



OFFICE OF THE CLERK/TREASURER

City of Burlington

City Hall, Room 20, 149 Church Street, Burlington, VT 05401

Voice (802) 865-7000

Fax (802) 865-7014

TTY (802) 865-7142

BOARD OF FINANCE MONDAY, JULY 8, 2013

MINUTES

PRESENT: Mayor Weinberger; City Council President Shannon; Councilors Knodell and Bushor; Councilor Aubin (Phone); CAO Rusten

ALSO PRESENT: ACAO Goodwin; City Attorney Blackwood; Assistant City Attorneys Bergman and Haesler; Steve Goodkind, Norm Baldwin, Megan Moir, DPW; Doreen Kraft, BCA; Susan Leonard, Stephanie Reid, Julie Hulburd, HR; Jesse Bridges, Parks; Seth Lasker, Lise Veronneau, Fire; Nathan Wildfire, CEDO, Ken Nolan, Barbara Grimes, BED.

1. Agenda

Mayor Weinberger stated item 11 will be removed from the agenda.

On a motion by Councilors Bushor and Knodell, the agenda was adopted unanimously as presented.

2. Public Forum

No one came forward to speak.

3. Approval of the Board of Finance Minutes

a. June 17, 2013

Councilor Bushor requested a correction be made to a section of the minutes that used double negatives. She also requested an addition to the minutes to include her request for more detail in budget summaries. She requested they discuss union and non-union COLAs at a future meeting.

On a motion by Councilors Bushor and Knodell, the minutes were adopted unanimously as amended.

4. Authorization for Reclassification of BCA Office Assistant II – HR

Doreen Kraft, BCA, stated that many of their positions have changed significantly over the years as they have determined what new programming would require. This position has changed dramatically. The employee used to answer the phone and take registrations for regular BCA programming. As they have evolved into a museum, this position now provides services. It is much more encompassing and requires art credentials. They have learned how to create a welcoming experience and provide important information to visitors. They keep track of who comes in and information about them. That information is sent to other staff members to help

inform them about programming. This position does not really exist anymore, so they have created a job description based on what this person is already doing. The impact on the budget will be about \$4,000, but it is already accounted for in their budget.

Councilor Aubin inquired if the \$4,000 increase is included in the budget and will come from fundraising. Ms. Kraft stated that is correct.

Councilors Bushor and Knodell made a motion to approve the reclassification. The motion passed unanimously.

5. Authorization for Creation of Stormwater and GIS Technician Position – HR

Councilor Bushor and City Council President Shannon made a motion to approve the creation of the limited service position.

Councilor Bushor inquired if there would be a budget shortfall if they were to create this position. Steve Goodkind, Public Works, stated there will not be and the position is fully funded. Councilor Bushor stated she wants to ensure there is sufficient funding for this position. Megan Moir, Stormwater, stated they do have some reserves from previous years. They will be raising the rate halfway through FY14 which will generate some additional revenue. In FY15 they will collect the full amount needed to do all of the work they need to do, including funding this position. Mr. Goodkind stated the fee increase will be phased in over two years.

Councilor Aubin inquired what a limited service position is and how it differs from a regular employee. Susan Leonard, HR, stated a limited service position is a special category where the employee receives all benefits other than retirement. It lasts between one and three years. It is used when there is a specific project that is time specific or if there is a transition in the organizational structure. It allows them to try out a position to see if it will be needed long term.

The motion passed unanimously.

6. Authorization for Creation of Parks Bike Path Maintenance Specialist Position - HR

The Board addressed an item to allow the Parks Department to create a position for a limited service Bike Path Maintenance Specialist.

City Council President Shannon and Councilor Knodell made a motion to approve the creation of the position. The motion passed unanimously.

7. Authorization for Ambulance Billing Contract with VNA – Fire

CAO Rusten stated that the purpose of this agenda item is not for the Board of Finance to approve the contract but to inform the Board that because the contract is only for six months it does not meet the \$50,000 threshold requiring Board approval. If it had been for one year then the Board would have to approve the contract. . Lise Veronneau, Fire, stated they intend to go out to bid for ambulance billing services that the Visiting Nurses Association (VNA) has provided in the past. Because the bid process is lengthy, they have decided to do a six month agreement with the VNA. They will go out to bid between now and the end of the year. If they are not able to close on an RFP or the RFP secures the current vendor to bring the contract over

\$50,000, they would then return to the Board of Finance. Mayor Weinberger stated the VNA agreed to continue doing the billing but said they would have to charge a substantially larger amount. They then decided to go out for a competitive bid process. Ms. Veronneau stated the VNA has been doing ambulance billing at a deficit and cannot continue to do that.

Councilor Bushor inquired if they anticipated the increase in the budget. Ms. Veronneau stated they budgeted for the cost of this contract as if it will run a full year. Councilor Bushor inquired if they increased the budget as a placeholder. Ms. Veronneau stated the money that will be spent for ambulance billing is fully funded in the FY14 budget. CAO Rusten stated they have budgeted as if they will need to pay for this contract for the full year, but have only signed a contract for six months. They hope that the bid process will result in a lower cost.

Councilor Bushor and City Council President Shannon made a motion to accept the communication and place it on file. The motion passed unanimously.

8. Authorization to Accept USAR Training Grant – Fire

The Board addressed an item to allow the Fire Department to accept an \$82,263.42 grant from the Vermont Department of Public Safety for training.

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

9. Authorization to Enter Local Match Agreement for Bike Path Scoping - DPW

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

Councilor Aubin stated the memo mentioned that the local portion was going to be split 50/50 between Parks and Public Works, but another section of the memo said Parks would contribute \$4,000, which is more than half. Jesse Bridges, Parks, stated they had budgeted for \$4,000 thinking the total cost might be higher, but the amount came in lower. They will still split the cost 50/50.

The motion passed unanimously.

10. Authorization for Parking Meter Fee Reduction for Catamount/Van Ness LLC - CEDO

City Council President Shannon inquired if the proposal is to allow them to use the parking spaces for \$4 per day. Nathan Wildfire, CEDO, stated it is \$10 per day.

Councilor Bushor inquired if they determined the amount of revenue this will generate by multiplying the fee by the number of spaces by the number of days they will be used. Mr. Wildfire stated that is correct.

Councilor Knodell stated they have indicated that the project will take between 8-12 months and inquired what the figure is based on. Mr. Wildfire stated it is based on an 8 month time period. Councilor Knodell inquired if they are confident that it will take 12 months or less. Mr. Wildfire stated they are fairly confident that it will be done in 12 months, but the agreement allows DPW

to extend the agreement on a month to month basis.

City Council President Shannon stated there is a standard rate of \$20 per day. She inquired why they need a 24 hour per day meter hood. Mr. Wildfire stated the spaces are for residents of the Hines Lofts, so they will be coming in and out of their spaces at all hours of the day. City Council President Shannon inquired if the Flynn is aware of this. Mr. Wildfire stated that they have notified them as a courtesy, but the Flynn does not have any control of those spaces.

Councilor Bushor stated the City has run into this situation downtown several time. She has concerns about the impacts on the area. Mayor Weinberger stated there are a lot of conversations about parking policies happening throughout the City.

Councilor Bushor and Knodell made a motion to approve the fee reduction. The motion passed unanimously.

Councilor Bushor requested they address items 14 and 15 and then return to items 12 and 13. The Board agreed.

11. Authorization to Enter TIF Repayment Agreement with the State of Vermont - Mayor

This item was removed from the agenda.

12. Delegation of Authority for Budget-Neutral Amendments – C/T

City Council President Shannon and Councilor Aubin made a motion to approve the delegation of authority for budget neutral authorities.

CAO Rusten stated they have changed the resolution to include language about providing an easily understandable summary of budget amendments.

Councilor Bushor stated in most cases this is a no brainer and is a pass through of money. There have been times when grants have placed rather onerous conditions on the City that she would like to be aware of. As a member of the Board of Finance, she wants to be aware of what is going on. It is the one committee where the Council and Administration come together to be in charge of the City's finances. She does not want to shirk her responsibilities. She feels that the dollar amounts are probably ok. She is unsure why they gave the Mayor more power than the CAO. The summary would be helpful for her. She would like to know what people think about the dollar amounts. Mayor Weinberger stated that the Mayor does not have more power, it just adds another level to it. The CAO can make transfers under \$10,000, but if they are over that amount and under \$25,000, they Mayor's authority will also be required. Councilor Bushor requested they revise the resolution to make that more clear. She stated many grants are over \$25,000 and with a few exceptions, they can be accepted. There are just a few grants with difficult conditions. CAO Rusten stated lines 44-48 are intended to make it clear that they do not have the authority to accept grants that have a local match that cross fiscal years or grants that do not meet certain conditions. It is up to the Council to determine what the dollar amount should be. He is comfortable with a higher dollar amount. Councilor Bushor stated grants would be an exception to the threshold. The amount could probably be \$50,000 or \$75,000 as long as it does not violate the criteria. CAO Rusten stated that Department Heads can sign contracts up to \$50,000 and Board of Finance would approve a contract between \$50,000 and \$100,000 before it

requires City Council approval. Using a \$100,000 threshold for grants would be consistent with this. ACAO Goodwin stated the key is how the grant will be spent. The expense could be in an amount that would require additional approval.

Councilor Knodell stated she would support having a threshold for revenue neutral grants and changes to the budget. City Council President Shannon inquired if it would be \$10,000 for the CAO, \$25,000 for the CAO and Mayor, and \$100,000 for the CAO and Mayor if it is a grant. She stated she would support that. Councilor Knodell stated the \$10,000 and \$25,000 thresholds seem low to her. CAO Rusten stated they do not expect to see a large number of budget amendments in the next six months. Councilor Bushor stated for budget neutral budget amendments she would support \$25,000 for the CAO, \$50,000 for the CAO and Mayor, and \$100,000 for grants. There will be a very good summary of what has been done and it will only last through December. She needs more time to understand what the transfers are like to understand what they can and cannot do. City Council President Shannon agreed. Councilor Aubin stated the numbers seemed low to him as well. This is money moving back and forth within department budgets and he does not see why it would need additional approval.

The motion passed unanimously with the amended thresholds.

13. Monthly Financial Reports – C/T

CAO Rusten stated he had conversations with Department Heads about this, as they would be involved with developing budget narratives. He wants to know what will work for the Board so that they can make any changes that may be needed. He also noted that whatever they come up with can be modified down the road as needed.

Councilor Aubin stated it would be helpful to have seasonal adjustments. Different departments go through their money at different rates during the year. He suggested that it might be helpful to include that in the narrative to help them understand if the spending is typical. CAO Rusten stated he envisioned that as being part of the narrative. If there was an anomaly, it could be handled by including a sentence in the narrative. Mayor Weinberger stated in the future they may have budgets that are seasonally adjusted. They will be able to compare with prior years to know how spending compares.

City Council President Shannon stated she thinks this will give them something they have been looking for for a long time. It will give them a way to check in on where they are. They may need to tweak it over time, but it is a good start. She inquired if they can currently give monthly comparisons. Mayor Weinberger stated they cannot currently but may be able to over time.

Councilor Bushor stated this seems like it will be a very large document. CAO Rusten stated it will be as long as the budget. They could think of ways to condense it, such as combining all personnel items within a department budget into one line. Councilor Bushor stated they would be most interested in unanticipated expenditures. A document that is the size of the budget may not get the level of scrutiny that they may be anticipating. She would prefer something more condensed and thinks this would be a lot of work. ACAO Goodwin stated it is not difficult and they can present it in any way. They could also provide an electronic report that is condensed with the option to expand a category that they are interested in for more detail. Councilor Bushor stated she does not feel that a report of the full budget would be helpful. It would be most helpful if they could show how they are tracking by category. CAO Rusten stated they could do that at

the department level. Councilor Bushor stated that having the big picture overview is helpful. ACAO Goodwin stated he can envision having a broad overview, a departmental level, a category level, and a detailed level. He would like to provide something that is high level but gives the option to get down to the details. Councilor Bushor stated she would like something at the department level. It is important to know of any anomalies and to discuss how they will handle them.

Councilor Knodell stated that a report with each line item would be way too detailed. The purpose of this is to make sure the CAO is doing their job and that Departments are not overspending or short on revenue. If they see a problem early in the year, they can then make a plan to address it. CAO Rusten stated that giving the capability to click farther down if they want to could be helpful.

Mayor Weinberger stated they will provide departmental level summaries that are a page or two for each department. They will include a narrative with those. They can also make it so that people can click through the summaries for more detail.

The Board agreed decided that once the whole Council has received some monthly reports the Council can then weigh in as to whether the report is meeting the Council's needs. to discuss this further with the Council.

14. Authorization for Land Acquisition – Parks (Expected Executive Session)

Assistant City Attorney Haesler stated the funds are still being negotiated for this real estate transaction. They would typically call for executive session when discussing the terms of real estate transactions.

Councilor Bushor stated she received a confidential email but does not feel that she needs to discuss the terms.

City Council President Shannon stated the property is appraised for \$85,000 and inquired how recent that appraisal is. She also inquired if it is a building lot. Assistant City Attorney Haesler stated it will be outdated by the closing date. The City is purchasing it to preserve open space and preserve its use for community gardens. Mayor Weinberger stated it is an available lot which is why they are contemplating paying a significant amount of money for it. City Council President Shannon inquired if they will be doing soil testing prior to the purchase. Assistant City Attorney Haesler stated they have listed the purchase price and there is a \$2,000 fee included for the additional testing. Jesse Bridges, Parks, stated they will present any additional information that becomes available before closing. City Council President Shannon inquired if the funds will come from the Conservation Funds. Councilor Knodell stated that 30% will.

Councilors Knodell and Bushor made a motion to approve the real estate transaction. The motion passed unanimously.

15. Authorization for Contract with Hancock Wind - BED (Expected Executive Session)

Assistant City Attorney Haesler stated the memo and other documentation are public, but the contract itself is not. Councilor Bushor requested they discuss the communication in open session and go into executive session if needed.

Ken Nolan, BED, stated BED has been trying to get its power supply from renewable sources since 2004. About 1/3 will come from wind sources, for which they currently have two contracts in place. They are hoping to add one more. The last integrated resource plan was done in 2012. Because in the drop of natural gas prices, it did not make sense to do a long term supply. They purchased a small amount of hydroelectricity while looking for longer term contracts. Hancock Wind approached them shortly after that. They have worked with them before and have a good relationship with them. They are building a new project in Maine. The pricing was much lower than they had seen for anything else. It meets all of their criteria and they have been negotiating with them. This facility is a 51 megawatt facility with 17 turbines. It is adjacent to an existing project and the community is very supportive of it. They are confident that the project will go forward. They will need to begin construction by the end of the year to qualify for certain federal tax credits, so they are anxious to move forward. They expect it will be in operation by the end of 2014.

Councilor Bushor inquired what would happen if they were unable to obtain the necessary permits and the project did not go forward. Mr. Nolan stated they expect that they will sign the contract and the project will go forward. Everything they have seen with permits says that will be the case. They do have six different projects in various stages of development. In this agreement, they requested that if they run into a hurdle that they cannot get over, they would be able to transfer it to an adjacent project. If this were to happen, the terms would remain the same. BED agreed so long as the terms would remain the same and the power source would be similar to this one. This will provide 13.5 megawatts which is 9% of the total load. They receive about 9-10% of their power from each of the wind projects. The structure is a little unique because of State permitting. They are allowed to get 10% of their energy usage for the year for 10 years or less without going through the full State permitting process. The State permitting process is lengthy and expensive. The first ten years can be done with Council approval. They will then build the project in the next two years. At the end of that period, they will then have an option to extend the contract for 15 years. The pricing seems very good, but it will give them an opportunity to watch the market. This reduces exposure to natural gas. They are counting on renewable energy credits being sold to make this equivalent to market power.

Councilor Knodell inquired about the risk of the renewable energy contracts Mr. Nolan stated that renewable energy credits are structured differently in each state. If there were suddenly no credits available in any state, they would see a 3% rate increase.

City Council President Shannon inquired if BED is doing any solar work. Mr. Nolan stated they have about 8.5 megawatts that they are currently evaluating. They have received several proposals. They are also working on power storage because solar power tends to be intermittent. This will lock down their wind projects and allow them to focus on solar.

Mayor Weinberger inquired if they would be affected in other areas by renewable energy credits going to zero. Mr. Nolan stated they would see a 15-20% rate increase overall if that happened. Mayor Weinberger inquired if it could go in the other direction if more states developed these markets. Mr. Nolan stated that is possible and the carbon discussion that have been underway nationally have emphasized this. Mayor Weinberger stated it seems they can find more ways of combating variables. He inquired if it might be possible to get a greater credit from another State. Mr. Nolan stated they own the renewability from these plants and can decide how best to use it. Barbara Grimes, BED, stated Maine had the most competitive prices. There is less opposition

and permitting in Maine which makes it less expensive. The Commission was very involved. There was a Vermont company in Rutland that they were working with, but the price differential was too much. The power is delivered to Vermont as part of a set price, which avoids transmission costs. It is a good deal.

Councilor Knodell inquired why there are separate LLCs for different projects. Mr. Nolan stated they have one energy company but do separate LLCs for each project. This allows them to finance them separately so the financing is self-contained. Councilor Knodell inquired about the company. Mr. Nolan stated they have partnered with the largest utility company in Nova Scotia and are financially stable.

Councilor Bushor inquired how renewable energy credits are created. She would like to understand how vulnerable the whole process is. Mr. Nolan stated each State has created a law that says certain types of generation qualify as what they want to have. Each generator gets one renewable energy credit. Power becomes a commodity. A developer can build a wind project and then sell their energy to one person and their renewable energy credits to someone else. In this case, they have decided they want these contracts through renewable energy. They buy the products bundled at a fixed price. Councilor Bushor inquired if that includes renewable energy credits. Mr. Nolan stated that they receive whatever the facility produces. They can then decide what to do with them. They can retire them, which means they receive no dollars but can count them as renewable energy in their energy portfolio. They can also sell them to someone else which gives them money. The Commission struggles with this each year.

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

Councilors Bushor and Knodell made a motion to adjourn the Board of Finance meeting at 6:35pm. The motion passed unanimously.