energy Advisory Committee. Council Member Hooper seconded the motion.

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

Harold Garabedian said the project is moving along. It is a dynamic project and has its challenges. They keep talking with state government and have been meeting with them weekly to define the project. They did receive three very qualified proposals in response to the RFP. Between the RFP responses and information they are receiving from the state they are actually seeing the project reshape a little bit. They are not prepared to select from any of the bidders at this point. They are envisioning a process where we are going to actually receive some additional information from them to move the project forward and redefine it to fit the new information. The Advisory Committee has met. From the Advisory Committee they actually pulled two members, Justin and Ken Jones, together with Gwen, himself and some key state department folks plus other members of the Technical Committee. They went through the proposals and evaluated the qualifications. They are very qualified folks. It is just that the information they have received suggests that the actual project they bid on may be oversized because the state has gone back and looked at their base information and are finding that, as like the city, these energy efficiency programs are actually delivering the benefits that were intended so the loads are down. If they were to design to the original plan they would probably overbuild the plant. It has its advantages and disadvantages.

Council Member Jarvis asked if that would mean a second RFP process or working with the same people.

Mr. Garabedian replied it would be working with the same people. There was a tremendous investment made and they think that really qualifies these people.

Justin McCabe of the Energy Advisory Committee said they have learned a lot throughout this process and the scope of the project has changed tremendously. The loads are different. They no longer believe that electrical generation is an option for this project and they need a hot water system only. The scope has dramatically changed from where they started. The Energy Committee recommends that the city staff put together a new scope for the three bidders who have already proposed on this project to rebid the project and provide information, both financial and technical, in regards to the new scope of work that they think is the only really affordable option for the city to proceed upon. With the three proposals they have right now it is a “no go” project.

Council Member Jarvis said she recalled information earlier about the efficiency and that only with cogeneration does this make sense.

Mr. Garabedian said that isn't necessarily the case. If this project moves forward you would anticipate at some point in the future adding electricity. He would hold that as an option. At this point in time it looks like the return on investment may be longer than they would like to see. It is a capital versus operating issue.

Planning Director Hallsmith said one of the reasons that cogeneration appears to be a more efficient use of the resource is because when you are developing a steam plant you can use the waste heat from that steam generation to turn the turbines to create the electricity. You are right, there is a sense that cogeneration in a steam application should be a way to maximize efficiency of the use of the resource. What they discovered through this process and through the financial and technical work that our consultants have done is that first of all the fact that the plant doesn't run year round plays into consideration because they are investing all of that money in the electric generating capacity and it isn't going to be working all of the time. Secondly, the best cogeneration possibilities, even with a steam application, are where the loads stay fairly constant. You have a constant base load. When you are dealing with a heating application you have a fluctuating base load and that can affect the generating capacity and the revenues you get because obviously if you are producing a lot of steam you get a lot of turbine turning, and if you are not you don't. That also affects the economics of it because the amount of electricity they can sell is reduced significantly in both of those cases.

In her opinion the game changing thing they came to this week is that the state is willing to consider looking to converting to hot water. Already 40 percent of their buildings are heated with hot water that runs through a heat exchanger from the steam that comes around their loop because hot water is actually a lower cost way to heat than steam. Steam is also a technology that is on its way out. You are not going to be investing a lot in steam technology in this country if you are smart because it is on its way out. There are going to be fewer people that running it and fewer people who will know how to fix it. It is kind of like beta VHS tapes. The technology is on its way out. Her point of view of investing a lot of money on the public sector and reinventing a steam plant doesn't make a lot of sense. In addition, the state has a building on line right now, 120 State Street, the DMV building that has some serious steam leaks so they are looking at changing it over to hot water, too, which would increase the percentage of the state's system beyond 50 percent that is heated with hot water. It doesn't make sense to take wood, heat it up to the point where you are creating steam which is an exponential function on the heating scale just to cut it back down to hot water again. It makes a lot more sense from an efficiency point of view to make hot water to heat the buildings and not heat it up to steam and cut it down to hot water. That is really the game changer, and that is what they are looking for the new bids on which is a hot water system that would serve the city and the state with the idea they phase out the state's steam system.. They wouldn't be touching or changing their plant. They might be reducing the load that the plant was expecting, but given the fact that some of their boilers are needing replacement now that manage that load that isn't the end of the world for them.

Council Member Hooper said the existing plant would be operating parallel while the state changes over from steam to hot water.

Mr. Garabedian replied yes.

Planning Director Hallsmith said one of the ideas she had since the Energy Committee met last night was a technique they used in the past when they have been in a similar circumstance the city is in right now. It is the idea of a design competition that we would pay the bidders for this next iteration of the project. We would pay the qualified bidders to develop this new design that we are asking for which is going to be a lot more clearly defined with a lot fewer alternatives opened to them because of what they have learned in this process and get to the new picture of what we are going to be considering a month hence. She called all of the bidders and talked to them about it today. They all are agreeable to looking at it and moving forward with the design competition idea. She has talked with the state about it. They are not opposed to it at this point. She wouldn't say they embrace it enthusiastically, but they are not opposed. They recognize we are in a very difficult position and that we are trying to coordinate a lot of moving parts that are difficult

to coordinate. She thinks going from a classic design build modality to a little more to something that is like design bid build, which is what a lot of more people are comfortable with, is a difficult transition and they are trying to move through that gracefully. What she proposes is a design competition with a fixed price for their work from now until January 14th, which will be the deadline, in time to know whether they need to post any money items for Town Meeting. Parallel they will be hiring an independent contractor to do what the state's contractor has been doing for them. They are not a construction engineer but a design engineer and don't bid on construction projects. They have been looking at their own specifications for what they would recommend to the state under these circumstances and conducting the state's own economic analysis of what that looks like and arriving at all of the different pricing points and capital expenditures and net present value of the savings you are getting for the state. They would be working in parallel as they are moving through that process and serve as part of our judging capacity on that design competition. At the end of that process she hopes they would have a package they could move forward with. Whether that is a package they would move forward with by hiring one of the consultants and one of the teams as our partner to move with their idea forward or whether we say yes all of this combined information is something we would like additional bids on she remains open on at this point in time because there are a lot of conflicting opinions about this.

Mayor Hooper asked her to talk to the Council about the timeline.

Planning Director Hallsmith said the timeline for the Department of Energy is that we need to have the project funds committed and obligated by the end of 2012 and have all of the draw downs done by the end of 2015. Because of their tight timeline and the fact that this is ARRA funded they are under constant pressure to make sure they are not delaying the project unnecessarily. These types of delays are something we hear about. She doesn't think right now what they are describing changes their timeline at all because we were shooting for a mid January decision point about how to move forward and whether to post a bond vote or not. The "or not" has a lot of different possibilities, one of which is the type of private financing that has been proposed by a couple of the bidders would be acceptable to the city and we wouldn't need a bond vote because we would share ownership with the investors on the plant. That is made possible through a number of different mechanisms, one of which is known as the Treasury 1603 grants which were recently extended by Congress to go through 2011. They thought they were expiring at the end of 2010 but they didn't. What that does essentially is it puts the private investors on par with public money in terms of the cost of capital and makes it possible to have a private partner in this on a capital intensive project with low margins around what the capital costs can be.

Mayor Hooper said she believes the last they heard about this we were trying to figure out whether they could go for a bond vote for March, which is the January deadline. She thinks this is new news to the Council that we may be considering doing this differently. She has sat in on a couple of meetings and have had conversations with people. Does the Council want more information on this and why the timeframe is changing the way it is?

Planning Director Hallsmith said some additional information is that even if we don't have a bond vote for the full project in March what we will be asking for from this next iteration of bids is the cost of the designing and permitting work we need to do between now and June if you schedule the bond vote in June once the state's process is over if a bond vote is necessary. We can only spend the DOE funds as we have the match for it. She doesn't know right now if we have enough match in DOE funds to take us through design and permitting all the way to June. She knows they can make it to March. Part of what they will be asking the bidders for in this next iteration is the budget we need to have in place to make it through June.

Mayor Hooper added presuming they go for a bond vote in June.

Planning Director Hallsmith said she isn't recommending that at this point.

Mayor Hooper asked if a bond vote in March off the table.

Planning Director Hallsmith said she wouldn't say that for sure. They will know more when they get the next iteration of bids on January 14th. It is likely that it is off the table, but we need more information before we can say that for sure and she doesn't want to recommend that right now.

Council Member Hooper said it seems like an awfully tight timeframe around the holidays. Have all three of the bidders consented to a January 14th deadline?

Planning Director Hallsmith replied that most of them because of all of the work they have put into it to date can actually do this relatively easily. It's not a huge change in the task. They are asking for more detail and a different approach to the actual boilers.

Council Member Golonka said she talked about changing the focus where we pay them to change their bid. Is that what we are talking about right here? What is the dollar amount? Who is paying for it?

Planning Director Hallsmith replied that is how a design competition is typically structured you pay the bidders to deliver the next bid.

Council Member Golonka asked how much money are we talking about and who is paying for it?

Planning Director Hallsmith said the money to pay for it would come out of the grant and out of our money that matches the grant. Fifty percent comes from the city money that we authorized in a vote two years ago to proceed with design, siting and permitting and fifty percent would come out of the DOE grant.

Council Member Golonka said that is taking money away from what we originally planned. The original spreadsheets were design, plan and build, but now we are paying them to bid.

Planning Director Hallsmith reminded him this is still part of the design process. It could make it less expensive in the long run because of all of the information we have gathered through the process. The bidders have put in an enormous investment in this process. One of the bidders estimated that their firm invested a quarter million dollars in putting its bid together. We have three excellent proposals from a team that represents the best and brightest of all of the firms in Vermont. At this point in time when we change the scope it is advisable and good faith that we pay them at least for this next step, which is only a fraction of what the effort they have actually put into it already.

Council Member Golonka said he doesn't like the sound of this. It sounds like we are kicking back, to pay them back for what they have put in. He doesn't like how that sounds. How much money are you talking about to pay them to bid?

Planning Director Hallsmith said between the bidders and the expertise they would need to hire to evaluate their bids would be \$50,000.

Council Member Golonka said he isn't prepared to make any type of commitment of that nature tonight. This seems very ill prepared tonight to say we are changing gears and we are paying these bidders. It sounds to him like it is a pay back for what they have already paid in, and that really disturbs him.

Mr. Garabedian replied no; if it sounds like that it is unfortunate. It really is following the information. It is clear from the proposals that were put out the project as originally scoped came out of the feasibility study and it is over built and a lot of money. In the interactions they have had with state government in reviewing the data since the feasibility study was really important because the feasibility study was commissioned at the time that allowed the Energy Investment Worker's Commission so the data they had was the historical data to date and what they have been able to do is continue and accumulate the data since then which shows the benefit of doing the contracts and that has reduced the load significantly. We are in

a position to rescope this project to a smaller size heat plant which means a smaller capital investment and better economics overall. We don't have that data. We need to get the data on the rescope plant in order to make the financial evaluations. The other piece that has changed is that the idea of not doing the entire state load at once but an incremental process but the advantage of just taking the state's hot water doesn't require us to design a steam boiler, and that is a big capital investment. If we just take that portion of the state that is already hot water and add that to our system that becomes an easy pick. Again, it is following the data.

Planning Director Hallsmith said there is an alternative, and this is an alternative that some people would be more comfortable with. We can hire an engineer who is an expert in this to rescope it for us, which is going to be in the same price range, and then put it out to bid on a designed bid built process. It is going to cost that much to get that expertise as well at this point in time to get the specifications detailed enough to go with that process. When we decided to go with the design build we were looking for innovative approaches and cutting the timeline down because of our tight timeframes. Her concern about that alternative is she believes we have a real investment on the part of a lot of Vermont's best firms in this project and she wants to build that trust and build on that investment, and this is a good way to do it. Each of them would still be in the game. An alternative for them would be to tell the Council tonight this is a no build under the current bids. We reject all bids and we design it again and go out to bid. That is an alternative. She doesn't recommend that alternative because she thinks that would not serve the process they have undertaken so far.

Mayor Hooper said she thinks what they are reacting to is a whole new concept in a very compressed time and she doesn't believe that the design competition idea has even been discussed with the committee.

Mr. McCabe said their motion did ask the staff to develop a process by which to determine how to move us to the next step. That was how it was framed.

Mayor Hooper said they are being pushed because of the deadlines for getting things on the ballot. Is that the January 14th issue?

Mr. Garabedian said he would say it is actually the deal they granted that drives all of this. It is the \$8 million timeline. If it wasn't for that this project has been talked about for 20 years.

Planning Director Hallsmith said we do have the authority to use the money that we are using now for design, siting and permitting, and that is the process they are in right now that we need to complete before we can build the plant. She doesn't know if they have enough in their current budget to get us through that entire

process if we are going to delay a vote until June, and she needs that information by mid January. That is going to be one of the pieces of information they will get in this next iteration. They will be refining the existing proposals that we have to a point where we have a design they can decide on. That is the goal. She thinks they will have invested a reasonable amount of money in that process by going through this and we will also be very respectful of the people who have taken a risk and dedicated their staff time and their resources to producing excellent proposals for the City of Montpelier without being paid a dime. She also feels bad that they could also decide to just ask them to refine their bids with these new specifications. She just doesn't feel that good about this because she knows the effort that has gone into this thus far. It is only fair and prudent for the city to pay for the next bit of effort because at least when we are paying for it at the end of the day we own at least part of that product and we aren't locked into a particular approach. We own the designed product.

Council Member Golonka said he appreciates her candor in this. His concern is if we are paying for it he doesn't believe they get as good information versus if they decide to rebid on a revised project then we know they are still interested. If we are paying them just to submit a bid, how do we know it is really a viable project versus a partner that is specifically chosen because this scaled down version is not economically viable because we aren't putting another dime into it? If it is a viable project it will pay back to them in the future, and that is one of the reasons they bid on it and that is why they would have paid for their proposal they bid. They viewed it as an economically viable project for them. If it is scaled back and we give them money to put together a proposal where is their incentive? He has concerns about the city paying them for anything.

Planning Director Hallsmith said this is a multi million dollar project.

Council Member Golonka said he won't be rushed, though, and he won't be rushed by January 14th to put this on the March ballot. He won't support it.

Planning Director Hallsmith said she isn't suggesting that they necessarily are planning to do that.

Council Member Golonka said he hears her rushing the Council right now and that is concerning him.

Mayor Hooper said they know they have been rushed by either the deadlines for getting things on the ballot but also by the grant. We have been hearing repeatedly how DOE is pressuring us on that so maybe we need to push back if we aren't comfortable doing that. She had thought one of the things they were going to hear tonight is we can't do March and we need to collect better data which we are hearing

tonight. We need to collect better data in order to put a good project in front of people. Now we are only talking about the mechanism for collecting the better data. She would presume that everybody would support the notion of let's make sure we have the best information to put in front of people to vote on so the question is how do we get there.

Planning Director Hallsmith said she doesn't believe they will be coming to the Council in March and asking for a multi million dollar bond vote at this point. She doesn't think they will have the information they need by then for that. She is concerned about additional incremental funding we might need to get through to June, and she will have that information for the Council before the Town Meeting ballot needs to be posted.

Mayor Hooper said Gwen was saying that in order to develop the additional information the mechanism was to go back out to bid and they would give us this information. Could we have somebody else do a very high level of review? Not actually do the engineering but give us some sort of overview of that if the issue is knowing how much money we need.

Planning Director Hallsmith said she is proposing they have this next iteration of information from the bidders that we pay them for but we also engage an independent consultant to do exactly what she is saying to give us that information outside of the context of the bidding process so we have both objective information to evaluate the bidding information by and the kind of high level service she is describing that we need to know about what we need to ask for.

Mayor Hooper said they need the bidding information needs to be happening simultaneously. Could we get the overview of the cost information first to answer the questions we have?

Planning Director Hallsmith said that is an alternative solution, to hire somebody, have them develop detailed design specifications and financial specifications instead of putting it out to the bidders and then rebidding it all. That is a possibility. Her opinion about that is that it will add delay to the process, but if that is what they feel more comfortable with they can move forward with that.

Mr. Garabedian said it may take some creativity and some competition out of the process because that is what everybody would go to.

Council Member Hooper asked how much city money is currently remaining for this.

Planning Director Hallsmith replied she didn't have an up to date version but she would say close to half a million dollars in city and grant money, and that's a lot. It costs a lot to get through design and permitting. The permitting fees alone in some of these things cost a couple hundred thousand dollars right off the top. If we are going to delay until June, which is a definite possibility, providing we need a bond vote, how do we get to June? This is a tight timeline and we can't stop because we don't have any money.

Council Member Hooper said between now and June it could be more than a million dollars total expenditure.

Mayor Hooper said more than half a million.

Planning Director Hallsmith said this is a very complex and difficult project. She often says to herself, what was I thinking? You have to keep the federal government, state government and city government happy through every step of this process. Are you out of your mind? Some of the things we accomplish in life we only accomplish because nobody ever told us it was impossible to do. She was in Washington last week working on this project. She met with the White House and Senator Sanders and the National League of Cities, and she came back from Washington thinking she had to come to the Council tonight and tell them they need to send the money back. But the new development with the state where they are willing to consider the hot water option has kept her in the game. She thinks that is a good option. It is a way to get it to move forward and make it happen. She is committed to making this project happen. She thinks it is enormously important for the city and the state. They are doing their best to keep all of the different players happy. She appreciates all of their concerns because they are hers, too. It is a very expensive project. It is a big commitment for the city. There are a lot of risks involved, and she doesn't deny that. What they are trying to do right now is get the best information they can, honor all of their partners in the process and make it work in a very difficult scenario.

Council Member Sherman asked if the three bidders know the schedule and what she wants and are willing to go the next step.

Planning Director Hallsmith replied yes. She has talked to them all today in detail about this and has talked to the state in detail about this, and they are all relatively satisfied with this next step. Since none of the bids examined these exact questions in a level of detail we need we feel it is only fair to ask all of them to do it again and to pay them for it.

Mayor Hooper said her recollection of some of the conversations has been that this has been evolving so rapidly that to get the best project. It's kind of like the

continual iteration of needing to get back out to get more information and bring it back to what it is we are trying to do and figure out if it is right. She understands what she is proposing but it isn't what we expected.

City Manager Fraser said the number one point is that prices are too high. Based on what we have we don't have a project. In order to figure out whether there is a project we need more information. It was suggested actually by the state as something they would want to engage in. We can say we are moving fast and one of the issues we have run into with the state and federal governments is the conundrum of thinking outside the box to get things done and then every time somebody proposes something it doesn't fit their regulations. One of the areas that they are trying to come down to is what is affordable and they are really settling on the notion of affordability for the various parties which is defined as what we are spending now on energy costs. If we spend \$300,000 a year to supply energy costs what kind of bond does that support? If it is going to cost a whole lot more than we are spending now for energy costs we can't do it. Even with the \$8 million federal subsidy it still may not work. Timing is an issue. It is interesting how this conversation has developed. One of the things he thought they would be asking tonight was does the Council object if it goes past the March ballot? They are trying to put together a lot of information quickly for a huge project and we do have a timeline delivered by the key funding source. They want it done in a certain amount of time.

Council Member Jarvis said she personally doesn't have a problem with it moving fast or a problem with the \$50,000 expenditure. Her issues are having to do with the timeline for the state decision point. A partner of her firm is on the team that is working with the state in helping them figure out their involvement in the project and she isn't involved in that at all. Her understanding of the timeline of when the state is going to come to a decision point is far in the future, maybe next year. That worries her.

Planning Director Hallsmith said they did receive different input from the state this week about that.

Council Member Jarvis said her understanding is that it is a two part process, that they are going to do an initial evaluation and then after that there will be a more complete evaluation and they don't know how long that will take.

Planning Director Hallsmith said the evaluation they have been conducting as we have been moving through the bidding process is now complete. They received the final results on Tuesday and what they discovered is important and very valuable for the state. They discovered that by moving up their initial timeline for the upgrade of their facility, which was scheduled for 2021, in net present value they gain over a

million dollars in value because of the increased efficiency and lower fuel costs. That assumes a lot of the assumptions they have been making all along about building a new steam plant, which they are saying now maybe not, and increasing the amount of wood that the state uses instead of oil in an uncertain oil environment, and also increasing the efficiency with which it is burned. They have also determined what it would cost for them to increase their capacity to provide the city with the heat we would need for our load only, not the entire community's load which is what the DOE grant envisioned. That is what they were discussing yesterday with the state. Out of that discussion they came to the point of maybe it makes more sense for the city to look into hot water production to serve the state's hot water load instead of the entire steam load. Because of some of the current issues the state has and because of their long term plan to change over to hot water they were actually very open to that alternative. Jeb Spaulding, the new Secretary of Administration, was at the meeting. He basically said they want to make this work, and if it doesn't fit into your traditional boxes they will get us the waivers we need, and that seemed to move things in a good direction.

Council Member Jarvis said her concern is that the study is just the study and the Legislature is the decision making body. She appreciates her saying the state agrees and thinks it is a good idea, but there is no "the state" until we have a decision from the Legislature.

City Manager Fraser said the argument is for putting off a bond vote until June because then we will know what direction the state wants to go in.

Council Member Jarvis said no way would she support a bonding for the full project until she knows we have a commitment from the state.

Planning Director Hallsmith said to make that decision now is just going to be seen as another delay at this point in time. She thinks they can wait to make that decision until January. They don't think it makes any sense for the city to bond for the whole project until they know first of all that the state will need to make a contribution both of land, buildings and money, which we don't know for sure until this next iteration, and what the result of that will be.

Mayor Hooper said she thinks they need to come back to the first question which is, are we comfortable with the process of not having this on the March ballot which would then mean we would have a special election? She thinks that is the principle question. There is the fundamental question of do we do it or not, and how do we pay for it? Gwen was raising the issue of financing between now and the final vote. She has a feeling there needs to be a discussion among staff looking at the numbers and figuring that out. We need a better recommendation from Gwen on that. We

can talk about that again at the next Council meeting. She thinks the fundamental question is, if we decide to go forward is it okay to have a special meeting rather than trying to cram it on to the March ballot? No one is ready to go in March. She thinks that is the only question in front of the Council today.

Council Member Sheridan said he doesn't want anything to do this. This is starting to sound like Stone Cutters Way to him. It got caught in a timeline crunch, money was threatened to be taken back, it got hurried, a plan was laid out and they never got what was envisioned there at all. There was supposed to be an extension of downtown and that was why the money was taken from downtown. It was supposed to be retail, housing, etc. It never happened because it was hurried and people didn't have the time to think about consequences. What if technology changes before this thing is paid off? Steam is out. He has already seen a technological change here that wasn't talked out before, and it is a minor one. This is a huge project and it just sounds like a big risk for a city of 8,000 people to be taking. He just watched Burlington Telecom on the news and this has that potential of being a disaster. It has the potential for being great but it also has the potential for being a disaster. He hopes the Council thinks about it carefully.

Council Member Weiss said he believes there is a technicality between the city and the federal government, and if we aren't going to have an article in March that the Council is better advised, either by consensus or by motion, to postpone the March action as opposed to having Gwen and the City Manager suggest that. Mayor Hooper and Council Members, either by consensus or by motion let's agree now that there will be no voting by article at the March meeting.

Mayor Hooper asked if this was to raise the entire amount for funding the project. The staff needs to go away and develop a plan. There is pretty general consensus that we aren't going to go with March so the staff needs to figure out how to get from March to whenever.

Planning Director Hallsmith agreed.

Mayor Hooper said if that involves money then maybe that needs to be on the ballot.

Council Member Weiss said if Gwen requires information back by the 14th of January, does that give us time to include a ballot item in March?

City Manager Fraser said they could adopt a ballot item on January 20th; that is our deadline.

Mayor Hooper asked if they had consensus on what Alan has proposed. Do they need more discussion?

Jay Ancel, Architect at Black River Design, said they were on one of the three teams that bid according to the proposal. Their team and the others have spent a lot of money on this request for proposals and design. Their team spent \$250,000 on this. he understands they are thinking of rebidding it. Standard process would be that you could do a qualification based proposal, select a team and work with it and then study the options. This case was design built. They were told the process would be based upon selection of what was provided within the RFPs and there is plenty of information there, technical, financial, etc. on which to base that. That should be the basis to move forward, pick a team and go ahead and look at options. To bid it again is not something they would see in the HUD work they do, the rural development work we do and the state and school work they do. It's just not part of the standard process. If anything it would be seen at least as unethical. You should pick a team and move ahead. Why you would go to steam he doesn't know. It has been shown as being viable. If the state thinks they might convert to water, that might be fine, but we will also lose buildings like Heney's building and lose half of the elementary school, among other buildings downtown.

Council Member Weiss said in terms of parliamentary procedure this gentleman is not a member of the public.

Mr. Ancel said he is a member of the public. He lives in Montpelier.

Council Member Weiss said his point he is a bidder, competitor and a private entrepreneur and it isn't quite fair to give him this opportunity.

Mr. Ancel said it has been expressed to them what is going to happen and what the issues are and he thinks it would be fair to respond to them so the Council is working from a full point of knowledge.

Council Member Jarvis said they have been told by their staff that we either reject all of the proposals today or ask for something new and different.

Planning Director Hallsmith said there might be a misunderstanding about what they are asking for. They aren't talking about rebidding. They have talked to all of the teams including the head of his team.

Mayor Hooper said what they did hear is a need to reconsider how we are moving forward. The only decision the Council is going to be making this evening is the decision not to put this on the March ballot. What she would suggest is there needs to be an opportunity for the bidders to have a more detailed conversation with the

team that is working with us on this project. The staff has presented several alternatives for how we can move forward and in making that presentation was very clear that all three bidders are highly credentialed and provided us fabulous proposals and in their view these are people the city wants to be working with but the data has been changing. They are not comfortable saying to pick one of these so the Council's choices are to reject them or look for another way to move forward. They are asking for another way to move forward and there are lots of questions to ask around that. That is a proposal that the city staff and the team working for us needs to develop and bring back to the City Council. Yes, Jay, we need a lot more information but now is not the time. The only question before the Council right now is, and they are there by unanimous consent, we are not going to put the big project on the ballot in March because we aren't prepared to go there. That is the only decision the Council is prepared to make this evening.

Mr. Ancel asked if there was concern about losing the \$8 million if they don't proceed on the timeline.

Mayor Hooper said they have had that conversation. They are trying to figure out how not to and have it be a good investment for the city in every way possible.

Council Member Hooper said not too long ago they came before the Council and said they were going to be very complicated proposals and they are going to need outside expertise to evaluate them. Did that happen?

Planning Director Hallsmith said a lot of the evaluation they did should be on the web site. There are the strengths and weaknesses that the National Renewable Energy Lab provided, data from one of our consultants that Cogent Products provided. They have done a very clear responsiveness to the RFP analysis and a lot of analysis has been done. The bottom line is that all of the proposals are too expensive from the city side. She thinks they have a way to move forward and she has gotten the bidders to agree to help them to move forward with that.

Mayor Hooper said this is hard and they will figure out what is the best thing to do for the city.

Council Member Weiss said the city is fortunate to have an excellent Energy Committee.

City Manager Fraser said they will get more facts and come back to the Council.

Planning Director Hallsmith said she needs more information by January 14th. There are existing contracts they can use to get that information. She doesn't need to issue it tomorrow although she was hoping to. She thinks they are missing an

opportunity if we don't move forward in that direction but they can certainly have something for the Council by the next meeting that describes it in more detail.

Council Member Golonka said he doesn't know enough personally. Secondly, he thinks it is unfair in the city process to change the rules of the game. What if somebody who wanted to bid but didn't would now bid because the city would help them in the project it is blatantly unfair to change the rules without issuing an RFP. He thinks it is wrong. If they are going to do it they need to have more information. He thinks the city is exposing itself to liability for other potential bidders. He is concerned about paying to play and this is what it sounds like.

Council Member Sherman said she thinks it is different and moving ahead to another phase. The players are clear.

Council Member Golonka said they can call it what they want but we are writing a check for \$50,000.

Council Member Sherman said they are also protecting an \$8 million project and it is not irrelevant.

Mayor Hooper said they don't have enough information to be able to make a decision. She doesn't think they understand enough about it. Unfortunately, their problem is that it is December 22nd and they aren't planning on another meeting until January 5th. That is probably not enough time.

Planning Director Hallsmith said what she is going to propose to do tomorrow is to draft what they had imagined asking the bidders to refine their bids on, to issue it to them, and then at the next meeting the Council can decide to pay for it or not.

Council Member Weiss said they cannot avoid keeping the Energy Advisory Committee informed and giving them a role to play.

- 10-323. Continued discussion regarding the City's FT 2011-12 Budget – Recreation Department, Senior Center, Police/Dispatch/Parking, City Council, City Manager, Clerk/Treasurer, Finance/IT, Assessor and Revenues.

Recreation Department:

Mayor Hooper said the first item they will review is the budget of the Recreation Department. Mark Mason, Montpelier's Superintendent of Schools, Arnie McMullen, Recreation Director, Sue Aldrich, School Board Member; Brian Murphy, and Buzz Rouleau, Members of the Recreation Board appeared before the council.

Arnie McMullen thanked the Council for the opportunity to present the Recreation Department's budget. 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. With outside programs and groups offering many of the same programs as the Recreation Department does it is their challenge to look at all of the providers that are out there and try to fill in the gaps not being provided and to make those activities and programs available to everybody in Montpelier. A lot of other programs are dedicated to specific groups. Some are specific to teens; some are specific to adults. There is a unified basketball team they have done through the High School, but the Recreation Department actually has a unified adult program for soccer, basketball and bowling with adults. He works with Neil from the High School to coordinate that program. They also run most of the youth sports programs. They don't do hockey and real young lacrosse but do middle school lacrosse. Once the kids get to the Middle School the school groups take over and run the programs until they graduate from High School.

Their goal is also to provide programs for all ability levels. They aren't an "A" league and have to provide for all levels so the kids have an opportunity and even the adults have an opportunity to participate. They also need to use all of their facilities to their maximum. All of us know the facilities are limited. They find as they are adding more and more programs to their program brochure they are finding less and less space available. They have to manipulate some of the things they do to make room for a program sometimes to get a program out there.

The swimming pool is also not used just for swimming, but as soon as the weather is cold enough and can hold a truck to plow it they will have ice skating on the swimming pool which is open from 9:00 to 9:00 every day and is free skating.

In the spring fields are no longer just baseball fields any more. There is also spring soccer and a lot of other activities that happen on their fields that create a lot more wear and tear. They also have to keep up with their equipment and facility needs. All of their equipment needs to be maintained and kept in good working condition to maintain all of their outdoor facilities.

A couple of projects they have completed this year is they have put in new pool filters, painted the pool house and replaced the bridge behind the pool house so people can feel comfortable walking across that bridge now. The rails were literally almost sideways at one point and they realized they had to do something. Their new web site is up and running, which is exciting because for some of their programs they have a control on what they can let people enroll in on the internet and also

how many, but it will literally let you sign up and mail a check to the department and you will be on the list.

They have some other things they are looking at doing this year. They are replacing or fixing the roof at the Recreation Center, which is leaking. They hope to work on a backstop project down at the Little League field which needs some work. They are looking at also putting up a pavilion down at the pool area.

Their programs are to promote recreational activity preschool through seniors. They actually have an excellent Senior Center so they don't see a lot of seniors in a lot of their programs but a lot of adults who participate. In this past year they have had around 2,600 enrollments just in their programs and a little over 2,000 people that participated in their special events such as the Father/Daughter Dance, Halloween Party, Touch a Truck, etc. That doesn't even include the people who come through their doors for their ski and skate sale.

Attendance at the swimming pool increased this past year. They were around 8,000 in 2009 and this last year they were around 11,000. A lot had to do with the warmer weather and more people with season passes came out and participate at the pool more often.

The other process they go through is setting a reasonable price. They try to keep their programs affordable for everyone. Some programs are free. There is a preschool open gym on Wednesday mornings, a Halloween Party, Rotten Sneaker Contest and the Annual Egg Hunt up at Hubbard Park which draws a lot of people. They also try to promote wellness and fitness through their activities.

He reviewed the process they used for developing their budget. Once a budget is developed the Recreation Board reviews and approves their budget.

The Recreation Department budget that is being presented tonight reflects a level funded budget. With the current estimated grand list that would be 7.4 cents on the tax rate.

There is an increase in their administration which is mainly due to an increase in the unemployment and health insurance. He reviewed the budget showing where increases and decreased had occurred. He talked about the enrollment in their programs which shows approximately 53% residential use and 47% non residential use. They have one of two licensed outdoor summer camps in Vermont. The Mountaineer Baseball Camp also draws a lot of nonresidents. The outdoor pool at the recreation field averages about 92% residential use.

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Council Member Golonka said he initiated this because of the charter. He thought it was at least important for the Council to understand the budget. With regard to the web site, the link from the Rec Board to the City there is a notation that says this isn't a city department and this isn't a city function, and it doesn't work. Could they address and fix that at some point because the citizens of Montpelier pay 76 percent of the budget and it is the city. That is on the city web site. The second question he has is more with regard to the functionality of the Rec Board versus the School Board. This Council has the authority to delegate oversight of this board to either the School Board or do it ourselves. There seems to be three boards that are overseeing the Recreation Department which seems a little cumbersome. Does the Rec Board feel that they could run this similar to the Green Mount Cemetery and not look to the City Council or the School Board. How is the functioning of having three boards? It seems to him a little dysfunctional having so many layers of review. Has the Rec Board discussed this?

Mr. Murphy said he didn't think it was that cumbersome a process. They spent a few meetings going over the budget themselves to make sure of its transparency. If the Council is comfortable with the scrutiny they give the budget they are comfortable with it. He is confident they do a good job of going through the numbers and making sure everything is sound. It is pretty standard simple stuff they are looking at. It isn't too complex and they don't need outside assistance.

Council Member Golonka said in terms of outside fees do we charge more for nonresidents?

Recreation Director McMullen said there are some programs they don't and they charge the same. Most of them they do charge an outside fee for nonresidents. Some of the programs they don't are typically sports camps. Part of the concern is that if they put the fee too high, because a lot of other camps in the area have the same fee, it will just turn people away and then some of the residents may not have a camp to participate in. They try to adjust it so it will work.

Council Member Sherman said she was interested in where in the budget the maintenance for fields and grounds is. Do they own trucks and equipment?

Recreation Director McMullen said they do. In the budget it is under outdoor recreation where they keep their field budget and trucks. All of their truck maintenance is listed there.

Council Member Jarvis asked if he could explain the fund balance.

Recreation Director McMullen said the fund balance is a balance where if they have some money left over at the end of the year. It is money they are allowed to

retain and then use for projects. The pavilion at the swimming pool would be done out of those funds. It is money that is exceeded in the budget that didn't get spent or if they received additional revenues at the end of the year, if their revenues came in higher than anticipated. The Fund Balance is \$206,000.

Sue Aldrich said they have a fund balance at the schools, too. It is used to cover emergencies such as if the boiler were to blow up. They try to keep it at 2 percent of their budget. Their fund balance right now is \$300,000 plus. For this small budget that is a decent sized fund balance.

Council Member Weiss said he wanted to thank the Recreation Board and Recreation Department they have one of the best fields in the league. The only reason they do is because of the great cooperation we receive.

Mayor Hooper said somewhere they are going to have a request for accessible bathrooms.

City Manager Fraser said it isn't in this year's budget.

Assistant City Manager Hill said before Arnie leaves she would like the Council to know how helpful he has been to the Senior Center since the city has taken over. Arnie is the one she calls when she has an emergency. He has been salting and sanding the walks along with shoveling. We owe him a debt of gratitude.

Senior Center:

Assistant City Manager Hill said the budget is on page 58. They worked hard to level fund the appropriation. Garth Genge tells them that he is optimistic that the renovated center will be opened by April of 2012 which will be within this budget year. As she worked with the architect and asked about heating and electrical costs they weren't at the point to give her those figures. April is optimistic but if they make it there won't be the heating demand at that time of year. They hope things like that won't affect the building costs. They will be paying a portion of the building costs once it is put into condominiums. The Senior Center will be a condominium and the housing part will be shared costs. For now they have just put in a lump sum.

They kept the rent figure in this year. It is something the seniors would like to discuss with the Council at some point. This year they have kept it in to cover some of the anticipated costs that may come once they get back into the building. She provided the Council with the revenue figures. She has been working with the Finance Committee and Bill Doelger made a business plan that he worked with Garth on. Bill's convinced her they will have more members once the building

opens in April. They have always budgeted conservatively using last figures for revenue, but have increased it by \$3,000 this year. She hopes they aren't being too optimistic, but he really believes that the membership is going to be increasing once the building is completed.

While the number may seem high for trip income there is an offsetting expense number that goes with it. Sandy Gallup has lumped the first two categories. She is a little concerned they may not hit the \$4,000 depending on when they draw the money down from the endowment fund for this project. The Smith Barney account right now has \$304,000 and the Council approved \$200,000 for the project, but they may not draw that down that fast.

Miscellaneous revenue are guestimates. This past year the reason the Memorial gift was so high was because they received \$35,000 from an estate. They don't anticipate being in the Center in time to hold both a bazaar and a rummage sale; it may be one or the other but not both this year because of space. Other towns is level funded. The Finance Committee is going to be working on a proposal to present to the Council. There is a real interest in keeping the membership open to outside people and if they do that they need to come to the Council with a proposal to show the appropriated costs for the usage. For the present year they are operating under the same fees they have been.

The salary budget is up a little bit. The Program Director has informed them that she will be retiring in September and she would like to bring in somebody to work with her for two weeks to a month. She believes a person at the Center could be doing more of what is being done here at City Hall administratively.

With regards to health insurance there is a single person there now but the person we hire may take a family plan so we have budgeted accordingly. Most of these numbers are numbers Sandy plugs in through her formulas.

The contracted services are the instructors and mostly classes. The swimming program is probably the most costly program and is the one we subsidize the most. The Advisory Committee and the Senior Services Coordinating Committee talked about the ability to offer a program to those who might not be able to participate otherwise, and because we have to subsidize what we pay per hour for the swimming pool, and we pay it whether we have 5 or 50 people, so they have reduced the rate for the Montpelier seniors to participate in the swimming program. The numbers have increased because of that. This is something that Jim Sheridan has pushed for quite awhile. The Montpelier swimmers were paying \$25 but we have increased substantially the numbers, and in fact to the point where the swimmers are saying we have too many people. It isn't all seniors because they also rent out the pool at the same time.

Assistant City Manager Hill reviewed the bowling program and said it was paying for itself.

The senior van repairs and maintenance they have increased. GMTA has agreed to service the vehicle for us. It needs to be serviced every 3,000 miles per the lease agreement which is about \$100. This year it has been relatively low but they think that will increase.

Council Member Jarvis inquired about the cleaning services.

Assistant City Manager Hill said prior the cleaning services were under the food budget because the lady who did the cooking also did the cleaning. They now have a private contractor who is doing the cleaning.

Council Member Hooper asked if it was \$100 every 3,000 miles if it means they are putting 30,000 miles per year on the van, or expect to.

Assistant City Manager Hill replied they certainly expect to next year. This fall there was an average of a couple of trips a week to Lake Elmore, Woodstock, Burlington and local trips.

Council Member Sheridan said one of the reasons he pushed for the swimming is because sometimes for some seniors it is really the only physical activity they can do because the water doesn't put pressure on the joints. We were looking for ways to use Corey Funds to subsidize Montpelier voters and he thought that would be a good program to keep them active. There used to be a policy that people who went on trips could bring friends and quite often they were friends who were not from the city, and they did not have to be members but just pay the trip price. He pushed for and got the Board to accept that you had to pay the membership fee to go on the trips.

For food services they will continue through most of the fiscal year doing one special meal a month. They will still go to the High School on Tuesdays to have lunch there. Once a month they do a special meal in St. Augustine's which is catered by Mike Marinelli. The Senior Center pays \$9 per meal but the people attending pay \$6 so they subsidize \$3 per meal. The subsidy monies are coming from the Corey Fund.

Council Member Hooper asked if she had heard much grumbling about separating Montpelier and nonresidents as far as fee schedules. Is there a lot of pushback?

Assistant City Manager Hill replied yes, and there is a strong feeling among the membership that they want their friends from the other towns to be members and do things.

Council Member Jarvis said in fairness it is more than just wanting their friends but these are also some of the important volunteers so they are contributing to the Center.

Assistant City Manager Hill said one particular activity now that is becoming popular is the yoga classes. She actually had a couple members speak to her this week saying they need bigger space; there are 30 in the class. We may have to add more classes or limit the size. Montpelier residents get first dibs for signing up for classes and they know what the timeframe is. The next group of people whose towns give us something are allowed the second choice and any others will get third choice. It may be that eventually those classes will be only available to Montpelier residents.

City Manager Fraser said he certainly could appreciate from the perspective of members and the grumbling but maybe we should just have a sign out saying "Thanks to Montpelier voters for contributing \$125,000 in taxes to the facility." It's not that we are trying to be difficult but the residents have paid through their property taxes for this service and the nonresidents haven't. It's an equity issue. If their communities want to come up with a formula and pay in that would help.

Assistant City Manager Hill said they have \$14,000 which was for special meals and that has an offset contribution of \$5,000 on revenues. Some of it is guesstimate. They wanted some more nutritional type meals.

The field trips, especially the big trips where only 8 or 10 people, whether it is to Ireland or wherever, she told the Director that she makes sure that all of the costs are covered. There are no subsidies on any of those costs because there are only very few people who can take the trips. It is an offering that is good because there are a lot of people who do not have families to take them on these special trips and there was one lady who has always dreamed of going to Ireland, a very elderly lady who went to Ireland this spring. It provides an opportunity that some people might not ever get because there is no one to go with them. Those big trips they have worked hard to make sure there is no subsidy. The local day trips to the Champlain Valley Fair and Flynn Theater they are subsidizing some of those trips because otherwise it would be a little unreasonable for some members.

Council Member Weiss said he thinks it is great that the local trips are being increased because on the previous page she has reduced the gas allocation by \$1,000 and gas prices are going up.

Council Member Sheridan said for the city taking on the Senior Center quickly that Bev has done a wonderful job in her time doing a lot of things to straighten it out. The Senior Center and Council really owes her a lot of thanks. If no Council member really wants to be the representative to the Senior Center he has checked their bylaws and the Council can appoint someone who isn't from the Council and he would be willing to continue on. The Board has asked him to consider that. He is making the offer to continue to represent the city for the Senior Center.

Police/Dispatch/Parking:

Police Chief Facos said on revenues they are just into one year on their COPS Grant and that grant pays for three years of salary and benefits for our 17th officer with the guarantee that the fourth year we will retain that position. Next week he will be closing out the JAG Grant. That was number two of two of our Police Department funding.

There have been some changes with the Governor's Highway Safety. He thinks they are aware that the last time they still participated with some projects such as "Click It – Ticket" campaigns, and they still have one of their sergeants as one of four statewide supervisors for the DUI Enforcement Team. Our participation in those traffic safety endeavors gets a force multiplier for us and brings in resources to Montpelier on key times for DUI patrols, but basically they are developing credits or what can be done as a grant and that is what covers a lot of their equipment such as radar units, light bars, highway safety related items

Capital Fire Mutual Aid, that contract will be up for renewal so he will be renegotiating that contract with the group. There really haven't been too many changes, although he was informed today that Berlin is adding a Fast Squad which is a First Aid support team so it will also require dispatching EMTs in addition to their ambulance. It should be a minimal impact. It's the same call but now it's a new government entity and another layer of emergency response. The way that contract was worded has kept pace with the workload and he was always cautious to make sure that other communities were paying their fair share of our communications budget, and it certainly has. He doesn't see any major increases at all. His guess it will be a 4 to 5 percent increase which certainly keeps pace with what is happening with communications.

Mayor Hooper asked if we had the capacity with the dispatchers to be able to add in that additional item.

Police Chief Facos said that won't affect that. It is relatively minor. They can always watch those. For example, East Montpelier stood up their ambulance service but we were still providing communication for that, which would be Barre Town

EMS. It is a little bit more work for dispatch but they aren't looking to pick up any new communities. It is a two part process. We are unique in how we do our contractual dispatching compared to Barre City. Barre City contracts with the individual communities and he is fortunate there is a User's Group so he just go to the representatives of Capital West and talks about workload. Warren is not a member of Capital West. They have the capacity to take them on. Right now they aren't anywhere close to a regionalized model but will always look at that as they negotiate the contracts. The other contractual dispatch service we have is with the Capital Police at the State House. There hasn't been any change in the workload or impact so that remains at \$8,600.

They have had some federal asset forfeiture coming in for the budget they are in now from some ATF work and DEA work and hopefully that will continue to grow as they work closely with those organizations.

Council Member Weiss said at the top of the page 2, School Resource Officer, \$43,000. That is revenue. Where is the source of that revenue?

Police Chief Facos replied from the school budget. It is still basically a 50/50 split for the SRO.

Police Expense on page 17. There are no substantial changes for the most part other than wages for the same number of personnel. One thing he did do on this budget is separate out a line from the maintenance to create a line for police buildings, grounds, and maintenance which is at \$17,288. The reason he wants to start separating that out is that their station is at the 10-year mark. Their heating and ventilation systems they can certainly get hit with very high bills when things go wrong, and it at that age when things start to go wrong even with their service contracts in place. Elevator inspections – some of the same concerns that Todd struggles with this facility. This is a line he wants to watch closely. The Community Room is part of that and they were working with a flooring contractor after a bid process to replace the carpet that is worn out in the communications control area. That was something that kept getting pushed back from previous budgets when they made sacrifices. Instead of carpet it looks like they are going to a very durable linoleum tile and they are hoping to re-carpet the Community Room. He has also had two of the tables redone because they got broken. They also had to replace some of the blinds. They have been tightening the reins on who uses that facility. The repairs come out of the Police budget. That also is their emergency operation center and it should be a nice place to store data.

Police Chief Facos said in his presentation back on November 17th he talked about a minor change they made to meet their commitment for quality dispatching service.

There was a hole and they plugged it with a half-time \$25 per hour employee that they brought on and train for that position.

Council Member Jarvis said he had suggested there would be a net savings in overtime expenditures. She would like to know if in fact that was realized.

Police Chief Facos said the longest he had 17 officers was about three months and the overtime was nonexistent. It was exactly what they knew what it would do. The bike officers were out, foot patrol, flexibility to do a lot of community problem solving, plain clothes officers out there and everything was working.

He said he wanted to provide an update on staffing. Officer Jackie Adams graduated from the Academy on December 3rd and because they had front loaded her field training before she went to the Academy this summer they cut her loose last week and she is doing well. They have 15 officers and have identified two additional officers as candidates who will be attending the Vermont Police Academy in February. By the time they are done, because they won't have any experience or training when they start in the beginning of February, post basic they are looking at 20 weeks of training and then field training so they won't see them on their own until probably July at best. That will bring them back to 17 officers.

Council Member Sherman asked Chief Facos if he didn't just lose an officer to Barre City.

Police Chief Facos replied he did.

Council Member Sherman said he was all trained so he was ready to go from here to full responsibilities there.

City Manager Fraser said he came from Barre fully trained.

Police Chief Facos said it was a loss for them. He was a supervisor and also one of our negotiators.

Council Member Sherman said she was wondering who carried the training costs.

Police Chief Facos said he and Chief Bombardier have a running joke. They have two officers that were former Barre City officers. One is a sergeant and he said those two are always fair game. But he does get concerned when he hear other communities talking about sign on bonuses for police officers as high as \$10,000. Even with the economy the way it is and there are no jobs he really struggle with that when he sees how few applicants we are receiving. When he talks to other Chiefs in Chittenden County the number and the quality of applicants overall is

down, and it is tough. Nobody wants to go into this business.

Council Member Sherman said they realize that training is absolutely critical.

Police Chief Facos said PERF, which is the Police Executive Research Forum which is run out of Washington, D.C., are always looking at what is happening in trends. They had a large conference with a variety of Police Chiefs from around the country asking what they were all doing in these tough economic times to maintain staffing and meet the demands of the taxpayers. That is one area they were unanimous. In this day and age with the perplexity of policing none of these Chiefs from even the largest departments like LAPD said you can't afford to cut training any more. It comes down to service delivery and officers on the ground. That is one area where training is so critical because of the expectations and the liabilities of doing this job.

With regard to communications, there is a little money left over from the JAG Grant and with some technology money they have replaced much needed voice recorder logger. Again, from a liability standpoint that is what records the phone calls, the radio traffic; it's a quality control tool. They also use that device to make sure if they have to play something back in a crisis or an emergency as well as it protects the employees and the agency from any accusations. They can listen to exactly what was said and how it was said.

There is nothing in the budget right now for what they are going to do for replacing the base radio. He is really hoping that they can piece this together. There is a grant opportunity but it is a 20 percent match so we would still have to come up with roughly \$40,000 to \$50,000 to make that match. He is working with their local vendor on that and he is hoping to get by another year and hoping for some new federal opportunities, which he thinks there will have to be because a lot of jurisdictions are going to be struggling with meeting new challenges. Some are mandated by the FCC. They don't have a deadline yet, which is a good thing. Communications is certainly their backbone to delivering the services.

Council Member Hooper said that 20 percent is our share or theirs?

Police Chief Facos said that would be our share. We are talking about a \$220,000 to \$240,000 for a base radio station.

Mayor Hooper said she wonders what his thoughts are on how well we are prepared for an emergency. The ability to respond for those circumstances that are outside of the normal police work, etc. that really brings all of the departments together. She recalls five years ago they did a really nice scenario with a hostage taking over at the High School. Are we adequately prepared for that sort of scenario?

Police Chief Facos replied as adequately as we can be. All of our officers and dispatchers all have ICS training at the various levels. Right now the supervisors and sergeants have ICS 200 level, which is an 18-hour class. That is Civic Command System which is all part of Presidential Directive 5 which is NIMS which is National Incident Management System. That is across the board with the Fire Department, some of Public Works personnel and Police. He certainly has had these discussions with Bob Gowans at the Fire Department about how many of their fire officers are at the ICS 300 level because currently he is the only one at the 300 level of ICS training. That is as high as they would need to go. Every year he has to do a survey of making sure how many officers, how many dispatchers and civilian personnel we have in the organization and how many of those are ICS trained and to what level.

Mayor Hooper asked if we were also doing the sort of cross training work that we need to be where we had that scenario.

Police Chief Facos said that was a unique training opportunity because there were some issues with the 2006 with the flood mitigation of really defining operationally what the role of the command center would be and the role of the emergency operation center, which is a broader support role which was a real scale exercise in that way. We do need to do more of that kind of training. It's costly and there are some financial opportunities with Homeland Security still to do that. Right now he thinks the best opportunity to do those exercises is to participate at the LEPC-5, the local planning committee, and staying involved with those opportunities. They do use ICS on a regular basis. They did a large scale training with the State Police Tactical Services Unit and the Hostage Negotiating Unit but they didn't really test the ICS. They had an incident command post, but the plan there was just really to test their officers and also the integration with the State Police Swat Teams. One of the city's new negotiators at that time was a negotiator for two plus hours on the scenario with the luxury of having nine State Police negotiators around him approaching his first time out. It was a very tactical exercise in terms of their actual movements, capabilities, communications and how they do the handoff to the Swat Team.

Mayor Hooper said she is asking the question in the budget context. Are we sufficiently staffed and have the resources to support that. She guesses the answer is yes.

Police Chief Facos said the officers have the training. The biggest concern he has always had, even when it was part of the argument when he asked to go to 17 officers instead of 16, was having the ability and capacity to respond to a crisis because they do not have a residency requirement with police officers or firefighters. For example, with the rock slide there is an immediate problem of how

rapidly you can get people in there. The flood of 1992 they all came in for that incident and the challenge for Chief Hoyt was they had to work 16 on 8 off and 16 on. When things are unfolding you have to look at who is on the schedule but anticipate who will be available. He would love an additional one or two officers that a consultant will probably recommend.

Parking right now looks like it is going to be a wash. They are making some investments out of the current year. The Council will be hearing formally in a few meetings from now a request to purchase two vending machines to replace Capitol Plaza and 60 State Street. Some of those parking machines are 13 to 18 years old so they are well within the life cycle. This will be coming out of this budget and not the next one. Right now their ticket numbers they are writing are up but it seems that fewer people are paying their tickets.

Council Member Hooper asked Chief Facos if he knew what the outstanding collectables are for parking.

Police Chief Facos replied he didn't right now.

Finance Director Gallup said it is a very large number.

Police Chief Facos said they are booting more vehicles now. They bought two new boots last year and they are very aggressive on that. With some potential technology such as license plate readers they should be even more effective.

Council Member Sherman said we want them to pay when they are supposed to pay. She noted that on the parking lot meter machines there is no way where it says you don't have to pay on weekends.

Police Chief Facos said on the new devices they will be seeing later will be solar powered and credit card ready. There will be some additional service fees when you are adding the software for the security features that need to be in place.

Mayor Hooper said parking is clearly not one that should be the Chief's responsibility. There certainly are opportunities out there on how to think about parking and how we manage it. It is an important issue to our community and certainly our downtown.

Police Chief Facos said he modified some of the resource allocation for parking and coverage as a percentage that covers the supervisory patrol and dispatch workload so that is why they see the increase under the overtime. It's the appeal process with parking. Whatever the future holds for parking in Montpelier the one thing that is important is a key element of effective traffic flow and safety.

Chief Facos said he had covered most of the equipment issues when he presented on November 17th. The discussion around tazers will be a formal presentation and they have already gotten some of that information out to people who have requested it. That will happen on January 12th. Soft body armor they still have some grant money from the Department of Justice for FY'12 which will assist them with that. They do need to replace their camera video systems. Some of the cars are down and not working and that is a liability concern. They are not at the point yet legally where if it isn't on tape that DUI doesn't count but unfortunately the officers have to answer a lot of questions on a DUI or an arrest or traffic stop. Some of those units are very old. That is an area where he initially asked for \$25,000 to upgrade all of them at once. Also, from an evidentiary standpoint that system would include automatic downloads. In other words, the cruisers would back into the port area and the officers don't touch anything and it is automatically downloaded into the receiving end. That is one of the biggest challenges that mobile video systems have had, especially in Vermont with the potholes, is a stable platform with a moving vehicle. For cruisers that maintains their request for their annual replacement of one car per year which has been a good rotation for the cars. They don't know what it is going to be because Chevrolet changed platforms. The Impalas have been very good for them. They are a very durable car and front wheel drive and get them up the hills. The only car they will be looking at now will be a Ford product unless they can find an old 2010 Impala because the new Chevrolets are going to be back to big powerful engines, rear wheel drive, just like the Dodge Charger, and they aren't cars like they need for Montpelier. Ford has a car that is either front wheel or all wheel drive.

Council Member Weiss asked the Chief to ponder a question if it is raised. On January 12th after his tazer presentation would he consider taking \$11,000 of his operating budget?

Revenue:

Finance Director Sandy Gallup said for revenues in state and local pilot the city has an anticipated additional funds from the previous year's budget. State highway funding is \$144,000.

Mayor Hooper said the highway payments have been level for a long time, or down.

City Manager Fraser said other state funds have been flat.

Finance Director Gallup said a lot of these are complicated lines. They look at history and kind of judge from there. Charlotte helps with the recording fees. There really isn't much change when you look at the numbers in the fees and charges. Rent commissions, they took down the 58 Barre Street rent from \$52,500 and just

put the \$27,500 that they put in the Senior Center budget because that is all of the revenue they are going to receive from 58 Barre Street next year.

Council Member Sherman asked if the Library was a nonprofit. Do they really pay \$293,000 in property taxes?

City Manager Fraser replied that is how much the city collects. The reason that shows up at the beginning is that is how much is raised in property taxes that the voters approved. It helps us calculate the total tax rate but it isn't part of the budget. They don't pay property taxes. This is the amount of property tax raised to pay their budget.

City Council:

Council Member Sheridan said he would propose they put on the ballot that they raise pay for Councilors \$2,000 and let the voters vote on it. He said he could propose that because he won't be benefitting from it. He doesn't think what they get is worth anywhere near what they do but no one can remember the last time it has been raised. That would make it \$3,000 for each Councilor.

City Manager:

They did include the budgeting for the city archiving system for \$6,200. Otherwise, there are no real major changes in the budget.

Clerk/Treasurer:

City Manager Fraser said for all of the administrative departments they have tried to keep the operating lines as low as they could.

Council Member Hooper said it would be helpful for him in each of the sections if there could be a line summary after the 10th line of the total FTE employee loaded cost of each department. That way they would know what the fully loaded cost of the labor is.

Council Member Jarvis asked City Clerk Hoyt to give the Council a reminder of who her people are and what they do.

City Clerk-Treasurer Hoyt said Peggy does the cashing up, mail and counter. Crystal and she work on the recording and she also does the counter and answers the phones. They all answer the phones. Loretta works with water and sewer, parking, counts the coin and does the parking tickets. She is also helping out in Finance with

accounts payable. Joan does the minute for the Clerk's Office and also for Planning. Crystal helps with the elections.

Council Member Golonka asked Charlotte how she handled all of the school money and the Recreation money. The Charter says it all goes through the Treasurer. How does that work?

City Clerk-Treasurer Hoyt said the Recreation Department and School Department brings in their money to be deposited. The Recreation and School Department take care of the accounting breakdown. The Senior Center does the same.

City Manager Fraser said the city collects the taxes for the school.

Council Member Hooper said Tom had pointed out something to him in the language of the Charter that says all of the fund balance is part of the city's domain, even for the schools.

City Manager Fraser said it is an interesting thing in the Charter. At some point the Charter was written to meet the school and the city. There is a reference to them bringing their budget in but it doesn't necessarily say the Council approves it.

Council Member Golonka said the reference says we approve all of the warrants. We should change the charter.

Mayor Hooper said the issue of minutes being done for us. Now that we have this good video system and the ability to recall information totally, do we really need to be having somebody doing as much work as they are in transcribing the notes. Could we create a system where we are just capturing motions and votes and referencing the discussion? It would save some time which could then be devoted to a lot of other work that needs to be done. This is an easy reference that we can go to so we now have another source to go along with the printed minutes. We aren't increasing staff in the Treasurer's Office. There is a lot of work to be done in there.

Council Member Sheridan said they need a better microphone system first. If you save money on the minutes should they put in a better microphone system?

Mayor Hooper said she doesn't think they are going to save money. They won't have somebody working less but doing other things. This is a policy question.

Finance/IT:

Finance Director Gallup handed out a sheet showing fund balances as of June 30, 2010 because she doesn't have a draft of the audit yet. Also there is a memo from the Finance Department concerning her budget. It has been a busy year for Finance. She has been here for five years. Last year Finance had a lot more attention than we probably thought it would ever get so she felt compelled and the need to follow a lot of recommendations. At the same time they had new programs, new grants and a retirement in their office. The budget is up in their office but the manpower behind it is substantially better. The restructuring has to do with not using outside consultants (Fothergill, Segale & Valley for the 9 hours a week) and converting that into a .6 person. They also had a .6 FTE person retire. In all they had 2.8 full time equivalency in the old budget for this year and with the new budget there are 3.6. Not only are they more but they are also more highly qualified personnel. There is a price tag to that. Probably the staff versus the purchased services is \$8,000 more. Her budget is up because there was extra money in there for the Finance Director. There is \$5,000 in health insurance costs and another \$4,000 for software as they change staff and use the software. She did try to offset some of this increase by identifying \$25,000 from the REACH Grant that she would like the grant to help with overhead, and they believe that's doable. She needs to have somebody work on the federal grants. Directly contact with the special grants systems is unforgiving, demanding has deadlines and we need to be on top of our game because we do have a lot of money going into these federal grants.

Mayor Hooper asked didn't we write the grants so we get an x percent for administrative costs.

Finance Director Gallup said every grant is different and sometimes you are looking for matches and some grants don't like to pay for admin costs. Gwen has asked for a few years to try to get an indirect cost which a lot of cities and towns have done. Burlington may have done it. Then you apply for a federal approved indirect cost and she is trying to get a CPA firm to help her with it. For the last two years she has approached two and hasn't gotten very far. It isn't an expertise that a lot of them have. If we did do it they would be able to bill these grants with a high number and be consistent. They are going to see a lot of grant money coming through these next few years and she has not been told that it is going to be a sustainable amount. We have always had federal and state grants but we may not have it at the level we see right now.

The major events of the last year were restructuring the Finance Department and also last year was the first year they really had a mild winter and could benefit by a substantial surplus. That was enjoyable. There is a reduction in health insurance

costs in 2010 and they believe they will meet the projected \$200,000 but the claims are still coming in. She hopes the health insurance increase next year, because it tends to go up now, will not be as severe as it was this year.

Another complicated occurrence was the fire damage to the Senior Center at 58 Barre Street. There is nothing like a really big claim to take up time. The League has been great, but you still have to always be on it. There is a very complicated new grant and mechanism to really improve that building and it has come with quite a bit of complicated finance and insurance claims management.

They documented their internal control system and have an audit and the one thing they said that our fraud risk assessment we do annually they were amazed and had never seen anything like it. Our department heads do an excellent job and exceeded the expectations.

Her proposed budget is up 12 percent. It is due to the restructuring of staff and the salary adjustments to the Finance Director. Also, there is more maintenance cost. It is their second year without discounts. The Gatsby Audit requirements, new ones added each year to continue to increase the cost of attaining the Annual Audit Report every year.

Technology:

That budget is up 7.5 percent due to a reclassification of our Technology Technician's position. Nick Daniels has been here six years and what he does on a daily basis has really put him above the job description that he was first hired for and we have suggested recognizing moving him two classifications down. Our technology services are critical to keep the water plant going.

Council Member Hooper said on the scope of technology services it mentions the radio recording software. Is that what Tony was referring to?

Finance Director Gallup said she doesn't know.

City Manager Fraser said it is an important point to make because he thinks a lot of times people think of the two individuals who take care of our tech work and think of City Hall. They are not realizing that all that high tech stuff with dispatch and the water treatment plant and Fire Department all have technology needs. It is amazing the work the two do.

Council Member Jarvis said she sees there are 52 computers in the city that are four or more years older.

City Manager Fraser said it is his sense that they do a very good job of making sure people has the technology they need. .

Finance Director Gallup said in the technology equipment section she would like to remark that Fred Skeels got \$10,000 less than what he asked for so Bill did cut back. That would be in the equipment fund.

Council Member Hooper asked if that included work stations.

Ms. Gallup replied yes.

Council Member Hooper said one thing that stood out to him on the technology list is 88 telephone lines which leads to the possibility for 88 concurrent phone calls which is a lot for 100 plus employees.

Council Member Weiss said he would like to flag something. January 5th he is asking they flag audit. He is concerned about the cost of the audit and the lack of service we are receiving. We are now going into the sixth month after the close of the fiscal year and none of us have seen an audit report, and that is not acceptable. He would like that on the agenda for discussion on January 5th.

Assessor:

City Manager Fraser said they have a lot of residual work continuing the reappraisal. He suggested they consider taking \$25,000 out of reserves for the reappraisal of personal property if we are going to continue that revenue source as part of our property tax. The big savings in this area is that we do not have the \$70,000 for appraisal services that we have had in the budget for the last three years. There were some licensing costs with the new software. He believes Steve Twombly is very committed and talks about wanting to continue. His goals is to keep pushing to get the interior entries and get the records up to speed.

Fund Balance & General Fund Questions:

The first page of her handout is the General Fund. It starts with reserve funds which means they have been given with restrictions. We had \$568,000 reserved in this category in the General Fund at the end of June 30, 2010. Then there are more designated monies where they are pulling money that is unused out of budgets and keeping it for the purposes they were intended. The total designated was \$99,554 at the end of last year. The total fund balance of \$1,488,000, take away the \$568,000 reserve and then almost \$100,000 for designated and then you get unrestricted undesignated reserve of \$820,000. That is what she calls the fund balance.

The water fund is the next area. The important number here is unreserved. It looks like we lost \$88,000 last year which is a total of \$723,000 deficit. We have got to take retirement liability and consider that. It is a \$425,000 hit that happened. We don't have to pay for that for another 17 years.

City Manager Fraser said they talked about that last year because that was money they were paying anyway.

Finance Director Gallup said for the sewer fund, the unreserved balance there is a \$127,000 loss last year. This is where accountants and auditors really get her upset. If you take the \$909,000 deficit they say we have, and of that \$263,000 is just because we didn't get the vactor loan forgiveness we know we are going to get so we booked it as a loss. It was an incredible exercise of accounting only to take good numbers and make them look worse. Next year you are going to see \$263,000 dropping in and everybody will be thrilled because sewer is doing so well. It is just the way enterprise funds handles debt. Take the \$909,000, subtract the VMERS liability of \$506,000, which gives you around \$400,000 and then subtract the \$262,000. She is not anywhere near as concerned about the sewer fund.

Parking had a good year. That is part of the reason why Tony is saying that we need to buy some equipment that is not working, and because it is not working we are losing revenue. With the \$62,000 that we had in surplus last year the fund balance is healthy they should be able to purchase that equipment.

Cemetery has a small deficit. They are really struggling to keep their heads up.

Council Member Weiss said he would like to comment that when they were here he wanted to know why their fees were so low and their fees are absolutely absurdly low. They should reevaluate their fees.

Mayor Hooper said she is worried about the cemetery adequately investing in the infrastructure they have. That beautiful building deserves to be maintained.

Finance Director Gallup said there isn't much going on with parks although it does have about \$14,000 of a fund balance and a little bit left in the tower reserve of \$7,500.

The Senior Center the Corey Fund is not part of this. There is a lot of money there but it's not the city's until they decide it is. Only the funds we have control over are listed here. Unrestricted is \$353,000 at the end of last year and \$304,000 was their endowment fund. They had a good year.

The inside agencies is fund 27, and this is a miscellaneous listing of internal funds that we have.

Capital projects has a lot of money going through that.

Traffic impact fees has \$10,000 in that account. That is for traffic lights.

The Montpelier Foundation which is a collection of monies we hold in trust is \$72,000. The Montpelier Housing Trust has \$79,000 at the end of last year but there may be money committed out of that.

Mayor Hooper said it is all committed to the Senior Center's housing portion.

Mayor Hooper asked when the Blanchard money becomes available. It says parks on it. It was restricted in the deed until a certain point. The land is restricted period, but there was money that came with it and that could not be spent for a period of time.

Council Member Weiss said he would like to point out that the county reduced its budget by \$100,000. There are 20 communities in the county so if we take an average that is \$5,000 each. For the City of Montpelier that is roughly 1/16th of one cent on our budget.

Council Member Weiss said they have done an excellent job in terms of revenues and expenditures and he has a rough idea as to what our total bonded indebtedness is, but he would like to know what other indebtedness we have. Are there other places where there are accumulated deficits, and if so what is the magnitude of deficits of that type for the city?

Finance Director Gallup said all deficits he saw were on the green sheet she handed out.

City Manager Fraser said when they have done total bonded indebtedness they have included water and sewer.

Finance Director Gallup said that is in the Audit Report.

Mayor Hooper said the plan for January 5th is to walk our way through all of the flagged items and get some questions answered. There is also the second hearing on the zoning. She asked Clancy to bring maps. He showed her the map of the downtown and showed what the changes are.

10-325. Council Reports:

None.

10-326. Mayor's Report:

None.

10-327. Report by City Clerk-Treasurer:

None.

10-328. Status Reports by City Manager.

None.

Adjournment:

After motion was duly made and seconded by Council Member Sherman and Golonka the council meeting adjourned.

Transcribed by Joan Clack

Attest: _____
Charlotte L. Hoyt, City Clerk

On Wednesday evening, December 22, 2010, the City Council Members met in the Council Chamber.

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

Call to Order by the Mayor:

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

10-321. General Business and Appearances.

Council Member Weiss said during the energy update he would like to add a nomination for a person who would like to serve on the Energy Committee and has been endorsed by Planning Director Hallsmith and the Energy Committee.

Mayor Hooper said they would like to reorder the agenda a little and put the Energy Update next after the Consent Agenda.

10-322. Consideration of the Consent Agenda

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

- 1) An Application for a Catering Permit from Vermont Hospitality Management, d/b/a New England Culinary Institute, for a Graduation scheduled to be held on Friday, January 7, 2011 from 3:15 to 6:00 P.M. at the College Hall Chapel.
- 2) Consideration for a First Class Liquor License Application for A&E Restaurants, d/b/a The Black Door Bar and Bistro, at 44 Main Street. This is an ownership change and request to approve the new owners.

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

10-324. District Heat Update

- a) The committee has completed formal interviews with the three firms who have submitted proposals.
- b) The committee met on December 10th to discuss the interviews and to attempt to decide which direction to go in.
- c) Recommendation: Receive update; discussion; possible direction to staff.

Council Member Weiss said at a previous meeting of the Council they were introduced to Daniel Jones who was one of the four candidates to sit on the Planning Commission. He has been very faithful in attending the Energy Advisory Committee meetings and lives in Montpelier on Northfield Street. He has a great background in media and communications and is very much interested in the energy program. Last night the Energy Advisory Committee voted unanimously to ask the Council to appoint Mr. Daniel Jones to a seat on that committee.

Council Member Weiss moved that the Council appoint Daniel Jones to a seat on the Energy Advisory Committee. Council Member Hooper seconded the motion.

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

Harold Garabedian said the project is moving along. It is a dynamic project and has its challenges. They keep talking with state government and have been meeting with them weekly to define the project. They did receive three very qualified proposals in response to the RFP. Between the RFP responses and information they are receiving from the state they are actually seeing the project reshape a little bit. They are not prepared to select from any of the bidders at this point. They are envisioning a process where we are going to actually receive some additional information from them to move the project forward and redefine it to fit the new information. The Advisory Committee has met. From the Advisory Committee they actually pulled two members, Justin and Ken Jones, together with Gwen, himself and some key state department folks plus other members of the Technical Committee. They went through the proposals and evaluated the qualifications. They are very qualified folks. It is just that the information they have received suggests that the actual project they bid on may be oversized because the state has gone back and looked at their base information and are finding that, as like the city, these energy efficiency programs are actually delivering the benefits that were intended so the loads are down. If they were to design to the original plan they would probably overbuild the plant. It has its advantages and disadvantages.

Council Member Jarvis asked if that would mean a second RFP process or working with the same people.

Mr. Garabedian replied it would be working with the same people. There was a tremendous investment made and they think that really qualifies these people.

Justin McCabe of the Energy Advisory Committee said they have learned a lot throughout this process and the scope of the project has changed tremendously. The loads are different. They no longer believe that electrical generation is an option for this project and they need a hot water system only. The scope has dramatically changed from where they started. The Energy Committee recommends that the city staff put together a new scope for the three bidders who have already proposed on this project to rebid the project and provide information, both financial and technical, in regards to the new scope of work that they think is the only really affordable option for the city to proceed upon. With the three proposals they have right now it is a “no go” project.

Council Member Jarvis said she recalled information earlier about the efficiency and that only with cogeneration does this make sense.

Mr. Garabedian said that isn't necessarily the case. If this project moves forward you would anticipate at some point in the future adding electricity. He would hold that as an option. At this point in time it looks like the return on investment may be longer than they would like to see. It is a capital versus operating issue.

Planning Director Hallsmith said one of the reasons that cogeneration appears to be a more efficient use of the resource is because when you are developing a steam plant you can use the waste heat from that steam generation to turn the turbines to create the electricity. You are right, there is a sense that cogeneration in a steam application should be a way to maximize efficiency of the use of the resource. What they discovered through this process and through the financial and technical work that our consultants have done is that first of all the fact that the plant doesn't run year round plays into consideration because they are investing all of that money in the electric generating capacity and it isn't going to be working all of the time. Secondly, the best cogeneration possibilities, even with a steam application, are where the loads stay fairly constant. You have a constant base load. When you are dealing with a heating application you have a fluctuating base load and that can affect the generating capacity and the revenues you get because obviously if you are producing a lot of steam you get a lot of turbine turning, and if you are not you don't. That also affects the economics of it because the amount of electricity they can sell is reduced significantly in both of those cases.

In her opinion the game changing thing they came to this week is that the state is willing to consider looking to converting to hot water. Already 40 percent of their buildings are heated with hot water that runs through a heat exchanger from the steam that comes around their loop because hot water is actually a lower cost way to heat than steam. Steam is also a technology that is on its way out. You are not going to be investing a lot in steam technology in this country if you are smart because it is on its way out. There are going to be fewer people that running it and fewer people who will know how to fix it. It is kind of like beta VHS tapes. The technology is on its way out. Her point of view of investing a lot of money on the public sector and reinventing a steam plant doesn't make a lot of sense. In addition, the state has a building on line right now, 120 State Street, the DMV building that has some serious steam leaks so they are looking at changing it over to hot water, too, which would increase the percentage of the state's system beyond 50 percent that is heated with hot water. It doesn't make sense to take wood, heat it up to the point where you are creating steam which is an exponential function on the heating scale just to cut it back down to hot water again. It makes a lot more sense from an efficiency point of view to make hot water to heat the buildings and not heat it up to steam and cut it down to hot water. That is really the game changer, and that is what they are looking for the new bids on which is a hot water system that would serve the city and the state with the idea they phase out the state's steam system.. They wouldn't be touching or changing their plant. They might be reducing the load that the plant was expecting, but given the fact that some of their boilers are needing replacement now that manage that load that isn't the end of the world for them.

Council Member Hooper said the existing plant would be operating parallel while the state changes over from steam to hot water.

Mr. Garabedian replied yes.

Planning Director Hallsmith said one of the ideas she had since the Energy Committee met last night was a technique they used in the past when they have been in a similar circumstance the city is in right now. It is the idea of a design competition that we would pay the bidders for this next iteration of the project. We would pay the qualified bidders to develop this new design that we are asking for which is going to be a lot more clearly defined with a lot fewer alternatives opened to them because of what they have learned in this process and get to the new picture of what we are going to be considering a month hence. She called all of the bidders and talked to them about it today. They all are agreeable to looking at it and moving forward with the design competition idea. She has talked with the state about it. They are not opposed to it at this point. She wouldn't say they embrace it enthusiastically, but they are not opposed. They recognize we are in a very difficult position and that we are trying to coordinate a lot of moving parts that are difficult

to coordinate. She thinks going from a classic design build modality to a little more to something that is like design bid build, which is what a lot of more people are comfortable with, is a difficult transition and they are trying to move through that gracefully. What she proposes is a design competition with a fixed price for their work from now until January 14th, which will be the deadline, in time to know whether they need to post any money items for Town Meeting. Parallel they will be hiring an independent contractor to do what the state's contractor has been doing for them. They are not a construction engineer but a design engineer and don't bid on construction projects. They have been looking at their own specifications for what they would recommend to the state under these circumstances and conducting the state's own economic analysis of what that looks like and arriving at all of the different pricing points and capital expenditures and net present value of the savings you are getting for the state. They would be working in parallel as they are moving through that process and serve as part of our judging capacity on that design competition. At the end of that process she hopes they would have a package they could move forward with. Whether that is a package they would move forward with by hiring one of the consultants and one of the teams as our partner to move with their idea forward or whether we say yes all of this combined information is something we would like additional bids on she remains open on at this point in time because there are a lot of conflicting opinions about this.

Mayor Hooper asked her to talk to the Council about the timeline.

Planning Director Hallsmith said the timeline for the Department of Energy is that we need to have the project funds committed and obligated by the end of 2012 and have all of the draw downs done by the end of 2015. Because of their tight timeline and the fact that this is ARRA funded they are under constant pressure to make sure they are not delaying the project unnecessarily. These types of delays are something we hear about. She doesn't think right now what they are describing changes their timeline at all because we were shooting for a mid January decision point about how to move forward and whether to post a bond vote or not. The "or not" has a lot of different possibilities, one of which is the type of private financing that has been proposed by a couple of the bidders would be acceptable to the city and we wouldn't need a bond vote because we would share ownership with the investors on the plant. That is made possible through a number of different mechanisms, one of which is known as the Treasury 1603 grants which were recently extended by Congress to go through 2011. They thought they were expiring at the end of 2010 but they didn't. What that does essentially is it puts the private investors on par with public money in terms of the cost of capital and makes it possible to have a private partner in this on a capital intensive project with low margins around what the capital costs can be.

Mayor Hooper said she believes the last they heard about this we were trying to figure out whether they could go for a bond vote for March, which is the January deadline. She thinks this is new news to the Council that we may be considering doing this differently. She has sat in on a couple of meetings and have had conversations with people. Does the Council want more information on this and why the timeframe is changing the way it is?

Planning Director Hallsmith said some additional information is that even if we don't have a bond vote for the full project in March what we will be asking for from this next iteration of bids is the cost of the designing and permitting work we need to do between now and June if you schedule the bond vote in June once the state's process is over if a bond vote is necessary. We can only spend the DOE funds as we have the match for it. She doesn't know right now if we have enough match in DOE funds to take us through design and permitting all the way to June. She knows they can make it to March. Part of what they will be asking the bidders for in this next iteration is the budget we need to have in place to make it through June.

Mayor Hooper added presuming they go for a bond vote in June.

Planning Director Hallsmith said she isn't recommending that at this point.

Mayor Hooper asked if a bond vote in March off the table.

Planning Director Hallsmith said she wouldn't say that for sure. They will know more when they get the next iteration of bids on January 14th. It is likely that it is off the table, but we need more information before we can say that for sure and she doesn't want to recommend that right now.

Council Member Hooper said it seems like an awfully tight timeframe around the holidays. Have all three of the bidders consented to a January 14th deadline?

Planning Director Hallsmith replied that most of them because of all of the work they have put into it to date can actually do this relatively easily. It's not a huge change in the task. They are asking for more detail and a different approach to the actual boilers.

Council Member Golonka said she talked about changing the focus where we pay them to change their bid. Is that what we are talking about right here? What is the dollar amount? Who is paying for it?

Planning Director Hallsmith replied that is how a design competition is typically structured you pay the bidders to deliver the next bid.

Council Member Golonka asked how much money are we talking about and who is paying for it?

Planning Director Hallsmith said the money to pay for it would come out of the grant and out of our money that matches the grant. Fifty percent comes from the city money that we authorized in a vote two years ago to proceed with design, siting and permitting and fifty percent would come out of the DOE grant.

Council Member Golonka said that is taking money away from what we originally planned. The original spreadsheets were design, plan and build, but now we are paying them to bid.

Planning Director Hallsmith reminded him this is still part of the design process. It could make it less expensive in the long run because of all of the information we have gathered through the process. The bidders have put in an enormous investment in this process. One of the bidders estimated that their firm invested a quarter million dollars in putting its bid together. We have three excellent proposals from a team that represents the best and brightest of all of the firms in Vermont. At this point in time when we change the scope it is advisable and good faith that we pay them at least for this next step, which is only a fraction of what the effort they have actually put into it already.

Council Member Golonka said he doesn't like the sound of this. It sounds like we are kicking back, to pay them back for what they have put in. He doesn't like how that sounds. How much money are you talking about to pay them to bid?

Planning Director Hallsmith said between the bidders and the expertise they would need to hire to evaluate their bids would be \$50,000.

Council Member Golonka said he isn't prepared to make any type of commitment of that nature tonight. This seems very ill prepared tonight to say we are changing gears and we are paying these bidders. It sounds to him like it is a pay back for what they have already paid in, and that really disturbs him.

Mr. Garabedian replied no; if it sounds like that it is unfortunate. It really is following the information. It is clear from the proposals that were put out the project as originally scoped came out of the feasibility study and it is over built and a lot of money. In the interactions they have had with state government in reviewing the data since the feasibility study was really important because the feasibility study was commissioned at the time that allowed the Energy Investment Worker's Commission so the data they had was the historical data to date and what they have been able to do is continue and accumulate the data since then which shows the benefit of doing the contracts and that has reduced the load significantly. We are in

a position to rescope this project to a smaller size heat plant which means a smaller capital investment and better economics overall. We don't have that data. We need to get the data on the rescope plant in order to make the financial evaluations. The other piece that has changed is that the idea of not doing the entire state load at once but an incremental process but the advantage of just taking the state's hot water doesn't require us to design a steam boiler, and that is a big capital investment. If we just take that portion of the state that is already hot water and add that to our system that becomes an easy pick. Again, it is following the data.

Planning Director Hallsmith said there is an alternative, and this is an alternative that some people would be more comfortable with. We can hire an engineer who is an expert in this to rescope it for us, which is going to be in the same price range, and then put it out to bid on a designed bid built process. It is going to cost that much to get that expertise as well at this point in time to get the specifications detailed enough to go with that process. When we decided to go with the design build we were looking for innovative approaches and cutting the timeline down because of our tight timeframes. Her concern about that alternative is she believes we have a real investment on the part of a lot of Vermont's best firms in this project and she wants to build that trust and build on that investment, and this is a good way to do it. Each of them would still be in the game. An alternative for them would be to tell the Council tonight this is a no build under the current bids. We reject all bids and we design it again and go out to bid. That is an alternative. She doesn't recommend that alternative because she thinks that would not serve the process they have undertaken so far.

Mayor Hooper said she thinks what they are reacting to is a whole new concept in a very compressed time and she doesn't believe that the design competition idea has even been discussed with the committee.

Mr. McCabe said their motion did ask the staff to develop a process by which to determine how to move us to the next step. That was how it was framed.

Mayor Hooper said they are being pushed because of the deadlines for getting things on the ballot. Is that the January 14th issue?

Mr. Garabedian said he would say it is actually the deal they granted that drives all of this. It is the \$8 million timeline. If it wasn't for that this project has been talked about for 20 years.

Planning Director Hallsmith said we do have the authority to use the money that we are using now for design, siting and permitting, and that is the process they are in right now that we need to complete before we can build the plant. She doesn't know if they have enough in their current budget to get us through that entire

process if we are going to delay a vote until June, and she needs that information by mid January. That is going to be one of the pieces of information they will get in this next iteration. They will be refining the existing proposals that we have to a point where we have a design they can decide on. That is the goal. She thinks they will have invested a reasonable amount of money in that process by going through this and we will also be very respectful of the people who have taken a risk and dedicated their staff time and their resources to producing excellent proposals for the City of Montpelier without being paid a dime. She also feels bad that they could also decide to just ask them to refine their bids with these new specifications. She just doesn't feel that good about this because she knows the effort that has gone into this thus far. It is only fair and prudent for the city to pay for the next bit of effort because at least when we are paying for it at the end of the day we own at least part of that product and we aren't locked into a particular approach. We own the designed product.

Council Member Golonka said he appreciates her candor in this. His concern is if we are paying for it he doesn't believe they get as good information versus if they decide to rebid on a revised project then we know they are still interested. If we are paying them just to submit a bid, how do we know it is really a viable project versus a partner that is specifically chosen because this scaled down version is not economically viable because we aren't putting another dime into it? If it is a viable project it will pay back to them in the future, and that is one of the reasons they bid on it and that is why they would have paid for their proposal they bid. They viewed it as an economically viable project for them. If it is scaled back and we give them money to put together a proposal where is their incentive? He has concerns about the city paying them for anything.

Planning Director Hallsmith said this is a multi million dollar project.

Council Member Golonka said he won't be rushed, though, and he won't be rushed by January 14th to put this on the March ballot. He won't support it.

Planning Director Hallsmith said she isn't suggesting that they necessarily are planning to do that.

Council Member Golonka said he hears her rushing the Council right now and that is concerning him.

Mayor Hooper said they know they have been rushed by either the deadlines for getting things on the ballot but also by the grant. We have been hearing repeatedly how DOE is pressuring us on that so maybe we need to push back if we aren't comfortable doing that. She had thought one of the things they were going to hear tonight is we can't do March and we need to collect better data which we are hearing

tonight. We need to collect better data in order to put a good project in front of people. Now we are only talking about the mechanism for collecting the better data. She would presume that everybody would support the notion of let's make sure we have the best information to put in front of people to vote on so the question is how do we get there.

Planning Director Hallsmith said she doesn't believe they will be coming to the Council in March and asking for a multi million dollar bond vote at this point. She doesn't think they will have the information they need by then for that. She is concerned about additional incremental funding we might need to get through to June, and she will have that information for the Council before the Town Meeting ballot needs to be posted.

Mayor Hooper said Gwen was saying that in order to develop the additional information the mechanism was to go back out to bid and they would give us this information. Could we have somebody else do a very high level of review? Not actually do the engineering but give us some sort of overview of that if the issue is knowing how much money we need.

Planning Director Hallsmith said she is proposing they have this next iteration of information from the bidders that we pay them for but we also engage an independent consultant to do exactly what she is saying to give us that information outside of the context of the bidding process so we have both objective information to evaluate the bidding information by and the kind of high level service she is describing that we need to know about what we need to ask for.

Mayor Hooper said they need the bidding information needs to be happening simultaneously. Could we get the overview of the cost information first to answer the questions we have?

Planning Director Hallsmith said that is an alternative solution, to hire somebody, have them develop detailed design specifications and financial specifications instead of putting it out to the bidders and then rebidding it all. That is a possibility. Her opinion about that is that it will add delay to the process, but if that is what they feel more comfortable with they can move forward with that.

Mr. Garabedian said it may take some creativity and some competition out of the process because that is what everybody would go to.

Council Member Hooper asked how much city money is currently remaining for this.

Planning Director Hallsmith replied she didn't have an up to date version but she would say close to half a million dollars in city and grant money, and that's a lot. It costs a lot to get through design and permitting. The permitting fees alone in some of these things cost a couple hundred thousand dollars right off the top. If we are going to delay until June, which is a definite possibility, providing we need a bond vote, how do we get to June? This is a tight timeline and we can't stop because we don't have any money.

Council Member Hooper said between now and June it could be more than a million dollars total expenditure.

Mayor Hooper said more than half a million.

Planning Director Hallsmith said this is a very complex and difficult project. She often says to herself, what was I thinking? You have to keep the federal government, state government and city government happy through every step of this process. Are you out of your mind? Some of the things we accomplish in life we only accomplish because nobody ever told us it was impossible to do. She was in Washington last week working on this project. She met with the White House and Senator Sanders and the National League of Cities, and she came back from Washington thinking she had to come to the Council tonight and tell them they need to send the money back. But the new development with the state where they are willing to consider the hot water option has kept her in the game. She thinks that is a good option. It is a way to get it to move forward and make it happen. She is committed to making this project happen. She thinks it is enormously important for the city and the state. They are doing their best to keep all of the different players happy. She appreciates all of their concerns because they are hers, too. It is a very expensive project. It is a big commitment for the city. There are a lot of risks involved, and she doesn't deny that. What they are trying to do right now is get the best information they can, honor all of their partners in the process and make it work in a very difficult scenario.

Council Member Sherman asked if the three bidders know the schedule and what she wants and are willing to go the next step.

Planning Director Hallsmith replied yes. She has talked to them all today in detail about this and has talked to the state in detail about this, and they are all relatively satisfied with this next step. Since none of the bids examined these exact questions in a level of detail we need we feel it is only fair to ask all of them to do it again and to pay them for it.

Mayor Hooper said her recollection of some of the conversations has been that this has been evolving so rapidly that to get the best project. It's kind of like the

continual iteration of needing to get back out to get more information and bring it back to what it is we are trying to do and figure out if it is right. She understands what she is proposing but it isn't what we expected.

City Manager Fraser said the number one point is that prices are too high. Based on what we have we don't have a project. In order to figure out whether there is a project we need more information. It was suggested actually by the state as something they would want to engage in. We can say we are moving fast and one of the issues we have run into with the state and federal governments is the conundrum of thinking outside the box to get things done and then every time somebody proposes something it doesn't fit their regulations. One of the areas that they are trying to come down to is what is affordable and they are really settling on the notion of affordability for the various parties which is defined as what we are spending now on energy costs. If we spend \$300,000 a year to supply energy costs what kind of bond does that support? If it is going to cost a whole lot more than we are spending now for energy costs we can't do it. Even with the \$8 million federal subsidy it still may not work. Timing is an issue. It is interesting how this conversation has developed. One of the things he thought they would be asking tonight was does the Council object if it goes past the March ballot? They are trying to put together a lot of information quickly for a huge project and we do have a timeline delivered by the key funding source. They want it done in a certain amount of time.

Council Member Jarvis said she personally doesn't have a problem with it moving fast or a problem with the \$50,000 expenditure. Her issues are having to do with the timeline for the state decision point. A partner of her firm is on the team that is working with the state in helping them figure out their involvement in the project and she isn't involved in that at all. Her understanding of the timeline of when the state is going to come to a decision point is far in the future, maybe next year. That worries her.

Planning Director Hallsmith said they did receive different input from the state this week about that.

Council Member Jarvis said her understanding is that it is a two part process, that they are going to do an initial evaluation and then after that there will be a more complete evaluation and they don't know how long that will take.

Planning Director Hallsmith said the evaluation they have been conducting as we have been moving through the bidding process is now complete. They received the final results on Tuesday and what they discovered is important and very valuable for the state. They discovered that by moving up their initial timeline for the upgrade of their facility, which was scheduled for 2021, in net present value they gain over a

million dollars in value because of the increased efficiency and lower fuel costs. That assumes a lot of the assumptions they have been making all along about building a new steam plant, which they are saying now maybe not, and increasing the amount of wood that the state uses instead of oil in an uncertain oil environment, and also increasing the efficiency with which it is burned. They have also determined what it would cost for them to increase their capacity to provide the city with the heat we would need for our load only, not the entire community's load which is what the DOE grant envisioned. That is what they were discussing yesterday with the state. Out of that discussion they came to the point of maybe it makes more sense for the city to look into hot water production to serve the state's hot water load instead of the entire steam load. Because of some of the current issues the state has and because of their long term plan to change over to hot water they were actually very open to that alternative. Jeb Spaulding, the new Secretary of Administration, was at the meeting. He basically said they want to make this work, and if it doesn't fit into your traditional boxes they will get us the waivers we need, and that seemed to move things in a good direction.

Council Member Jarvis said her concern is that the study is just the study and the Legislature is the decision making body. She appreciates her saying the state agrees and thinks it is a good idea, but there is no "the state" until we have a decision from the Legislature.

City Manager Fraser said the argument is for putting off a bond vote until June because then we will know what direction the state wants to go in.

Council Member Jarvis said no way would she support a bonding for the full project until she knows we have a commitment from the state.

Planning Director Hallsmith said to make that decision now is just going to be seen as another delay at this point in time. She thinks they can wait to make that decision until January. They don't think it makes any sense for the city to bond for the whole project until they know first of all that the state will need to make a contribution both of land, buildings and money, which we don't know for sure until this next iteration, and what the result of that will be.

Mayor Hooper said she thinks they need to come back to the first question which is, are we comfortable with the process of not having this on the March ballot which would then mean we would have a special election? She thinks that is the principle question. There is the fundamental question of do we do it or not, and how do we pay for it? Gwen was raising the issue of financing between now and the final vote. She has a feeling there needs to be a discussion among staff looking at the numbers and figuring that out. We need a better recommendation from Gwen on that. We

can talk about that again at the next Council meeting. She thinks the fundamental question is, if we decide to go forward is it okay to have a special meeting rather than trying to cram it on to the March ballot? No one is ready to go in March. She thinks that is the only question in front of the Council today.

Council Member Sheridan said he doesn't want anything to do this. This is starting to sound like Stone Cutters Way to him. It got caught in a timeline crunch, money was threatened to be taken back, it got hurried, a plan was laid out and they never got what was envisioned there at all. There was supposed to be an extension of downtown and that was why the money was taken from downtown. It was supposed to be retail, housing, etc. It never happened because it was hurried and people didn't have the time to think about consequences. What if technology changes before this thing is paid off? Steam is out. He has already seen a technological change here that wasn't talked out before, and it is a minor one. This is a huge project and it just sounds like a big risk for a city of 8,000 people to be taking. He just watched Burlington Telecom on the news and this has that potential of being a disaster. It has the potential for being great but it also has the potential for being a disaster. He hopes the Council thinks about it carefully.

Council Member Weiss said he believes there is a technicality between the city and the federal government, and if we aren't going to have an article in March that the Council is better advised, either by consensus or by motion, to postpone the March action as opposed to having Gwen and the City Manager suggest that. Mayor Hooper and Council Members, either by consensus or by motion let's agree now that there will be no voting by article at the March meeting.

Mayor Hooper asked if this was to raise the entire amount for funding the project. The staff needs to go away and develop a plan. There is pretty general consensus that we aren't going to go with March so the staff needs to figure out how to get from March to whenever.

Planning Director Hallsmith agreed.

Mayor Hooper said if that involves money then maybe that needs to be on the ballot.

Council Member Weiss said if Gwen requires information back by the 14th of January, does that give us time to include a ballot item in March?

City Manager Fraser said they could adopt a ballot item on January 20th; that is our deadline.

Mayor Hooper asked if they had consensus on what Alan has proposed. Do they need more discussion?

Jay Ancel, Architect at Black River Design, said they were on one of the three teams that bid according to the proposal. Their team and the others have spent a lot of money on this request for proposals and design. Their team spent \$250,000 on this. he understands they are thinking of rebidding it. Standard process would be that you could do a qualification based proposal, select a team and work with it and then study the options. This case was design built. They were told the process would be based upon selection of what was provided within the RFPs and there is plenty of information there, technical, financial, etc. on which to base that. That should be the basis to move forward, pick a team and go ahead and look at options. To bid it again is not something they would see in the HUD work they do, the rural development work we do and the state and school work they do. It's just not part of the standard process. If anything it would be seen at least as unethical. You should pick a team and move ahead. Why you would go to steam he doesn't know. It has been shown as being viable. If the state thinks they might convert to water, that might be fine, but we will also lose buildings like Heney's building and lose half of the elementary school, among other buildings downtown.

Council Member Weiss said in terms of parliamentary procedure this gentleman is not a member of the public.

Mr. Ancel said he is a member of the public. He lives in Montpelier.

Council Member Weiss said his point he is a bidder, competitor and a private entrepreneur and it isn't quite fair to give him this opportunity.

Mr. Ancel said it has been expressed to them what is going to happen and what the issues are and he thinks it would be fair to respond to them so the Council is working from a full point of knowledge.

Council Member Jarvis said they have been told by their staff that we either reject all of the proposals today or ask for something new and different.

Planning Director Hallsmith said there might be a misunderstanding about what they are asking for. They aren't talking about rebidding. They have talked to all of the teams including the head of his team.

Mayor Hooper said what they did hear is a need to reconsider how we are moving forward. The only decision the Council is going to be making this evening is the decision not to put this on the March ballot. What she would suggest is there needs to be an opportunity for the bidders to have a more detailed conversation with the

team that is working with us on this project. The staff has presented several alternatives for how we can move forward and in making that presentation was very clear that all three bidders are highly credentialed and provided us fabulous proposals and in their view these are people the city wants to be working with but the data has been changing. They are not comfortable saying to pick one of these so the Council's choices are to reject them or look for another way to move forward. They are asking for another way to move forward and there are lots of questions to ask around that. That is a proposal that the city staff and the team working for us needs to develop and bring back to the City Council. Yes, Jay, we need a lot more information but now is not the time. The only question before the Council right now is, and they are there by unanimous consent, we are not going to put the big project on the ballot in March because we aren't prepared to go there. That is the only decision the Council is prepared to make this evening.

Mr. Ancel asked if there was concern about losing the \$8 million if they don't proceed on the timeline.

Mayor Hooper said they have had that conversation. They are trying to figure out how not to and have it be a good investment for the city in every way possible.

Council Member Hooper said not too long ago they came before the Council and said they were going to be very complicated proposals and they are going to need outside expertise to evaluate them. Did that happen?

Planning Director Hallsmith said a lot of the evaluation they did should be on the web site. There are the strengths and weaknesses that the National Renewable Energy Lab provided, data from one of our consultants that Cogent Products provided. They have done a very clear responsiveness to the RFP analysis and a lot of analysis has been done. The bottom line is that all of the proposals are too expensive from the city side. She thinks they have a way to move forward and she has gotten the bidders to agree to help them to move forward with that.

Mayor Hooper said this is hard and they will figure out what is the best thing to do for the city.

Council Member Weiss said the city is fortunate to have an excellent Energy Committee.

City Manager Fraser said they will get more facts and come back to the Council.

Planning Director Hallsmith said she needs more information by January 14th. There are existing contracts they can use to get that information. She doesn't need to issue it tomorrow although she was hoping to. She thinks they are missing an

opportunity if we don't move forward in that direction but they can certainly have something for the Council by the next meeting that describes it in more detail.

Council Member Golonka said he doesn't know enough personally. Secondly, he thinks it is unfair in the city process to change the rules of the game. What if somebody who wanted to bid but didn't would now bid because the city would help them in the project it is blatantly unfair to change the rules without issuing an RFP. He thinks it is wrong. If they are going to do it they need to have more information. He thinks the city is exposing itself to liability for other potential bidders. He is concerned about paying to play and this is what it sounds like.

Council Member Sherman said she thinks it is different and moving ahead to another phase. The players are clear.

Council Member Golonka said they can call it what they want but we are writing a check for \$50,000.

Council Member Sherman said they are also protecting an \$8 million project and it is not irrelevant.

Mayor Hooper said they don't have enough information to be able to make a decision. She doesn't think they understand enough about it. Unfortunately, their problem is that it is December 22nd and they aren't planning on another meeting until January 5th. That is probably not enough time.

Planning Director Hallsmith said what she is going to propose to do tomorrow is to draft what they had imagined asking the bidders to refine their bids on, to issue it to them, and then at the next meeting the Council can decide to pay for it or not.

Council Member Weiss said they cannot avoid keeping the Energy Advisory Committee informed and giving them a role to play.

- 10-323. Continued discussion regarding the City's FT 2011-12 Budget – Recreation Department, Senior Center, Police/Dispatch/Parking, City Council, City Manager, Clerk/Treasurer, Finance/IT, Assessor and Revenues.

Recreation Department:

Mayor Hooper said the first item they will review is the budget of the Recreation Department. Mark Mason, Montpelier's Superintendent of Schools, Arnie McMullen, Recreation Director, Sue Aldrich, School Board Member; Brian Murphy, and Buzz Rouleau, Members of the Recreation Board appeared before the council.

Arnie McMullen thanked the Council for the opportunity to present the Recreation Department's budget. 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. With outside programs and groups offering many of the same programs as the Recreation Department does it is their challenge to look at all of the providers that are out there and try to fill in the gaps not being provided and to make those activities and programs available to everybody in Montpelier. A lot of other programs are dedicated to specific groups. Some are specific to teens; some are specific to adults. There is a unified basketball team they have done through the High School, but the Recreation Department actually has a unified adult program for soccer, basketball and bowling with adults. He works with Neil from the High School to coordinate that program. They also run most of the youth sports programs. They don't do hockey and real young lacrosse but do middle school lacrosse. Once the kids get to the Middle School the school groups take over and run the programs until they graduate from High School.

Their goal is also to provide programs for all ability levels. They aren't an "A" league and have to provide for all levels so the kids have an opportunity and even the adults have an opportunity to participate. They also need to use all of their facilities to their maximum. All of us know the facilities are limited. They find as they are adding more and more programs to their program brochure they are finding less and less space available. They have to manipulate some of the things they do to make room for a program sometimes to get a program out there.

The swimming pool is also not used just for swimming, but as soon as the weather is cold enough and can hold a truck to plow it they will have ice skating on the swimming pool which is open from 9:00 to 9:00 every day and is free skating.

In the spring fields are no longer just baseball fields any more. There is also spring soccer and a lot of other activities that happen on their fields that create a lot more wear and tear. They also have to keep up with their equipment and facility needs. All of their equipment needs to be maintained and kept in good working condition to maintain all of their outdoor facilities.

A couple of projects they have completed this year is they have put in new pool filters, painted the pool house and replaced the bridge behind the pool house so people can feel comfortable walking across that bridge now. The rails were literally almost sideways at one point and they realized they had to do something. Their new web site is up and running, which is exciting because for some of their programs they have a control on what they can let people enroll in on the internet and also

how many, but it will literally let you sign up and mail a check to the department and you will be on the list.

They have some other things they are looking at doing this year. They are replacing or fixing the roof at the Recreation Center, which is leaking. They hope to work on a backstop project down at the Little League field which needs some work. They are looking at also putting up a pavilion down at the pool area.

Their programs are to promote recreational activity preschool through seniors. They actually have an excellent Senior Center so they don't see a lot of seniors in a lot of their programs but a lot of adults who participate. In this past year they have had around 2,600 enrollments just in their programs and a little over 2,000 people that participated in their special events such as the Father/Daughter Dance, Halloween Party, Touch a Truck, etc. That doesn't even include the people who come through their doors for their ski and skate sale.

Attendance at the swimming pool increased this past year. They were around 8,000 in 2009 and this last year they were around 11,000. A lot had to do with the warmer weather and more people with season passes came out and participate at the pool more often.

The other process they go through is setting a reasonable price. They try to keep their programs affordable for everyone. Some programs are free. There is a preschool open gym on Wednesday mornings, a Halloween Party, Rotten Sneaker Contest and the Annual Egg Hunt up at Hubbard Park which draws a lot of people. They also try to promote wellness and fitness through their activities.

He reviewed the process they used for developing their budget. Once a budget is developed the Recreation Board reviews and approves their budget.

The Recreation Department budget that is being presented tonight reflects a level funded budget. With the current estimated grand list that would be 7.4 cents on the tax rate.

There is an increase in their administration which is mainly due to an increase in the unemployment and health insurance. He reviewed the budget showing where increases and decreased had occurred. He talked about the enrollment in their programs which shows approximately 53% residential use and 47% non residential use. They have one of two licensed outdoor summer camps in Vermont. The Mountaineer Baseball Camp also draws a lot of nonresidents. The outdoor pool at the recreation field averages about 92% residential use.

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Council Member Golonka said he initiated this because of the charter. He thought it was at least important for the Council to understand the budget. With regard to the web site, the link from the Rec Board to the City there is a notation that says this isn't a city department and this isn't a city function, and it doesn't work. Could they address and fix that at some point because the citizens of Montpelier pay 76 percent of the budget and it is the city. That is on the city web site. The second question he has is more with regard to the functionality of the Rec Board versus the School Board. This Council has the authority to delegate oversight of this board to either the School Board or do it ourselves. There seems to be three boards that are overseeing the Recreation Department which seems a little cumbersome. Does the Rec Board feel that they could run this similar to the Green Mount Cemetery and not look to the City Council or the School Board. How is the functioning of having three boards? It seems to him a little dysfunctional having so many layers of review. Has the Rec Board discussed this?

Mr. Murphy said he didn't think it was that cumbersome a process. They spent a few meetings going over the budget themselves to make sure of its transparency. If the Council is comfortable with the scrutiny they give the budget they are comfortable with it. He is confident they do a good job of going through the numbers and making sure everything is sound. It is pretty standard simple stuff they are looking at. It isn't too complex and they don't need outside assistance.

Council Member Golonka said in terms of outside fees do we charge more for nonresidents?

Recreation Director McMullen said there are some programs they don't and they charge the same. Most of them they do charge an outside fee for nonresidents. Some of the programs they don't are typically sports camps. Part of the concern is that if they put the fee too high, because a lot of other camps in the area have the same fee, it will just turn people away and then some of the residents may not have a camp to participate in. They try to adjust it so it will work.

Council Member Sherman said she was interested in where in the budget the maintenance for fields and grounds is. Do they own trucks and equipment?

Recreation Director McMullen said they do. In the budget it is under outdoor recreation where they keep their field budget and trucks. All of their truck maintenance is listed there.

Council Member Jarvis asked if he could explain the fund balance.

Recreation Director McMullen said the fund balance is a balance where if they have some money left over at the end of the year. It is money they are allowed to

retain and then use for projects. The pavilion at the swimming pool would be done out of those funds. It is money that is exceeded in the budget that didn't get spent or if they received additional revenues at the end of the year, if their revenues came in higher than anticipated. The Fund Balance is \$206,000.

Sue Aldrich said they have a fund balance at the schools, too. It is used to cover emergencies such as if the boiler were to blow up. They try to keep it at 2 percent of their budget. Their fund balance right now is \$300,000 plus. For this small budget that is a decent sized fund balance.

Council Member Weiss said he wanted to thank the Recreation Board and Recreation Department they have one of the best fields in the league. The only reason they do is because of the great cooperation we receive.

Mayor Hooper said somewhere they are going to have a request for accessible bathrooms.

City Manager Fraser said it isn't in this year's budget.

Assistant City Manager Hill said before Arnie leaves she would like the Council to know how helpful he has been to the Senior Center since the city has taken over. Arnie is the one she calls when she has an emergency. He has been salting and sanding the walks along with shoveling. We owe him a debt of gratitude.

Senior Center:

Assistant City Manager Hill said the budget is on page 58. They worked hard to level fund the appropriation. Garth Genge tells them that he is optimistic that the renovated center will be opened by April of 2012 which will be within this budget year. As she worked with the architect and asked about heating and electrical costs they weren't at the point to give her those figures. April is optimistic but if they make it there won't be the heating demand at that time of year. They hope things like that won't affect the building costs. They will be paying a portion of the building costs once it is put into condominiums. The Senior Center will be a condominium and the housing part will be shared costs. For now they have just put in a lump sum.

They kept the rent figure in this year. It is something the seniors would like to discuss with the Council at some point. This year they have kept it in to cover some of the anticipated costs that may come once they get back into the building. She provided the Council with the revenue figures. She has been working with the Finance Committee and Bill Doelger made a business plan that he worked with Garth on. Bill's convinced her they will have more members once the building

opens in April. They have always budgeted conservatively using last figures for revenue, but have increased it by \$3,000 this year. She hopes they aren't being too optimistic, but he really believes that the membership is going to be increasing once the building is completed.

While the number may seem high for trip income there is an offsetting expense number that goes with it. Sandy Gallup has lumped the first two categories. She is a little concerned they may not hit the \$4,000 depending on when they draw the money down from the endowment fund for this project. The Smith Barney account right now has \$304,000 and the Council approved \$200,000 for the project, but they may not draw that down that fast.

Miscellaneous revenue are guestimates. This past year the reason the Memorial gift was so high was because they received \$35,000 from an estate. They don't anticipate being in the Center in time to hold both a bazaar and a rummage sale; it may be one or the other but not both this year because of space. Other towns is level funded. The Finance Committee is going to be working on a proposal to present to the Council. There is a real interest in keeping the membership open to outside people and if they do that they need to come to the Council with a proposal to show the appropriated costs for the usage. For the present year they are operating under the same fees they have been.

The salary budget is up a little bit. The Program Director has informed them that she will be retiring in September and she would like to bring in somebody to work with her for two weeks to a month. She believes a person at the Center could be doing more of what is being done here at City Hall administratively.

With regards to health insurance there is a single person there now but the person we hire may take a family plan so we have budgeted accordingly. Most of these numbers are numbers Sandy plugs in through her formulas.

The contracted services are the instructors and mostly classes. The swimming program is probably the most costly program and is the one we subsidize the most. The Advisory Committee and the Senior Services Coordinating Committee talked about the ability to offer a program to those who might not be able to participate otherwise, and because we have to subsidize what we pay per hour for the swimming pool, and we pay it whether we have 5 or 50 people, so they have reduced the rate for the Montpelier seniors to participate in the swimming program. The numbers have increased because of that. This is something that Jim Sheridan has pushed for quite awhile. The Montpelier swimmers were paying \$25 but we have increased substantially the numbers, and in fact to the point where the swimmers are saying we have too many people. It isn't all seniors because they also rent out the pool at the same time.

Assistant City Manager Hill reviewed the bowling program and said it was paying for itself.

The senior van repairs and maintenance they have increased. GMTA has agreed to service the vehicle for us. It needs to be serviced every 3,000 miles per the lease agreement which is about \$100. This year it has been relatively low but they think that will increase.

Council Member Jarvis inquired about the cleaning services.

Assistant City Manager Hill said prior the cleaning services were under the food budget because the lady who did the cooking also did the cleaning. They now have a private contractor who is doing the cleaning.

Council Member Hooper asked if it was \$100 every 3,000 miles if it means they are putting 30,000 miles per year on the van, or expect to.

Assistant City Manager Hill replied they certainly expect to next year. This fall there was an average of a couple of trips a week to Lake Elmore, Woodstock, Burlington and local trips.

Council Member Sheridan said one of the reasons he pushed for the swimming is because sometimes for some seniors it is really the only physical activity they can do because the water doesn't put pressure on the joints. We were looking for ways to use Corey Funds to subsidize Montpelier voters and he thought that would be a good program to keep them active. There used to be a policy that people who went on trips could bring friends and quite often they were friends who were not from the city, and they did not have to be members but just pay the trip price. He pushed for and got the Board to accept that you had to pay the membership fee to go on the trips.

For food services they will continue through most of the fiscal year doing one special meal a month. They will still go to the High School on Tuesdays to have lunch there. Once a month they do a special meal in St. Augustine's which is catered by Mike Marinelli. The Senior Center pays \$9 per meal but the people attending pay \$6 so they subsidize \$3 per meal. The subsidy monies are coming from the Corey Fund.

Council Member Hooper asked if she had heard much grumbling about separating Montpelier and nonresidents as far as fee schedules. Is there a lot of pushback?

Assistant City Manager Hill replied yes, and there is a strong feeling among the membership that they want their friends from the other towns to be members and do things.

Council Member Jarvis said in fairness it is more than just wanting their friends but these are also some of the important volunteers so they are contributing to the Center.

Assistant City Manager Hill said one particular activity now that is becoming popular is the yoga classes. She actually had a couple members speak to her this week saying they need bigger space; there are 30 in the class. We may have to add more classes or limit the size. Montpelier residents get first dibs for signing up for classes and they know what the timeframe is. The next group of people whose towns give us something are allowed the second choice and any others will get third choice. It may be that eventually those classes will be only available to Montpelier residents.

City Manager Fraser said he certainly could appreciate from the perspective of members and the grumbling but maybe we should just have a sign out saying "Thanks to Montpelier voters for contributing \$125,000 in taxes to the facility." It's not that we are trying to be difficult but the residents have paid through their property taxes for this service and the nonresidents haven't. It's an equity issue. If their communities want to come up with a formula and pay in that would help.

Assistant City Manager Hill said they have \$14,000 which was for special meals and that has an offset contribution of \$5,000 on revenues. Some of it is guestimate. They wanted some more nutritional type meals.

The field trips, especially the big trips where only 8 or 10 people, whether it is to Ireland or wherever, she told the Director that she makes sure that all of the costs are covered. There are no subsidies on any of those costs because there are only very few people who can take the trips. It is an offering that is good because there are a lot of people who do not have families to take them on these special trips and there was one lady who has always dreamed of going to Ireland, a very elderly lady who went to Ireland this spring. It provides an opportunity that some people might not ever get because there is no one to go with them. Those big trips they have worked hard to make sure there is no subsidy. The local day trips to the Champlain Valley Fair and Flynn Theater they are subsidizing some of those trips because otherwise it would be a little unreasonable for some members.

Council Member Weiss said he thinks it is great that the local trips are being increased because on the previous page she has reduced the gas allocation by \$1,000 and gas prices are going up.

Council Member Sheridan said for the city taking on the Senior Center quickly that Bev has done a wonderful job in her time doing a lot of things to straighten it out. The Senior Center and Council really owes her a lot of thanks. If no Council member really wants to be the representative to the Senior Center he has checked their bylaws and the Council can appoint someone who isn't from the Council and he would be willing to continue on. The Board has asked him to consider that. He is making the offer to continue to represent the city for the Senior Center.

Police/Dispatch/Parking:

Police Chief Facos said on revenues they are just into one year on their COPS Grant and that grant pays for three years of salary and benefits for our 17th officer with the guarantee that the fourth year we will retain that position. Next week he will be closing out the JAG Grant. That was number two of two of our Police Department funding.

There have been some changes with the Governor's Highway Safety. He thinks they are aware that the last time they still participated with some projects such as "Click It – Ticket" campaigns, and they still have one of their sergeants as one of four statewide supervisors for the DUI Enforcement Team. Our participation in those traffic safety endeavors gets a force multiplier for us and brings in resources to Montpelier on key times for DUI patrols, but basically they are developing credits or what can be done as a grant and that is what covers a lot of their equipment such as radar units, light bars, highway safety related items

Capital Fire Mutual Aid, that contract will be up for renewal so he will be renegotiating that contract with the group. There really haven't been too many changes, although he was informed today that Berlin is adding a Fast Squad which is a First Aid support team so it will also require dispatching EMTs in addition to their ambulance. It should be a minimal impact. It's the same call but now it's a new government entity and another layer of emergency response. The way that contract was worded has kept pace with the workload and he was always cautious to make sure that other communities were paying their fair share of our communications budget, and it certainly has. He doesn't see any major increases at all. His guess it will be a 4 to 5 percent increase which certainly keeps pace with what is happening with communications.

Mayor Hooper asked if we had the capacity with the dispatchers to be able to add in that additional item.

Police Chief Facos said that won't affect that. It is relatively minor. They can always watch those. For example, East Montpelier stood up their ambulance service but we were still providing communication for that, which would be Barre Town

EMS. It is a little bit more work for dispatch but they aren't looking to pick up any new communities. It is a two part process. We are unique in how we do our contractual dispatching compared to Barre City. Barre City contracts with the individual communities and he is fortunate there is a User's Group so he just go to the representatives of Capital West and talks about workload. Warren is not a member of Capital West. They have the capacity to take them on. Right now they aren't anywhere close to a regionalized model but will always look at that as they negotiate the contracts. The other contractual dispatch service we have is with the Capital Police at the State House. There hasn't been any change in the workload or impact so that remains at \$8,600.

They have had some federal asset forfeiture coming in for the budget they are in now from some ATF work and DEA work and hopefully that will continue to grow as they work closely with those organizations.

Council Member Weiss said at the top of the page 2, School Resource Officer, \$43,000. That is revenue. Where is the source of that revenue?

Police Chief Facos replied from the school budget. It is still basically a 50/50 split for the SRO.

Police Expense on page 17. There are no substantial changes for the most part other than wages for the same number of personnel. One thing he did do on this budget is separate out a line from the maintenance to create a line for police buildings, grounds, and maintenance which is at \$17,288. The reason he wants to start separating that out is that their station is at the 10-year mark. Their heating and ventilation systems they can certainly get hit with very high bills when things go wrong, and it at that age when things start to go wrong even with their service contracts in place. Elevator inspections – some of the same concerns that Todd struggles with this facility. This is a line he wants to watch closely. The Community Room is part of that and they were working with a flooring contractor after a bid process to replace the carpet that is worn out in the communications control area. That was something that kept getting pushed back from previous budgets when they made sacrifices. Instead of carpet it looks like they are going to a very durable linoleum tile and they are hoping to re-carpet the Community Room. He has also had two of the tables redone because they got broken. They also had to replace some of the blinds. They have been tightening the reins on who uses that facility. The repairs come out of the Police budget. That also is their emergency operation center and it should be a nice place to store data.

Police Chief Facos said in his presentation back on November 17th he talked about a minor change they made to meet their commitment for quality dispatching service.

There was a hole and they plugged it with a half-time \$25 per hour employee that they brought on and train for that position.

Council Member Jarvis said he had suggested there would be a net savings in overtime expenditures. She would like to know if in fact that was realized.

Police Chief Facos said the longest he had 17 officers was about three months and the overtime was nonexistent. It was exactly what they knew what it would do. The bike officers were out, foot patrol, flexibility to do a lot of community problem solving, plain clothes officers out there and everything was working.

He said he wanted to provide an update on staffing. Officer Jackie Adams graduated from the Academy on December 3rd and because they had front loaded her field training before she went to the Academy this summer they cut her loose last week and she is doing well. They have 15 officers and have identified two additional officers as candidates who will be attending the Vermont Police Academy in February. By the time they are done, because they won't have any experience or training when they start in the beginning of February, post basic they are looking at 20 weeks of training and then field training so they won't see them on their own until probably July at best. That will bring them back to 17 officers.

Council Member Sherman asked Chief Facos if he didn't just lose an officer to Barre City.

Police Chief Facos replied he did.

Council Member Sherman said he was all trained so he was ready to go from here to full responsibilities there.

City Manager Fraser said he came from Barre fully trained.

Police Chief Facos said it was a loss for them. He was a supervisor and also one of our negotiators.

Council Member Sherman said she was wondering who carried the training costs.

Police Chief Facos said he and Chief Bombardier have a running joke. They have two officers that were former Barre City officers. One is a sergeant and he said those two are always fair game. But he does get concerned when he hear other communities talking about sign on bonuses for police officers as high as \$10,000. Even with the economy the way it is and there are no jobs he really struggle with that when he sees how few applicants we are receiving. When he talks to other Chiefs in Chittenden County the number and the quality of applicants overall is

down, and it is tough. Nobody wants to go into this business.

Council Member Sherman said they realize that training is absolutely critical.

Police Chief Facos said PERF, which is the Police Executive Research Forum which is run out of Washington, D.C., are always looking at what is happening in trends. They had a large conference with a variety of Police Chiefs from around the country asking what they were all doing in these tough economic times to maintain staffing and meet the demands of the taxpayers. That is one area they were unanimous. In this day and age with the perplexity of policing none of these Chiefs from even the largest departments like LAPD said you can't afford to cut training any more. It comes down to service delivery and officers on the ground. That is one area where training is so critical because of the expectations and the liabilities of doing this job.

With regard to communications, there is a little money left over from the JAG Grant and with some technology money they have replaced much needed voice recorder logger. Again, from a liability standpoint that is what records the phone calls, the radio traffic; it's a quality control tool. They also use that device to make sure if they have to play something back in a crisis or an emergency as well as it protects the employees and the agency from any accusations. They can listen to exactly what was said and how it was said.

There is nothing in the budget right now for what they are going to do for replacing the base radio. He is really hoping that they can piece this together. There is a grant opportunity but it is a 20 percent match so we would still have to come up with roughly \$40,000 to \$50,000 to make that match. He is working with their local vendor on that and he is hoping to get by another year and hoping for some new federal opportunities, which he thinks there will have to be because a lot of jurisdictions are going to be struggling with meeting new challenges. Some are mandated by the FCC. They don't have a deadline yet, which is a good thing. Communications is certainly their backbone to delivering the services.

Council Member Hooper said that 20 percent is our share or theirs?

Police Chief Facos said that would be our share. We are talking about a \$220,000 to \$240,000 for a base radio station.

Mayor Hooper said she wonders what his thoughts are on how well we are prepared for an emergency. The ability to respond for those circumstances that are outside of the normal police work, etc. that really brings all of the departments together. She recalls five years ago they did a really nice scenario with a hostage taking over at the High School. Are we adequately prepared for that sort of scenario?

Police Chief Facos replied as adequately as we can be. All of our officers and dispatchers all have ICS training at the various levels. Right now the supervisors and sergeants have ICS 200 level, which is an 18-hour class. That is Civic Command System which is all part of Presidential Directive 5 which is NIMS which is National Incident Management System. That is across the board with the Fire Department, some of Public Works personnel and Police. He certainly has had these discussions with Bob Gowans at the Fire Department about how many of their fire officers are at the ICS 300 level because currently he is the only one at the 300 level of ICS training. That is as high as they would need to go. Every year he has to do a survey of making sure how many officers, how many dispatchers and civilian personnel we have in the organization and how many of those are ICS trained and to what level.

Mayor Hooper asked if we were also doing the sort of cross training work that we need to be where we had that scenario.

Police Chief Facos said that was a unique training opportunity because there were some issues with the 2006 with the flood mitigation of really defining operationally what the role of the command center would be and the role of the emergency operation center, which is a broader support role which was a real scale exercise in that way. We do need to do more of that kind of training. It's costly and there are some financial opportunities with Homeland Security still to do that. Right now he thinks the best opportunity to do those exercises is to participate at the LEPC-5, the local planning committee, and staying involved with those opportunities. They do use ICS on a regular basis. They did a large scale training with the State Police Tactical Services Unit and the Hostage Negotiating Unit but they didn't really test the ICS. They had an incident command post, but the plan there was just really to test their officers and also the integration with the State Police Swat Teams. One of the city's new negotiators at that time was a negotiator for two plus hours on the scenario with the luxury of having nine State Police negotiators around him approaching his first time out. It was a very tactical exercise in terms of their actual movements, capabilities, communications and how they do the handoff to the Swat Team.

Mayor Hooper said she is asking the question in the budget context. Are we sufficiently staffed and have the resources to support that. She guesses the answer is yes.

Police Chief Facos said the officers have the training. The biggest concern he has always had, even when it was part of the argument when he asked to go to 17 officers instead of 16, was having the ability and capacity to respond to a crisis because they do not have a residency requirement with police officers or firefighters. For example, with the rock slide there is an immediate problem of how

rapidly you can get people in there. The flood of 1992 they all came in for that incident and the challenge for Chief Hoyt was they had to work 16 on 8 off and 16 on. When things are unfolding you have to look at who is on the schedule but anticipate who will be available. He would love an additional one or two officers that a consultant will probably recommend.

Parking right now looks like it is going to be a wash. They are making some investments out of the current year. The Council will be hearing formally in a few meetings from now a request to purchase two vending machines to replace Capitol Plaza and 60 State Street. Some of those parking machines are 13 to 18 years old so they are well within the life cycle. This will be coming out of this budget and not the next one. Right now their ticket numbers they are writing are up but it seems that fewer people are paying their tickets.

Council Member Hooper asked Chief Facos if he knew what the outstanding collectables are for parking.

Police Chief Facos replied he didn't right now.

Finance Director Gallup said it is a very large number.

Police Chief Facos said they are booting more vehicles now. They bought two new boots last year and they are very aggressive on that. With some potential technology such as license plate readers they should be even more effective.

Council Member Sherman said we want them to pay when they are supposed to pay. She noted that on the parking lot meter machines there is no way where it says you don't have to pay on weekends.

Police Chief Facos said on the new devices they will be seeing later will be solar powered and credit card ready. There will be some additional service fees when you are adding the software for the security features that need to be in place.

Mayor Hooper said parking is clearly not one that should be the Chief's responsibility. There certainly are opportunities out there on how to think about parking and how we manage it. It is an important issue to our community and certainly our downtown.

Police Chief Facos said he modified some of the resource allocation for parking and coverage as a percentage that covers the supervisory patrol and dispatch workload so that is why they see the increase under the overtime. It's the appeal process with parking. Whatever the future holds for parking in Montpelier the one thing that is important is a key element of effective traffic flow and safety.

Chief Facos said he had covered most of the equipment issues when he presented on November 17th. The discussion around tazers will be a formal presentation and they have already gotten some of that information out to people who have requested it. That will happen on January 12th. Soft body armor they still have some grant money from the Department of Justice for FY'12 which will assist them with that. They do need to replace their camera video systems. Some of the cars are down and not working and that is a liability concern. They are not at the point yet legally where if it isn't on tape that DUI doesn't count but unfortunately the officers have to answer a lot of questions on a DUI or an arrest or traffic stop. Some of those units are very old. That is an area where he initially asked for \$25,000 to upgrade all of them at once. Also, from an evidentiary standpoint that system would include automatic downloads. In other words, the cruisers would back into the port area and the officers don't touch anything and it is automatically downloaded into the receiving end. That is one of the biggest challenges that mobile video systems have had, especially in Vermont with the potholes, is a stable platform with a moving vehicle. For cruisers that maintains their request for their annual replacement of one car per year which has been a good rotation for the cars. They don't know what it is going to be because Chevrolet changed platforms. The Impalas have been very good for them. They are a very durable car and front wheel drive and get them up the hills. The only car they will be looking at now will be a Ford product unless they can find an old 2010 Impala because the new Chevrolets are going to be back to big powerful engines, rear wheel drive, just like the Dodge Charger, and they aren't cars like they need for Montpelier. Ford has a car that is either front wheel or all wheel drive.

Council Member Weiss asked the Chief to ponder a question if it is raised. On January 12th after his tazer presentation would he consider taking \$11,000 of his operating budget?

Revenue:

Finance Director Sandy Gallup said for revenues in state and local pilot the city has an anticipated additional funds from the previous year's budget. State highway funding is \$144,000.

Mayor Hooper said the highway payments have been level for a long time, or down.

City Manager Fraser said other state funds have been flat.

Finance Director Gallup said a lot of these are complicated lines. They look at history and kind of judge from there. Charlotte helps with the recording fees. There really isn't much change when you look at the numbers in the fees and charges. Rent commissions, they took down the 58 Barre Street rent from \$52,500 and just

put the \$27,500 that they put in the Senior Center budget because that is all of the revenue they are going to receive from 58 Barre Street next year.

Council Member Sherman asked if the Library was a nonprofit. Do they really pay \$293,000 in property taxes?

City Manager Fraser replied that is how much the city collects. The reason that shows up at the beginning is that is how much is raised in property taxes that the voters approved. It helps us calculate the total tax rate but it isn't part of the budget. They don't pay property taxes. This is the amount of property tax raised to pay their budget.

City Council:

Council Member Sheridan said he would propose they put on the ballot that they raise pay for Councilors \$2,000 and let the voters vote on it. He said he could propose that because he won't be benefitting from it. He doesn't think what they get is worth anywhere near what they do but no one can remember the last time it has been raised. That would make it \$3,000 for each Councilor.

City Manager:

They did include the budgeting for the city archiving system for \$6,200. Otherwise, there are no real major changes in the budget.

Clerk/Treasurer:

City Manager Fraser said for all of the administrative departments they have tried to keep the operating lines as low as they could.

Council Member Hooper said it would be helpful for him in each of the sections if there could be a line summary after the 10th line of the total FTE employee loaded cost of each department. That way they would know what the fully loaded cost of the labor is.

Council Member Jarvis asked City Clerk Hoyt to give the Council a reminder of who her people are and what they do.

City Clerk-Treasurer Hoyt said Peggy does the cashing up, mail and counter. Crystal and she work on the recording and she also does the counter and answers the phones. They all answer the phones. Loretta works with water and sewer, parking, counts the coin and does the parking tickets. She is also helping out in Finance with

accounts payable. Joan does the minute for the Clerk's Office and also for Planning. Crystal helps with the elections.

Council Member Golonka asked Charlotte how she handled all of the school money and the Recreation money. The Charter says it all goes through the Treasurer. How does that work?

City Clerk-Treasurer Hoyt said the Recreation Department and School Department brings in their money to be deposited. The Recreation and School Department take care of the accounting breakdown. The Senior Center does the same.

City Manager Fraser said the city collects the taxes for the school.

Council Member Hooper said Tom had pointed out something to him in the language of the Charter that says all of the fund balance is part of the city's domain, even for the schools.

City Manager Fraser said it is an interesting thing in the Charter. At some point the Charter was written to meet the school and the city. There is a reference to them bringing their budget in but it doesn't necessarily say the Council approves it.

Council Member Golonka said the reference says we approve all of the warrants. We should change the charter.

Mayor Hooper said the issue of minutes being done for us. Now that we have this good video system and the ability to recall information totally, do we really need to be having somebody doing as much work as they are in transcribing the notes. Could we create a system where we are just capturing motions and votes and referencing the discussion? It would save some time which could then be devoted to a lot of other work that needs to be done. This is an easy reference that we can go to so we now have another source to go along with the printed minutes. We aren't increasing staff in the Treasurer's Office. There is a lot of work to be done in there.

Council Member Sheridan said they need a better microphone system first. If you save money on the minutes should they put in a better microphone system?

Mayor Hooper said she doesn't think they are going to save money. They won't have somebody working less but doing other things. This is a policy question.

Finance/IT:

Finance Director Gallup handed out a sheet showing fund balances as of June 30, 2010 because she doesn't have a draft of the audit yet. Also there is a memo from the Finance Department concerning her budget. It has been a busy year for Finance. She has been here for five years. Last year Finance had a lot more attention than we probably thought it would ever get so she felt compelled and the need to follow a lot of recommendations. At the same time they had new programs, new grants and a retirement in their office. The budget is up in their office but the manpower behind it is substantially better. The restructuring has to do with not using outside consultants (Fothergill, Segale & Valley for the 9 hours a week) and converting that into a .6 person. They also had a .6 FTE person retire. In all they had 2.8 full time equivalency in the old budget for this year and with the new budget there are 3.6. Not only are they more but they are also more highly qualified personnel. There is a price tag to that. Probably the staff versus the purchased services is \$8,000 more. Her budget is up because there was extra money in there for the Finance Director. There is \$5,000 in health insurance costs and another \$4,000 for software as they change staff and use the software. She did try to offset some of this increase by identifying \$25,000 from the REACH Grant that she would like the grant to help with overhead, and they believe that's doable. She needs to have somebody work on the federal grants. Directly contact with the special grants systems is unforgiving, demanding has deadlines and we need to be on top of our game because we do have a lot of money going into these federal grants.

Mayor Hooper asked didn't we write the grants so we get an x percent for administrative costs.

Finance Director Gallup said every grant is different and sometimes you are looking for matches and some grants don't like to pay for admin costs. Gwen has asked for a few years to try to get an indirect cost which a lot of cities and towns have done. Burlington may have done it. Then you apply for a federal approved indirect cost and she is trying to get a CPA firm to help her with it. For the last two years she has approached two and hasn't gotten very far. It isn't an expertise that a lot of them have. If we did do it they would be able to bill these grants with a high number and be consistent. They are going to see a lot of grant money coming through these next few years and she has not been told that it is going to be a sustainable amount. We have always had federal and state grants but we may not have it at the level we see right now.

The major events of the last year were restructuring the Finance Department and also last year was the first year they really had a mild winter and could benefit by a substantial surplus. That was enjoyable. There is a reduction in health insurance

costs in 2010 and they believe they will meet the projected \$200,000 but the claims are still coming in. She hopes the health insurance increase next year, because it tends to go up now, will not be as severe as it was this year.

Another complicated occurrence was the fire damage to the Senior Center at 58 Barre Street. There is nothing like a really big claim to take up time. The League has been great, but you still have to always be on it. There is a very complicated new grant and mechanism to really improve that building and it has come with quite a bit of complicated finance and insurance claims management.

They documented their internal control system and have an audit and the one thing they said that our fraud risk assessment we do annually they were amazed and had never seen anything like it. Our department heads do an excellent job and exceeded the expectations.

Her proposed budget is up 12 percent. It is due to the restructuring of staff and the salary adjustments to the Finance Director. Also, there is more maintenance cost. It is their second year without discounts. The Gatsby Audit requirements, new ones added each year to continue to increase the cost of attaining the Annual Audit Report every year.

Technology:

That budget is up 7.5 percent due to a reclassification of our Technology Technician's position. Nick Daniels has been here six years and what he does on a daily basis has really put him above the job description that he was first hired for and we have suggested recognizing moving him two classifications down. Our technology services are critical to keep the water plant going.

Council Member Hooper said on the scope of technology services it mentions the radio recording software. Is that what Tony was referring to?

Finance Director Gallup said she doesn't know.

City Manager Fraser said it is an important point to make because he thinks a lot of times people think of the two individuals who take care of our tech work and think of City Hall. They are not realizing that all that high tech stuff with dispatch and the water treatment plant and Fire Department all have technology needs. It is amazing the work the two do.

Council Member Jarvis said she sees there are 52 computers in the city that are four or more years older.

City Manager Fraser said it is his sense that they do a very good job of making sure people has the technology they need. .

Finance Director Gallup said in the technology equipment section she would like to remark that Fred Skeels got \$10,000 less than what he asked for so Bill did cut back. That would be in the equipment fund.

Council Member Hooper asked if that included work stations.

Ms. Gallup replied yes.

Council Member Hooper said one thing that stood out to him on the technology list is 88 telephone lines which leads to the possibility for 88 concurrent phone calls which is a lot for 100 plus employees.

Council Member Weiss said he would like to flag something. January 5th he is asking they flag audit. He is concerned about the cost of the audit and the lack of service we are receiving. We are now going into the sixth month after the close of the fiscal year and none of us have seen an audit report, and that is not acceptable. He would like that on the agenda for discussion on January 5th.

Assessor:

City Manager Fraser said they have a lot of residual work continuing the reappraisal. He suggested they consider taking \$25,000 out of reserves for the reappraisal of personal property if we are going to continue that revenue source as part of our property tax. The big savings in this area is that we do not have the \$70,000 for appraisal services that we have had in the budget for the last three years. There were some licensing costs with the new software. He believes Steve Twombly is very committed and talks about wanting to continue. His goals is to keep pushing to get the interior entries and get the records up to speed.

Fund Balance & General Fund Questions:

The first page of her handout is the General Fund. It starts with reserve funds which means they have been given with restrictions. We had \$568,000 reserved in this category in the General Fund at the end of June 30, 2010. Then there are more designated monies where they are pulling money that is unused out of budgets and keeping it for the purposes they were intended. The total designated was \$99,554 at the end of last year. The total fund balance of \$1,488,000, take away the \$568,000 reserve and then almost \$100,000 for designated and then you get unrestricted undesignated reserve of \$820,000. That is what she calls the fund balance.

The water fund is the next area. The important number here is unreserved. It looks like we lost \$88,000 last year which is a total of \$723,000 deficit. We have got to take retirement liability and consider that. It is a \$425,000 hit that happened. We don't have to pay for that for another 17 years.

City Manager Fraser said they talked about that last year because that was money they were paying anyway.

Finance Director Gallup said for the sewer fund, the unreserved balance there is a \$127,000 loss last year. This is where accountants and auditors really get her upset. If you take the \$909,000 deficit they say we have, and of that \$263,000 is just because we didn't get the vactor loan forgiveness we know we are going to get so we booked it as a loss. It was an incredible exercise of accounting only to take good numbers and make them look worse. Next year you are going to see \$263,000 dropping in and everybody will be thrilled because sewer is doing so well. It is just the way enterprise funds handles debt. Take the \$909,000, subtract the VMERS liability of \$506,000, which gives you around \$400,000 and then subtract the \$262,000. She is not anywhere near as concerned about the sewer fund.

Parking had a good year. That is part of the reason why Tony is saying that we need to buy some equipment that is not working, and because it is not working we are losing revenue. With the \$62,000 that we had in surplus last year the fund balance is healthy they should be able to purchase that equipment.

Cemetery has a small deficit. They are really struggling to keep their heads up.

Council Member Weiss said he would like to comment that when they were here he wanted to know why their fees were so low and their fees are absolutely absurdly low. They should reevaluate their fees.

Mayor Hooper said she is worried about the cemetery adequately investing in the infrastructure they have. That beautiful building deserves to be maintained.

Finance Director Gallup said there isn't much going on with parks although it does have about \$14,000 of a fund balance and a little bit left in the tower reserve of \$7,500.

The Senior Center the Corey Fund is not part of this. There is a lot of money there but it's not the city's until they decide it is. Only the funds we have control over are listed here. Unrestricted is \$353,000 at the end of last year and \$304,000 was their endowment fund. They had a good year.

The inside agencies is fund 27, and this is a miscellaneous listing of internal funds that we have.

Capital projects has a lot of money going through that.

Traffic impact fees has \$10,000 in that account. That is for traffic lights.

The Montpelier Foundation which is a collection of monies we hold in trust is \$72,000. The Montpelier Housing Trust has \$79,000 at the end of last year but there may be money committed out of that.

Mayor Hooper said it is all committed to the Senior Center's housing portion.

Mayor Hooper asked when the Blanchard money becomes available. It says parks on it. It was restricted in the deed until a certain point. The land is restricted period, but there was money that came with it and that could not be spent for a period of time.

Council Member Weiss said he would like to point out that the county reduced its budget by \$100,000. There are 20 communities in the county so if we take an average that is \$5,000 each. For the City of Montpelier that is roughly 1/16th of one cent on our budget.

Council Member Weiss said they have done an excellent job in terms of revenues and expenditures and he has a rough idea as to what our total bonded indebtedness is, but he would like to know what other indebtedness we have. Are there other places where there are accumulated deficits, and if so what is the magnitude of deficits of that type for the city?

Finance Director Gallup said all deficits he saw were on the green sheet she handed out.

City Manager Fraser said when they have done total bonded indebtedness they have included water and sewer.

Finance Director Gallup said that is in the Audit Report.

Mayor Hooper said the plan for January 5th is to walk our way through all of the flagged items and get some questions answered. There is also the second hearing on the zoning. She asked Clancy to bring maps. He showed her the map of the downtown and showed what the changes are.

10-325. Council Reports:

None.

10-326. Mayor's Report:

None.

10-327. Report by City Clerk-Treasurer:

None.

10-328. Status Reports by City Manager.

None.

Adjournment:

After motion was duly made and seconded by Council Member Sherman and Golonka the council meeting adjourned.

Transcribed by Joan Clack

Attest: _____
Charlotte L. Hoyt, City Clerk