



Budget Workshop – Parking & District Heat Funds

Council Presentation

October 8, 2025

Sarah LaCroix, Finance Director

Presentation Overview

General Review of Fund Type – Enterprise

Parking Fund:

- Purpose
- Trends
- Shortfalls, Constraints, State Workers, & Leases
- Rates
- Policy Options & Discussion

District Heat Fund:

- Budget – Revenue, Expenses, Debt
- Challenges
- Look Ahead



Parking & District Heat Funds – General Review

Proprietary/Enterprise Funds

- Used for activities that operate like a business, charging fees to recover costs.
- For services provided to the public on a user-fee basis

Budget Types:

- Operating Budget: Day-to-day services
- Capital Budget: Long-term investments in infrastructure, equipment, and facilities

Revenue Sources:

- Charges for services:
 - Parking Fund – Parking Permit, Meter, & Ticket Revenue
 - District Heat Fund – Capacity & Energy Charges
- State and federal aid: (grants)



Parking Fund

Budget Context & Strategic Discussion

Parking is a tool for economic vitality, not just revenue.

Purpose of the Parking System

The overarching purpose of Montpelier's parking system is to support a vibrant, accessible downtown by ensuring convenient short-term parking for visitors, customers, and employees.

Through thoughtful management of parking resources, the City seeks to balance availability, affordability, and sustainability, encouraging economic activity while maintaining mobility for all users.

Any financial benefits generated by the parking system are reinvested into the downtown parking system: supporting maintenance, infrastructure improvements, and initiatives that enhance the overall downtown experience.

Parking System Overview

- **Total spaces managed: 554** (high-level count, and the map provides granular, real-time detail)
 - 360 Metered (also ParkMobile-enabled)
 - 182 Kiosk (also ParkMobile-enabled)
 - 12 ParkMobile-only
- **100% of spaces** are ParkMobile-compatible
- **Payment options:**
 - ParkMobile app
 - Meters
 - Kiosks
- <https://www.montpelier-vt.org/1000/Interactive-Downtown-Public-Parking-Map>

Location	# of Metered Spaces	# of Permitted Spaces	# of Handicapped Spaces
Barre Street	30	0	0
East State Street	21	0	0
Elm Street	10	0	0
Langdon Street	20	0	0
Main Street	76	0	2
School Street	2	0	0
State Street	117	0	4
Taylor Street	4	0	0
Stonecutters Way	72	50	4
60 State Street Lot	3	53	3
Blanchard Lot	20	60 (Kiosk/Permit)	5
Jacobs Lot	19	30	3
- Behind Bagitos	2	1	1
Pitkin Lot	38	5	5

Montpelier Downtown Parking Map

Legend

Parking Spots Type

- Handicapped
- Metered
- Permit
- Other

Road_Centerline_2017_Ft1

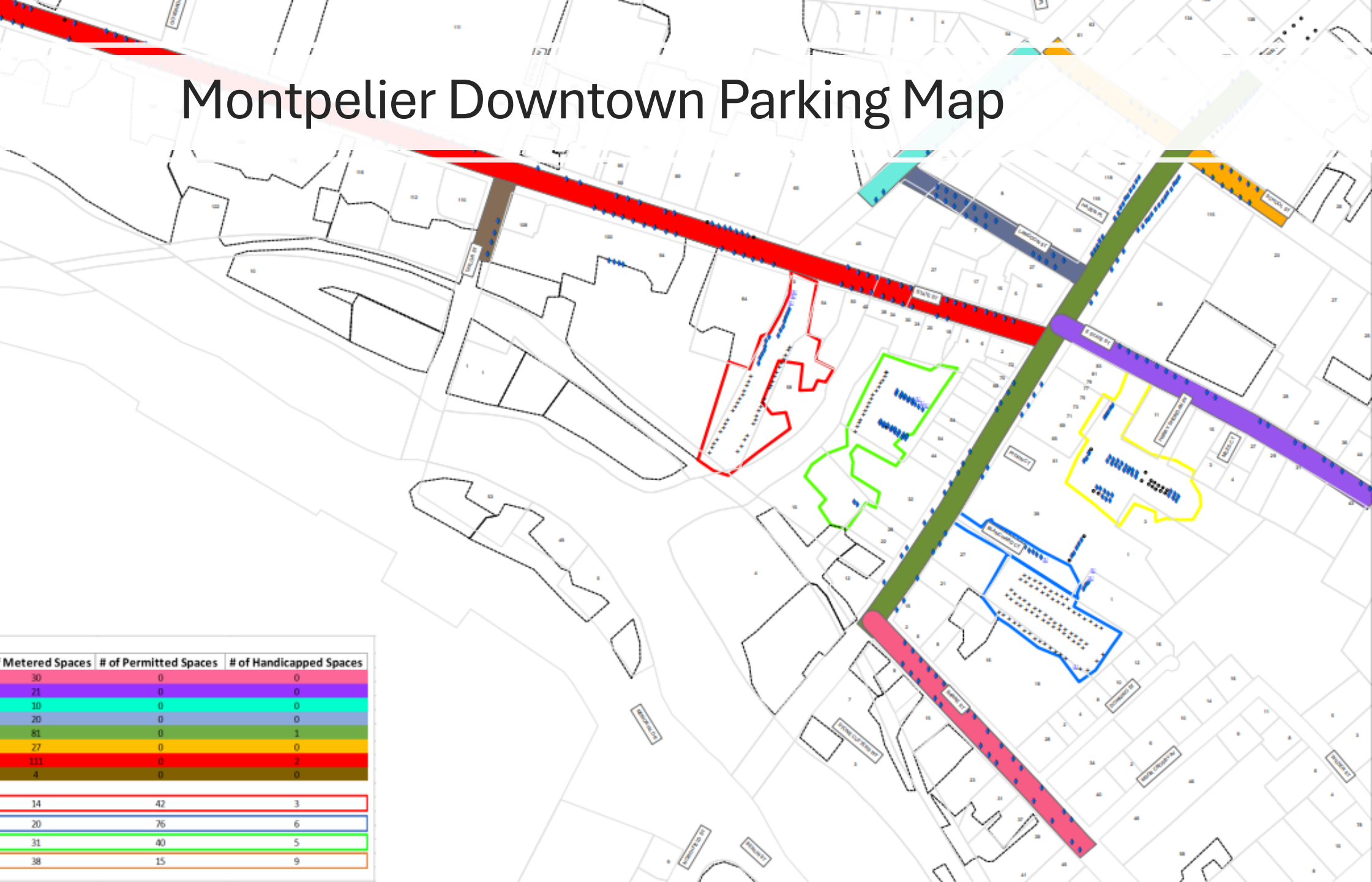
On-street Parking LOCATION

- BARRE ST
- E STATE ST
- ELM ST
- LANGDON ST
- MAIN ST
- SCHOOL ST
- STATE ST
- TAYLOR ST

Lot

- 60 State St Lot
- Blanchard Lot
- Jacobs Lot
- Pitkin Court

Location	# of Metered Spaces	# of Permitted Spaces	# of Handicapped Spaces
Barre Street	30	0	0
East State Street	21	0	0
Elm Street	10	0	0
Langdon Street	20	0	0
Main Street	81	0	1
School Street	27	0	0
State Street	111	0	2
Taylor Street	4	0	0
60 State St Lot	14	42	3
Blanchard Lot	20	76	6
Jacobs Lot/ VLCT	31	40	5
Pitkin Lot	38	15	9



Parking Fund Budget Snapshot FY26

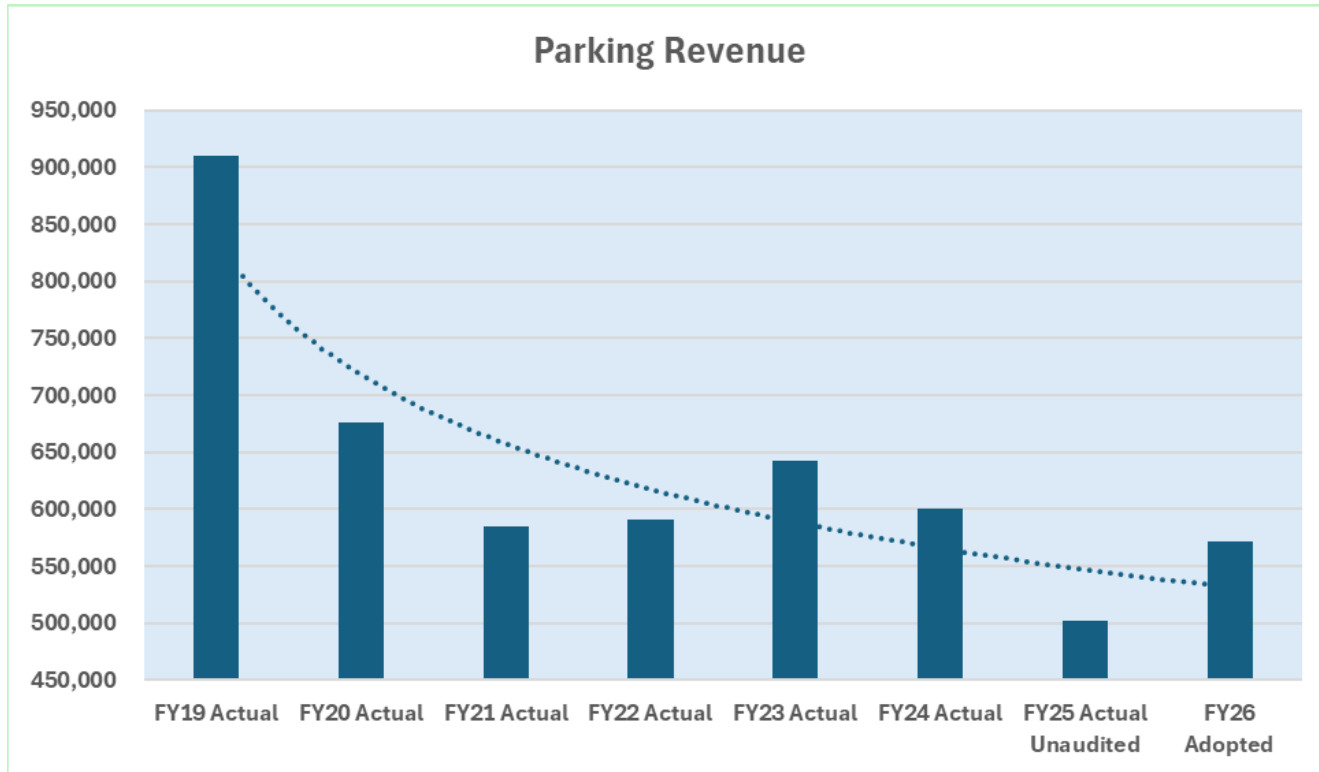
• FY26 Budgeted Revenue Sources:

- Meter, Vending, ParkMobile: \$333,860
- Permits: \$106,000
- Tickets: \$102,359
- Employee Parking: \$29,130

Revenue Categories	FY26 Budget	Percentage of Total
Charges for Service - Meters & Permits	(468,990)	82.08%
Charges for Service - Tickets	(102,359)	17.92%
Total	(571,349)	100.00%

Expense Category	FY26 Budget	Percentage of Total
DPW-PARKING MAINT	23,606	4.13%
PARKING ENFORCEMENT	547,743	95.87%
Total	571,349	100.00%

Trends – Revenue & Tickets



Year	Tickets
2019	13,067
2020	5,364
2021	7,933
2022	9,157
2023	6,230
2024	5,463
2025	2,664 (YTD)

Revenue Shortfalls & Fixed Costs



Revenue still below pre-COVID levels



Fixed costs (leases, tech, maintenance) remain constant



FY24 Parking Fund: Operating at a small loss only because of \$215,000 in Budget Adjustment Act funding.



FY25 Parking Fund Unaudited: Operating at an approximate \$216k loss



No surplus for capital reserves or reinvestment



A structural imbalance persists without intervention.

Enforcement Staffing Constraints

Current staffing:

- 1 full-time enforcement officer
- 1 partial support position
- Deputy Police Chief:
 - Funded by the Parking Fund
 - Reflects the approximate share of police & dispatch time spent on parking-related issues

FY25 Budget:

- A part-time enforcement position was eliminated

Impact:

- Small staff = limited enforcement capacity
- Reduced ticket volume
- Lower compliance and turnover
- Staffing limitations directly affect revenue and system effectiveness.

State Workforce Return

Hybrid work significantly reduced weekday parking demand since 2020

Beginning December 2025, State employees will return to in-office work 3 days per week

This change is expected to:

- Increase weekday parking demand, especially in core areas
- Boost permit and hourly usage
- Improve turnover and revenue recovery

Reinforces the need to:

- Monitor demand trends
- Reassess permit allocations and pricing
- Ensure enforcement capacity aligns with increased activity

The return of State workers presents an opportunity to stabilize and grow parking revenue.

Parking Lot Lease Evaluation

Jacobs Lot (60 R Main St)

- Lease Period: February 1989 - February 2088
- Lease Rate Paid by City: 2025 = \$42,706.94 (annual increase tied to Boston CPI)
- Property Tax Paid by City: 2025 = \$7,118.68
- Termination: City required to provide 9 months advance written notice if payments are not approved by City Council in annual budget
- Purchase: City and Owner may agree on a sale of the property at any time during the lease period. City has right of first refusal if Owner accepts third party offer.
- City Responsibilities: Taxes, utilities, repair, maintenance, plowing, salting, parking meter and sign installation/removal, insurance
- Misc:
 - \$1,600 deposit refundable upon sale or termination of lease.
 - The City has an agreement with French Block Limited Partnership to provide them with 2 handicap accessible spaces and 16 additional parking spaces for \$50/mo. per space, and area for totes/trash. This agreement terminates if the Jacobs Lot lease terminates and becomes perpetual if the City purchases the lot.

Heney Lot (60 State St)

- Lease Period: July 2016 - July 2065
- Lease Rate Paid by City: \$41,929.54 FY25 (3.5% annual increase)
- Property Tax Paid by City: \$7,874.28
- Property may be sublet
- Termination: No termination clause
- Purchase: City and Owner may agree on a sale of the property at any time during the lease period
- City Responsibilities: Taxes, utilities, insurance, maintenance
- Misc:
 - On or before July 1, 2026 the City and Owner shall review the lease rates to determine whether the parking lot rates remain current for the market at that time. The parties may reach agreement on the base rate for the next 10 years with the annual 3.5% annual increase remaining in place

Parking Rates

Parking Rates

Parking fees are charged from 8:00 AM - 5:00 PM, Monday through Friday. There are no fees on evenings, weekends and legal holidays.

Parking Space	Rate per Hour	Time Limit	Notes
On-Street Metered	\$1.00 / hour	2 Hour Limit	
Public Parking Lots	\$0.75 / hour	All Day - No Minimum	Does Not Include Stonecutter's
Stonecutter's Way Lot	\$0.50 / hour	All Day - No Minimum	

Policy Options for Consideration

Each option has trade-offs in equity, cost, and access.

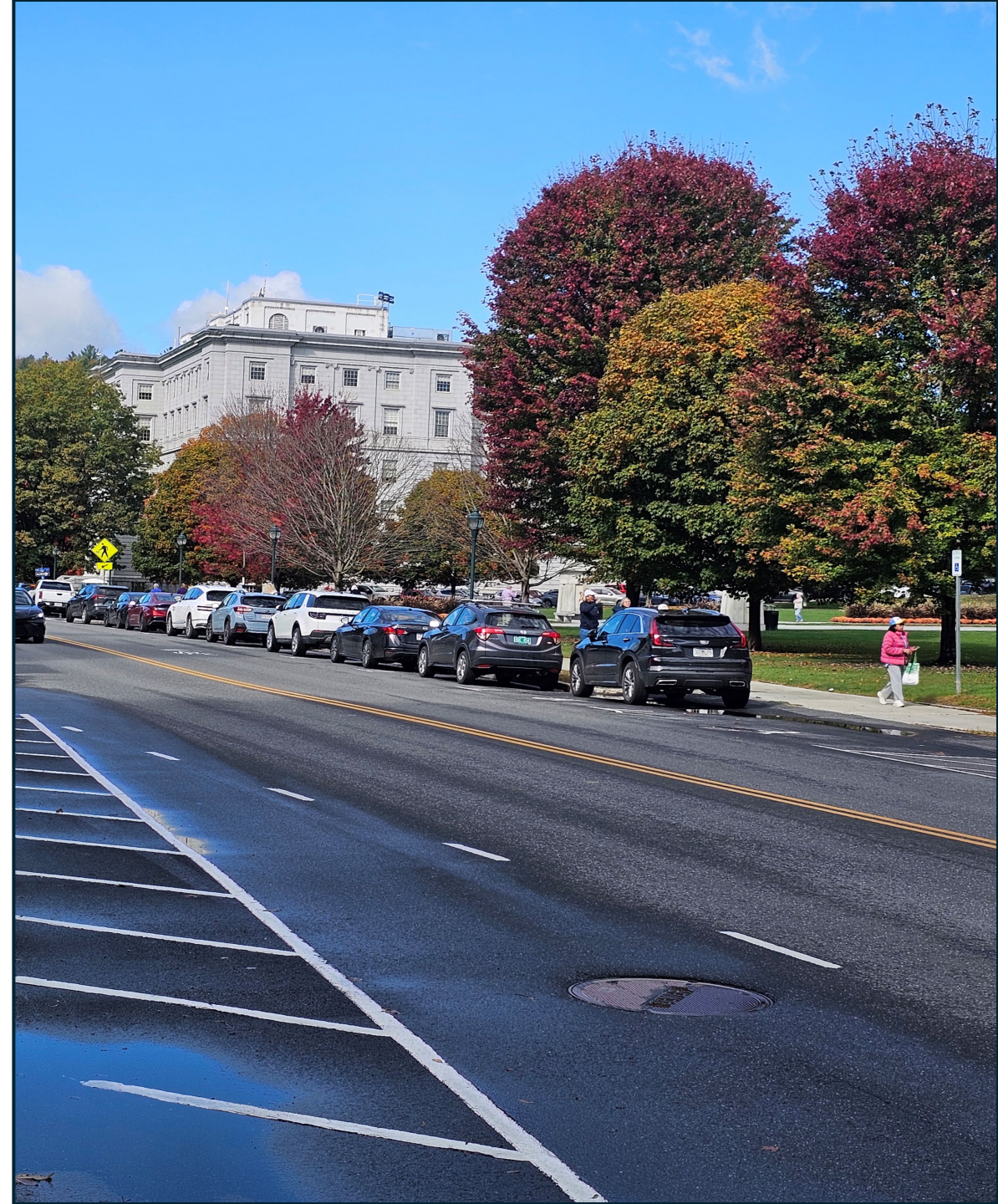
Options	Description
1. ParkMobile-Only	Remove meters/kiosks
2. Demand-Based Pricing	Variable rates by zone
3. Hybrid System	Keep meters + digital
4. Permit Reform	Discourage long-term street parking
5. Lease Review	Reassess leased lot use
6. Tech Enforcement	License plate readers
7. Free Parking	No meters

Discussion – Questions for Council

As we build the FY27 budget, consider:

- Rate review – should we adjust hourly or permit rates?
- Is current enforcement sufficient?
- Are leased lots still needed?
- Should we move to ParkMobile only?
- How do we ensure equity and accessibility?
- How will we fund parking lot repairs & maintenance

Positive: The return of the State workforce in December should drive an increase in revenue which may help significantly towards stabilizing the fund.



District Heat Fund

District Heat Montpelier is a collaborative project between the City of Montpelier and the State of Vermont that delivers local, renewable thermal energy to downtown Montpelier. Following the reconstruction of the State's central heating plant in 2013–2014, modern wood-fired boilers now heat the Capitol Complex and 17 downtown buildings, including municipal, school, and private properties.



DISTRICT HEAT MONTPELIER
AN ENERGY INDEPENDENT DOWNTOWN

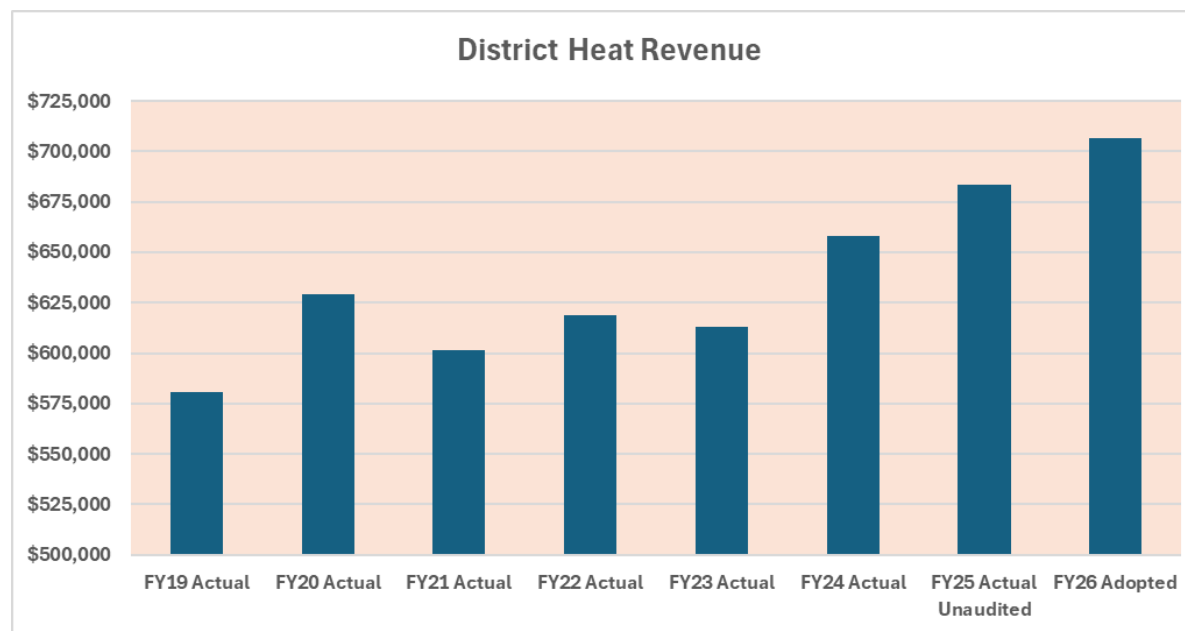
District Heat Fund Budget

Revenue Categories	FY26 Budget	Percentage of Total
Charges for Service - Capacity	483,208	68.37%
Charges for Service - Energy	223,526	31.63%
Total	706,734	100.00%

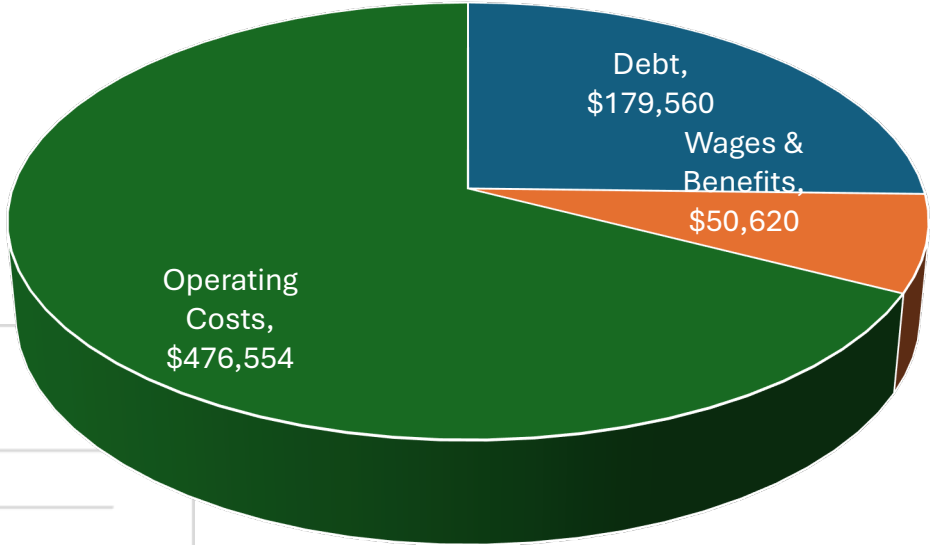
Expense Category	FY26 Budget	Percentage of Total
DIST HEAT ADMINISTRATION	191,885	27.15%
DIST HEAT ENERGY	231,149	32.71%
DIST HEAT OPERATIONS	119,010	16.84%
DIST HEAT STATE CONTRACT	135,317	19.15%
DIST HEAT DEBT RESERVE	29,374	4.16%
Total	706,734	100.00%

Revenue Types & History

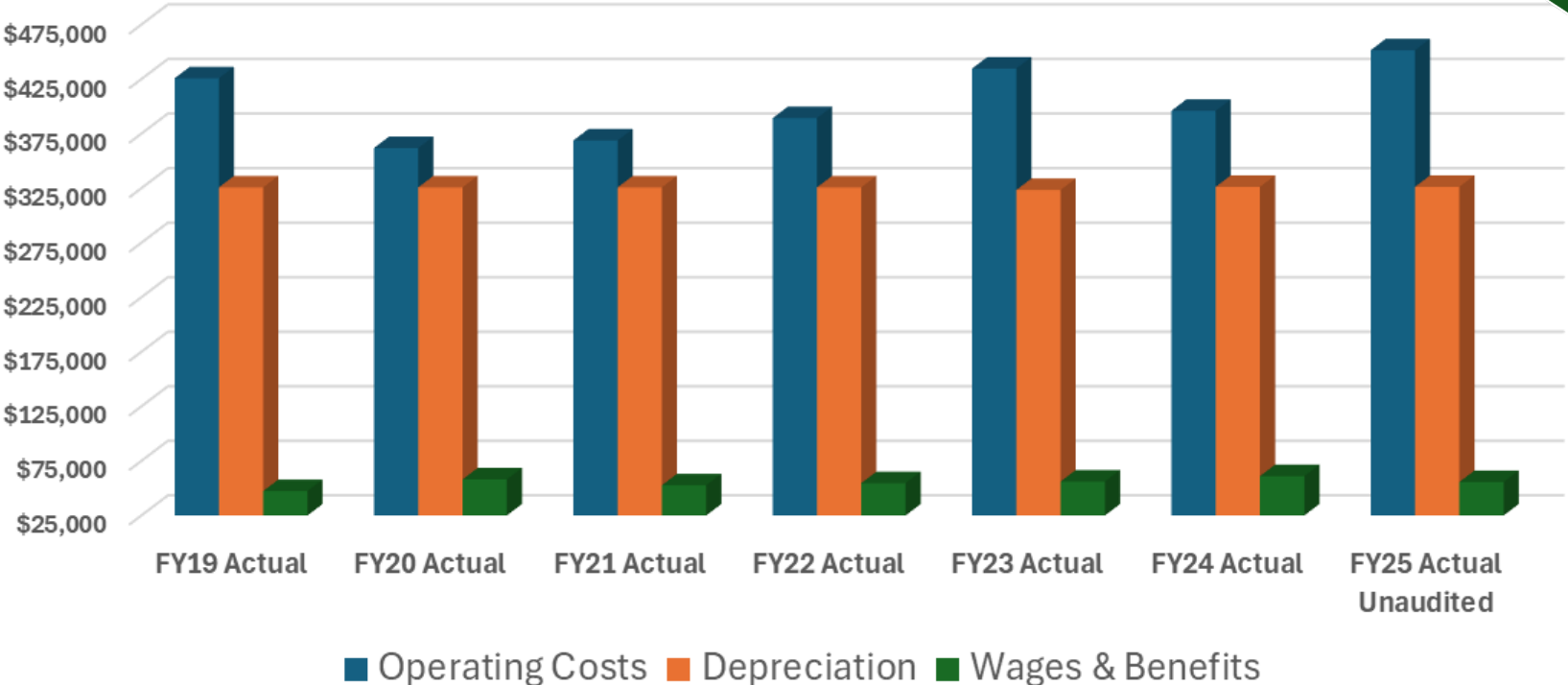
- Capacity Charge: Covers operations, repairs, and debt service
- Energy Charge: Covers energy/fuel costs
- FY26 Proposed Rates:
 - Capacity: \$6.90/MBTUH (no change)
 - Energy: \$16.65/MMBTU (+\$1 increase)



Expenditure Overview



District Heat Historical Cost Categories

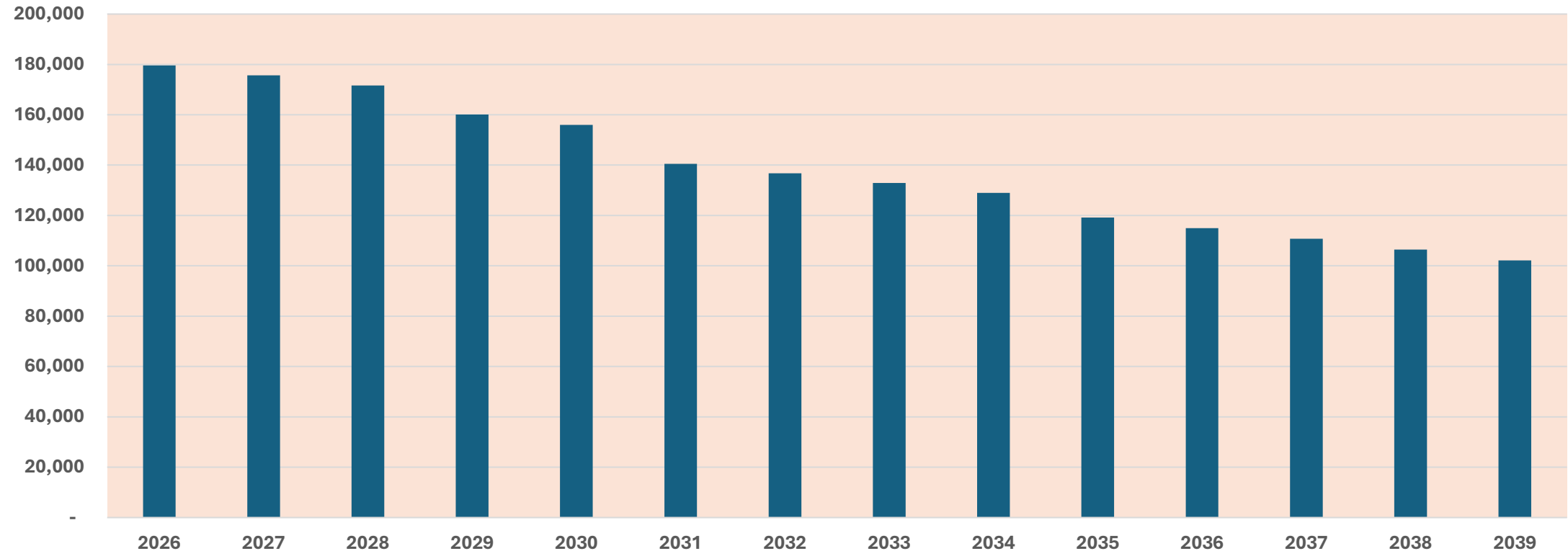


Key cost drivers:

- State contract
- Heating fuel
- Personnel
- Depreciation
- Debt service

Debt Service

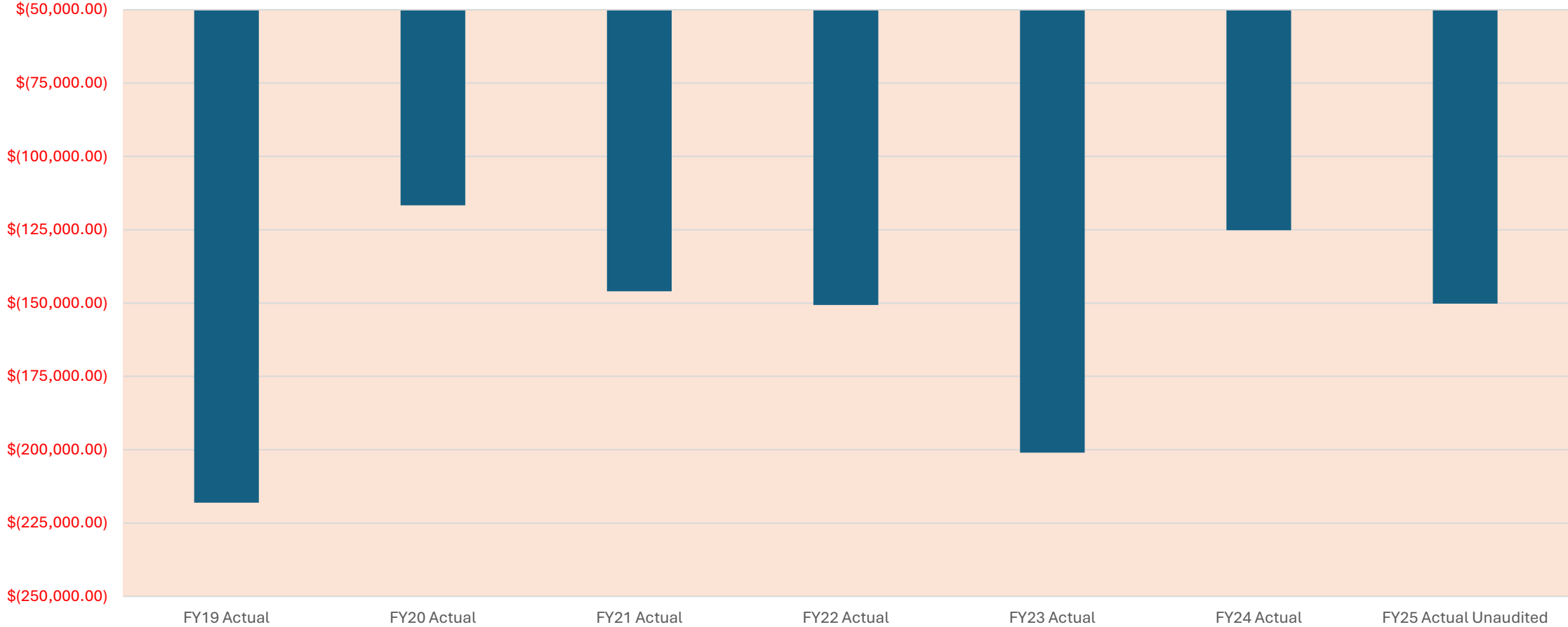
District Heat Annual Debt Service, Total \$1.935m Remaining
*Excludes \$750k to VEDA



If customer's do not renew contracts after year 20 (2034), there is approximately 1.3 million in debt payments remaining.

Annual Operating Loss

Decrease in Net Position



Challenges & Customer Expansion

Challenges:

- Limited customer base
- High fixed costs
- Aging infrastructure
- Debt that exceeds the original 20-year customer contracts
- Operating at a Loss

Customer Expansion:

- Working to add new customers
- Partnering with State of Vermont
 - Has offered support
 - Potential Grant Opportunities
 - Assistance with Grant Application
 - Further System Evaluation
 - Cost/Benefit Analysis

Looking Ahead: FY27 District Heat Budget

Continued Focus on Financial Sustainability

- Monitor operational costs and trends
- Evaluate rate structure based on updated capacity and usage data

Customer Expansion & System Optimization

- Advance interconnection projects to grow customer base
- Leverage grant funding
- Work with the State

Infrastructure Resilience

- Plan for long-term capital improvements

Environmental Impact

- Reduce fossil fuel dependence through strategic customer conversions
- Support Montpelier's climate and energy goals