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BOARD OF FINANCE MONDAY, MARCH 18, 2013

MINUTES

PRESENT: Mayor Weinberger; City Council President Shannon; Councilors Bushor and Paul; Interim CAO Sisson

ALSO PRESENT: ACAO Goodwin; ACAO Schrader; City Attorney Blackwood; Mike Kanarick, Carina Driscoll, Jen Kaulius, Mayor's Office; Steve Goodkind, Erin Demers, Public Works; Gene Richards, Bob McEwing, Airport; Barbara Grimes, BED

ABSENT: Councilor Decelles

1. Agenda

Mayor Weinberger stated item 5 will be removed from the agenda.

Councilor Bushor and City Council President Shannon made a motion to adopt the agenda as amended. The motion passed unanimously.

2. Public Forum

No one came forward to speak.

3. Approval of the Board of Finance Minutes

- a. February 19, 2013
- b. March 11, 2013

Councilor Bushor and City Council President Shannon made a motion to adopt the minutes. The motion passed unanimously.

4. Approval of Agreements Related to Shelburne Street Roundabout Project – DPW

City Council President Shannon and Councilor Paul made a motion to approve the agreements.

City Council President Shannon stated this project has been held up for a couple of years and inquired what caused that. She noted that the memo shows the many of the expenses are being covered by the State and a few expenses are up in the air. She inquired if they will be incurring costs in the future. Erin Demers, DPW, stated this is a utility agreement for the Water and Sewer relocation. The State of Vermont is in final design for the roundabout itself. This would relocate the utilities underneath that design. There are several utilities under the roadway and this will move them into one common duct bank. The City will obtain funds from the State to do that work. City Council President Shannon inquired if they need \$46,000 to do this. Ms. Demers stated the State will give the City \$46,000 for the sewer work and \$25,000 for the water. They

will either do engineering in house or contract the work out. City Council President Shannon inquired if this is the first thing that has been approved for the project. Ms. Demers stated it is. It does not require Board of Finance approval, but she did want to keep this Board informed about the project. City Council President Shannon inquired what has caused the delay. Ms. Demers stated they have been doing the engineering work. They have spent about two years on the utilities.

The motion passed unanimously.

5. Memorandum of Understanding for Waterfront Access North Project – BED and DPW

This item was removed from the agenda.

6. Authorization for Budget Adjustment – Marketplace

City Council President Shannon and Councilor Bushor made a motion to approve the budget adjustments.

Councilor Bushor inquired if this will finalize how money will be paid back for money that was spent without a revenue source. Interim CAO Sisson stated that is correct.

The motion passed unanimously.

7. Authorization for North Concourse Restroom Renovation – Airport

Councilor Paul and City Council President Shannon made a motion to approve the renovations.

Councilor Bushor requested that language noting that the work will be paid with passenger facility charges (PFC) and Airport operating revenue be added to the resolution. This would make it consistent with language in the communication. Mayor Weinberger inquired what their expectation for funding sources is. Gene Richards, Airport, stated the entire project will be paid from PFC. Mayor Weinberger stated the communication states they will use both funding sources. He inquired if they will use operating revenue if there is a shortage in PFC. Bob McEwing, Airport, stated they may need to do that, but the project is 100% reimbursable under the PFC program. It is different from previous projects that typically have a portion paid under Airport operating expenses. He expects that language was included in error. Councilor Bushor stated they can use either language, but it should be consistent. Mr. McEwing stated they will add language to clarify the resolution.

Mr. Richards stated that during the bidding process, they had four bidders. The company they picked submitted their proposal four minutes late. Other bids had not been opened. They decided to choose them because they are familiar with the Airport and were the lowest bidders. He did consult with the City Attorney before moving forward. Mr. McEwing stated the Airport Commission voted to waive that condition. Mr. Richards stated the Airport Commission approved that by a vote of 4-1.

The motion passed unanimously.

8. Authorization for Acceptance of 2013 IBM Smarter Cities Challenge Engagement Grant – Mayor’s

The Board addressed an item that would allow the Mayor’s Office to accept a grant from IBM valued at \$400,000 of consulting services.

City Council President Shannon and Councilor Paul made a motion to accept the grant. The motion passed unanimously.

9. Approval of Contract for Turbine Maintenance at McNeil - BED

The Board addressed an item to allow execute a maintenance contract with Alstom Power for ongoing maintenance to the turbine at McNeil.

Councilor Paul and City Council President Shannon made a motion to approve the contract. The motion passed unanimously.

10. Revised FY14 Budget Timetable

Councilor Bushor stated she does not know who the Board of Finance will be and if those dates will work for those individuals. This should be considered a draft timeline to be confirmed by the new Board of Finance. City Council President Shannon stated the timeline is pretty tight. She would suggest that this be on the agenda for the first Board of Finance meeting of the new Council and concurrently on the City Council agenda. Councilor Paul stated that in the past they have taken an informal poll about which days and times of the week worked best for people. Councilor Bushor stated this will likely work, but she wants to be respectful of a body that hasn’t formed yet.

Interim CAO Sisson stated that he reduced the number of meetings by one and included a review session to revisit any departments that had to make changes.

Councilor Paul stated in the past there was a resolution passed requesting that as department heads present their budgets, they go over any deficiencies found in the management letter affecting their department. They would also present a plan for correcting the issue. Interim CAO Sisson stated they will do that.

City Council President Shannon and Councilor Bushor made a motion to postpone action until the next Board of Finance meeting and to distribute the schedule to the Council on April 1.

Councilor Bushor stated there will be a new Council and Board of Finance on April 1. It would be helpful to have this available for that Council. Interim CAO Sisson stated he will do that. Mayor Weinberger stated they may schedule a new Board of Finance meeting between organization day and the first Council meeting.

The motion passed unanimously.

11. Fiscal Stability Bond Preliminary Time Schedule

Interim CAO Sisson stated they are on track to close by the end of April. They will not price or sell until after income taxes are complete on April 15. They have made great progress on the document. The description of the City was submitted and they will have a new version of the preliminary OS soon. They are not anticipating any problems with meeting this schedule.

Councilor Paul inquired what they anticipate for an issue date. Interim CAO Sisson stated the closing will be April 17-23. Councilor Paul inquired when they will be dated and when the payments will be. Interim CAO Sisson stated the payments will be either annual or semi-annual. It will be a 15 year term with \$600,000 principal payments per year. The date of the issuance is usually the date of the official statement. Debt service requirements will be on the first of the month.

12. Communication of Status of Audit Reports (Verbal)

Interim CAO Sisson stated on Friday he received a revised draft of the Water Enterprise Funds. He will review the document and then issue it. The Single Audit Report draft should be complete this week. They are still working on one comment within the management letter and they will then issue that final.

13. Communication of FY13 Budget Status (Verbal)

Interim CAO Sisson stated they are concerned with two departments. Parks and Library have new directors who inherited budgets that were poorly pulled together. They have worked with the departments to make their budgets work as much as possible. The Parks Department has been working to make up \$90,000 in parking lot revenue at Perkins Pier that was put into the budget even though the contract was not renewed. The Library had a major HVAC unit break down and had no choice to repair it. Without a director, they went ahead and made the repairs. They are working to resolve that problem. The Fire Department is facing problems with overtime expenses because of the contract and minimum staffing requirements. They cannot avoid overtime with the way the contracts are set up. It affects the department as a whole, not the stations, so they do not even have an option to close a station. They will work to change minimum staffing requirement to something that provides more flexibility during negotiations. They have over-expended about \$100,000.

Councilor Bushor inquired when the third quarter revenues will be finished. Interim CAO Sisson stated they like to wait about two or three weeks to get payables caught up. He will present something to the Board on April 15. Councilor Bushor thanked him for letting them know about the budget problems. There could also be areas where they exceeded expectations and would like to see how they are doing. There may be opportunities that were not realized that could offset the problems. Staffing of the Fire Department is complicated and she does not know what the regional or national norm is for staffing. Much of the decision was based on safety issues. Interim CAO Sisson stated he has heard the history of it and it has been a difficult battle. They will try to have minimum staffing addressed in a separate way in the future.

Interim CAO Sisson stated they think they will be ahead about \$100,000 on the gross receipts tax. They still have only received the first quarter of sales tax from the State.

Councilor Paul stated there are other municipalities that rely on sales tax revenue and the State

holds on to that money for a long time. She inquired if there has been any recent attempt to get the affected municipalities together to meet with the State. Interim CAO Sisson suggested they could work through VLCT. Mayor Weinberger stated it has not been suggested recently but they have been working more closely with other towns. That is a helpful suggestion.

14. Communication of Status of Records Storage at 3060 Williston Road (Verbal)

Interim CAO Sisson stated they have worked on the records storage facility at 3060 Williston Road. It is owned by the Airport. Boxes on the floor have been moved to new shelving. The hardest part will be selecting boxes that can be destroyed to make room for new records. That process has begun but is a difficult one. If a permanent record is destroyed there are problems. Once the boxes are sorted they will have them shredded.

Councilor Bushor inquired if there can be a selection process when they are boxed. There are some things that have to be retained for different lengths of time. When they store records, they write the destruction date on the box. It is essential to identify things correctly. Interim CAO Sisson stated most boxes are labeled with a destruction date. They have also put together a summary of the State's and City's records retention requirements. He will verify that everything is destructible before going ahead with it.

15. Communication of Status of Financial Literacy Webpage (Verbal)

Interim CAO Sisson stated he has begun looking for other financial literacy webpages to get ideas. He will likely borrow from other sources to create it.

Councilor Paul stated she would be happy to work on this project. The intent was to help people understand the pages of the budget and the audit. Many people feel they do not understand them fully. There are only a few pages that really matter. Having that explained in a way that is meaningful would allow for more understanding and transparency.

16. Communication of Status of Financial Strategic Plan (Verbal)

Mayor Weinberger stated they are encountering challenges with moving forward on this item. They first need to have an FY14 budget and the CAO's Office is focusing on that. They are also about to begin collective bargaining negotiations with two unions. Those contracts will affect the strategic plan. When these are complete, they will have a better understanding and capacity to move forward with this. This is the first time that they are aware of the City doing multi-year projections. This will be addressed after the budget process.

Without objection, Mayor Weinberger adjourned the meeting at 6:55pm.