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**BOARD OF FINANCE
MONDAY, JUNE 24, 2013
CITY HALL, CONFERENCE ROOM 12
5:00 PM**

PRESENT: Mayor Weinberger; City Council President Shannon, Councilors Knodell, Aubin, and Bushor; CAO Rusten

ALSO PRESENT: Councilors Worden and Blais; Councilor Paul (5:50pm); ACAO Goodwin; ACAO Schrader; City Attorney Blackwood; Susan Leonard, HR; Ryan Betcher, Airport; Mike Kanarick, Mayor's Office; Terry Bailey, Jeanne Collins, School Department; Bernie O'Rourke, Miriam Stoll, Kathy Chasan, School Board; Joe Farnham, McNeil, Leddy, Sheahan; Martha Lang, Max Spencer, Nancy Kirby.

1. Agenda

Mayor Weinberger stated they will move item 7 to item 2.5. Item 5 was removed from the agenda.

On a motion by City Council President Shannon and Councilor Bushor, the motion was adopted unanimously as amended.

2. Public Forum

Martha Reid Lang, Ward 1 Resident, spoke against the sale of 150 Colchester Avenue to UVM.

Nancy Kirby, Ward 1 Resident, spoke against the sale of 150 Colchester Avenue to UVM.

2.5. (formerly item 7) Authorization for Employee Benefits Agreements – HR

- a. Dental Care – Resolution**
- b. Life Insurance - Resolution**
- c. Health Insurance - Resolution**

Susan Leonard, HR, stated that the agreements for Health, Dental and Life Insurance are all up for renewal. They did a competitive RFP process for each. Both Dental and Life bids are less than what they were paying previously. They will be staying with Delta Dental who has reduced their price per member from \$4.18 per employee per month to \$3.50. The current Life Insurance provider did not bid so they will use The Standard, a company they have used in the past. They are recommending they continue to work with Blue Cross Blue Shield. Blue Cross Blue Shield proposed a 25% increase in administrative fees for the first year, but have agreed to hold that rate for the following two years. She feels these are good outcomes.

Councilor Bushor stated she was surprised that they did not receive the different bids so that they could compare what the savings were. She has no way of knowing that this is a good deal or not, and would like to see more information in the future. She inquired if The Standard was the only

company to respond. Ms. Leonard stated they were not the only ones to respond, but they were the only company who provided the correct coverage per City policy. They also have had a relationship with this company in the past. Councilor Bushor inquired what other health insurance companies submitted proposals. Ms. Leonard stated that MVP and Cigna. Councilor Bushor inquired if Blue Cross Blue Shield was still the best choice even with the 25% increase. Ms. Leonard stated they agreed to hold their rate steady for three years and to increase their wellness contribution by \$20,000. She also noted that they have switched their plan from a premium credit plan to an administrative services only program. This will allow them to look at program design and bring back changes which could also enhance savings.

Councilor Knodell inquired about the administrative fee versus the cost of insurance. Ms. Leonard stated the City is self-insured so the admin fee is a fixed amount. The other portion of the cost is claims.

Councilor Bushor and City Council President Shannon made a motion to approve the insurance agreements and recommend City Council approval. The motion passed unanimously.

3. Authorization for Real Estate Transactions – Schools

Mayor Weinberger stated the School Board has already deliberated on this item. It came before the Board of Finance at their last meeting but they did not take action on it. It will still have to go to the full City Council at a later date.

Councilor Knodell inquired if the Board will be taking action at this meeting. Mayor Weinberger stated they could and the School District would prefer it, however there is some uncertainty around this item.

Jeanne Collins, School Board, stated they will provide all of the information that they need to take action. She introduced School Board members who have been working on this transaction. In 2006, the School Board directed the administration to look at reducing the number of School Buildings in the district, looking specifically at Taft School and Ira School. At that time, UVM indicated that they were interested in the building. They went into Probate Court and received a decision in 2008 which said what the building can be used for. They stated very clearly that it must be used for educational purposes. They also went to the City for a bond in 2008 to do work at the Sustainability Academy, Smith Elementary, and Flynn Elementary. As they began that work, they started using St. Joseph's space through a lease. They are very familiar with the building and its condition. They have made some infrastructure improvements themselves. When the opportunity came for St. Joseph's to sell, and UVM was interested in other properties, and there was a feeling that they could not go to the voters for additional money, they felt they should take advantage of this opportunity. The money received from Ira Allen and Taft will be used to renovate St. Joseph's. They were not able to talk about this publically until now because it is a real estate discussion and there are times when information has to remain confidential. They have not chosen to have a final decision on how the school will be used because it is not appropriate. This real estate deal will increase square footage in the district by 25%. They will reduce maintenance liability from two buildings to one building. They are aware of St. Joseph's condition and they believe it is in better condition than Taft despite being nine years older. It will also reduce ongoing maintenance costs on an annual basis. The immediate plan is to move Taft and Ira Allen into St. Joseph's. They would then discuss longer term plans through a public

process. They are not currently able to convert Taft into a school because it would be very expensive. There are also two alternative programs in Taft that they would have to relocate. This is financially responsible and allows for greater flexibility in usage of space for students.

City Council President Shannon stated there are two Burlington School programs in Taft and inquired if there is any other space that is leased. Ms. Collins stated there is no other space that is leased, though they have leased space in the past. The Teachers' Union also has an office there. City Council President Shannon inquired if the School District is using all of Ira Allen. Ms. Collins stated they are. They are using all offices and some closet spaces as offices. City Council President Shannon stated the appraisal is dramatically different than the assessed value. She inquired who contracted the appraiser. Terry Bailey, Schools, stated they contracted the appraiser for their properties. The Parish contracted for the St. Joseph's appraisal. Mayor Weinberger noted that assessments are often different from appraisals. City Council President Shannon inquired about operating expenses of the building. Mr. Bailey stated they have a maintenance plan with limited resources available. When choices are made, they have to consider what impacts the most students. There are also times where emergency repairs must be made. Taft has not seen the attention it should have and there is a high cost of taking care of it. Ms. Collins stated there is a chart in the packet that shows a breakdown of utilities, their primary operating costs. There are also costs associated with long term maintenance.

Councilor Bushor inquired if the figures they presented refer to overall maintenance costs or just utilities. She inquired how many years they looked at these to determine these figures and how they made their determinations. Mr. Bailey stated the figures reflect one year of expenses. St. Joseph's has the newest furnace in all of the buildings. Councilor Bushor stated they had heard that Ira Allen could be used for commercial uses only, which she believed to be incorrect. The process has been ongoing, but it only just became public. Ward 1 has no elementary school and their students go to Edmunds. There has been a resurgence of young families and she feels they will not stay if they do not address issues with schools in Ward 1. They should be looking at this section of the City. Her residents feel they are being abandoned by the School Department. She sees no one addressing that. She has worked hard to support institutions and allow them to grow within their boundaries. This allows UVM to expand their boundaries. Trinity Campus was a nice small college and they have used it wisely. There have been some negative impacts on the ward, and to allow them to expand into a neighborhood that is barely surviving will probably lose them that neighborhood. She believes that they need time to work with neighbors. They may or may not be on board, but they definitely do not appreciate surprises and lack of process. She inquired where the other programs will go in the transition. She also inquired about parking at St. Joseph's. She believes that St. Joseph's is in the best interest of the School Department, but she believes they need another funding source. 150 Colchester Avenue is a sticking point for her and they should not abandon Ward 1. Ms. Collins stated the Taft lease addresses the Probate Court's interpretation of the will. If UVM were not to use it for educational purposes, it would revert back to the School District. Ira Allen is only a portion of the whole building and UVM owns the remainder of it. Mayor Weinberger inquired what portion of the building is owned by the Schools. Mr. Bailey stated that their portion of the building is surrounded by UVM property and UVM owns 90% of the parking lot. Ms. Collins stated parking at St. Joseph's is better than Ira Allen. In the interim, all of the programs at Taft and Ira Allen would be in St. Joseph's until they determine its use. Mr. Bailey stated the numbers are actual numbers for the utilities.

Councilor Knodell requested an explanation of the School Board's process. Bernie O'Rourke,

School Commissioner, stated the School Board always discussed this in executive session. They then gave the district authorization to enter into negotiations and come back with an agreement. The School Board was kept informed of the options and the costs throughout the process. Ms. Collins stated this discussion took place because of direction from the School Board in 2006. There was a feeling that their 100 year old buildings were starting to cost a significant amount. Kathy Chasan, School Commissioner, stated the School District is growing and they need space. This is a unique opportunity where they can gain 10,000 square feet to address that problem. They can continue to talk about space City-wide. Mr. Bailey stated they have tried to project what they will need in the future. They have considered growth in an effort to avoid portable classrooms. Ms. Chasan stated they have worked on a master plan to audit all of the buildings. They have been thinking about their options and have been considering this for some time.

City Council President Shannon stated she feels pressed for time and wants to ask more questions. She hopes they can continue this process. She senses that this will be a good thing for the School District and City finances. There is a sense that this is being rushed and is making this community feel tense. Ms. Collins stated she would be happy to come back for further discussion. As a real estate transaction, there is no guarantee how long it will remain available. UVM is allowing them to use Ira Allen rent free for one year if this transaction moves forward, but if this does not move forward in time they will need to have a plan in place about where to house those programs. It is important that there is an opportunity for the City and its residents to weigh in, but that process cannot take six months.

Councilor Knodell stated if they feel they need more process, they need to be clear about who is responsible for that process. City Council President Shannon stated that bringing it to the Board of Finance when there are other agenda items is not allowing them time for a back and forth. She suggested that they have a separate meeting for this item. Councilor Knodell stated she feels the Board of Finance has discussed the financial part and the outstanding questions are around public process. City Council President Shannon inquired if there has been much public process at the School Board level. Ms. Collins stated their master planning effort involved a number of community members. Discussions about finalizing this particular transaction have remained confidential. Now that it is public, they have done their best to publish information in the newspaper, on the web and on Front Porch Forum to make it as public as possible. Mayor Weinberger stated he feels they have discussed the needs of the School District and have a lot of information available. The Council is thinking more broadly about the future of the property and whether or not UVM is the right steward of that property. He inquired what other information they would like as a part of the public process. Councilor Bushor stated she would like to allow Ward 1 more opportunity to weigh in. The School Board is an elected body and people vote on their budget but hold City Council responsible. The purchase of St. Joseph's and Taft are not the issue, it is the 150 Colchester Avenue property and issues with UVM. She would like to hear what is being proposed and to know if there is another funding source. Ms. Collins stated it would be difficult to find another funding source because of restrictions on Taft. Mayor Weinberger stated he believes City Council could make a decision about this on July 15. City Council President Shannon suggested that they either refer it to the full City Council without a recommendation or hold another Board of Finance meeting to be devoted to this item only. Councilor Knodell spoke in favor of referring it to the Council without a recommendation.

City Council President Shannon and Councilor Knodell made a motion to refer this item to the City Council without a recommendation. The motion passed by a vote of 4-1 with Councilor

Bushor voting against.

4. Authorization for Hangar Condominium Association Lease Renewal – Airport

The Board addressed an item to allow the Airport to lease land to Hangar Condominium Association.

Councilor Bushor and City Council President Shannon made a motion to authorize the lease renewal.

Councilor Bushor noted a date in the resolution that needing correction.

The motion passed unanimously.

5. Authorization for TSA Terminal Lease Space Renewal – Airport

This item was removed from the agenda.

6. Authorization for Calahan Athletic Field Renovation Contract - Parks

The Board addressed an item to allow the Parks Department to sign a contract with R.J. Piche Excavating for renovations of Calahan Athletic Field.

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

Councilor Bushor requested that when they address contracts they include information in the packet showing that a livable wage is being paid. She feels that she has to ask each time. Mayor Weinberger stated he does not sign contracts unless they go through the City Attorney's Office. The City Attorney's Office ensures that livable wage certifications are included in the contract.

The motion passed unanimously.

Without objection, Mayor Weinberger adjourned the Board of Finance meeting at 6:08pm.