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BOARD OF FINANCE MONDAY, SEPTEMBER 16, 2013

MINUTES

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

ALSO PRESENT: Councilor Paul; ACAOs Goodwin and Schrader; Assistant City Attorney Haesler; Darlene Kehoe, Beth Truzansky, CEDO; Susan Leonard, Ben Pacy, HR; Rubi Simons, Library; Chapin Spencer, Erin Demers, DPW

1. Agenda

Mayor Weinberger stated they will add Item 12 Approval of Act 80 Settlement Disputes.

Councilor Bushor requested they add item 13 Discussion of School Board Property and St. Joseph's School.

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

2. Public Forum

Martha Lang, Ward 1 Resident, spoke about the Burlington School Department's proposed real estate transaction.

3. Approval of the Board of Finance Minutes

a. September 3, 2013

Councilors Bushor and Aubin made a motion to adopt the minutes. The motion passed unanimously.

4. Authorization for Lakeside Avenue Bridge Repairs – DPW

City Council President Shannon and Councilor Aubin made a motion to authorize the bridge repairs.

City Council President Shannon stated Lakeside has wanted this for a long time. Before Hurricane Irene, they thought they would be moving forward with it, but the money then had to be used for other projects. She is glad that they have been able to find the funding and will be able to move forward. Everyone is very concerned when they drive over the bridge.

Mayor Weinberger inquired if this process began in 2011. Erin Demers, Public Works, stated they put this out to bid in the Fall of 2011. They received bids and they were very expensive.

There was no match funding and it would have cost over \$100,000 from the Street Capital Budget. They tried to negotiate the price, as they were expecting a \$30,000-\$40,000 project. They were able to negotiate a lower price and worked to spread the cost over a few years. They will now be able to move forward with the project and it will be a good asset for those accessing the Bike Path. Mayor Weinberger inquired if there will be an interruption to the Bike Path. Ms. Demers stated it will function like the Queen City Park Bridge with one way traffic. If they are working there that day, people may have to go around them, but the Bike Path will remain open. They will begin work as soon as possible.

Councilor Knodell inquired about the bids. Ms. Demers stated they received one response and negotiated the price with them. Councilor Knodell inquired if they significantly changed the scope of work. Ms. Demers stated they did not. They will be able to shift some money from FY13 into FY14 to complete the work within their budget.

The motion passed unanimously.

5. Authorization to Accept AmeriCorps Grant – CEDO

Councilors Knodell and Bushor made a motion to accept the grant.

Councilor Bushor stated there is a portion of the document that says the match requirement is a minimum of 24%. She inquired what percentage they will be required to match. She noted the form they submitted is for budget neutral adjustments under \$50,000, but this is more than \$50,000. CAO Rusten stated he is bringing this before them because it is over \$50,000 and requires Board of Finance approval. Beth Truzansky, CEDO, stated AmeriCorps program requires that they come up with a minimum of a 24% match and it increases about 2% per year after three years. They have been funded previously, but this is considered new funding and remains at the 24% minimum. They do cost sharing with the organizations that are hosting AmeriCorps members to help with the match. Mayor Weinberger stated this does not result in additional City obligations. Ms. Truzansky stated all of the funds for the match are received as revenue from the programs hosting AmeriCorps members.

Mayor Weinberger inquired if there should be an amendment to the budget to anticipate the revenue. CAO Rusten stated they included the budget amendment to show how the money will be spent and that this is coming to the Board of Finance because it is over \$100,000.

The motion passed unanimously.

6. Authorization to Accept Victims of Crime Act Assistance Grant - CEDO

The Board addressed an item to allow the Community Justice Center to accept a grant for \$117,000 to support the Parallel Justice of Victims of Crime Project.

Councilors Knodell and Aubin made a motion to accept the grant. The motion passed unanimously.

7. Authorization for Library Reorganization – HR

Rubi Simon, Library, stated through the budget process, the Library has been approved for a part-time financial assistant position. They had been using a vacancy in the budget to fill that. They also requested a part time development position to help build a funding plan for the Library. They also have two library page positions that they would like to upgrade to cover areas that they are short in. They are requesting to add those positions.

Councilors Aubin and Knodell made a motion to approve the reorganization.

Councilor Aubin inquired if this will amend the FY14 budget to accommodate the staffing changes with a net increase of \$22,252. Ms. Simon stated there was a vacancy that was removed. They will be funding these positions through the contingency fund, and the total increase is approximately \$59,000.

Councilor Bushor inquired if they have looked at other positions within the library. She inquired about the classification of the Librarians at Grade 18. Some have one person reporting to them, while others have a number of people. It looks odd and like there is an uneven division of labor. She also noted that there are areas where a Grade 18 employee reports to another Grade 18 employee. Ms. Simon stated she has not had time to fully evaluate her staffing. She feels many of the job descriptions need to be updated. The structure that is in place is not reflective of how the structure should be. They have different librarians with different responsibilities. This is the first phase that she hopes to implement. The current structure does not make sense while they are trying to make the library relevant. Councilor Bushor stated she is glad to hear that. CAO Rusten stated they will be transferring money from the contingency fund to the Library budget.

Councilor Knodell inquired why the vacant position in the Library budget is not being used to fund some of these changes. CAO Rusten stated the vacant position was removed from the FY14 Budget. Mayor Weinberger stated that these positions were to be included in the budget but when the final budget was presented they were left out. CAO Rusten stated that as these positions were committed to, we need to make the changes in the FY 14 budget to fund them. And, he stated that these kinds of situation will not again happen in the FY 15 budget. The motion passed unanimously.

8. Creation of BED Customer Service Specialist Position – HR

The Board addressed an item to allow the Burlington Electric Department to create a Customer Service Specialist Position and Eliminate a Customer Service Field Representative Position.

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

9. Authorization for Worker's Compensation Contract with Travelers Insurance – HR

Susan Leonard, HR, stated they have been working with Hickok and Boardman as their broker for Worker's Comp and Liability Insurance. Worker's Comp administration has shifted from a shared responsibility to an HR responsibility. They are asking to sign a contract with Traveler's Insurance. The premium for FY14 is roughly \$1 million. It is an 11.6% increase over the prior fiscal year. Part of this is because of the increase in payroll. The decline in the City's credit rating has also affected the costs. This took some time because of the livable wage requirements,

but Traveler's has confirmed that they do comply with the requirements.

Councilor Bushor stated they have used Traveler's since 2007 and inquired if they shopped around with other companies. Ms. Leonard stated that is what Hickok and Boardman does for them. Councilor Bushor inquired if there was information in their packets to show that this is the best deal. Ms. Leonard stated there is not. It is difficult to find a market that will insure the City because they have a Fire Department and a Utility. Councilor Bushor stated they often have different proposals and then the Department makes a recommendation. Ms. Leonard stated there are not a lot of carriers who are willing to cover them because of all of the different exposures. Prior to 2007, they used a different model which cost significantly more.

City Council President Shannon inquired if the cost has decreased from \$1.7 million to \$600,000 since 2007. Ms. Leonard stated that is correct. City Council President Shannon inquired if the overall cost last year was \$1.447 million. Ms. Leonard stated that included the death of a firefighter, so it was an unusually high claim. The deductible is \$350,000. City Council President Shannon inquired if that claim required the City to pay \$350,000 and the amount paid out by the insurance company was higher. Ms. Leonard stated that is correct.

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

10. FY2014 Budgets Not Yet Approved by Council – C/T

- a. Pennies for Parks**
- b. Capital Projects**
- c. Capital Projects – Airport**
- d. Waterfront TIF**
- e. Self Insurance**
- f. Liability Insurance & Workers Comp.**

ACAO Schrader stated these are budgets that were not adopted when the City Council adopted the General Fund, Special Revenue Fund, and Enterprise Fund budgets. None of them have any implications on the general fund, taxes, or the tax rate. They were all accounted for in the General Fund budgets, or are internal service funds where the revenue will match the expenses. Penny for Parks was accounted in the tax rate and they knew what it was going to generate. They did not have a formal budget to present, but did have a plan of how it would be used. This accommodates the plan and formalizes it in a budget. The same is true for the capital improvement plan. The Airport has numerous Airport Improvement Projects (AIP) that are funded through the federal government. Those budgets were also not formalized and are now being presented for adoption. TIF is similar to Penny for Parks where they knew what the revenue would be, but they had not developed the expense side of that budget. The self-insurance and liability and workers comp funds are purely internal service funds. The general fund, special revenue funds, and enterprise funds are billed for their participation in the insurance programs. Those have been finalized based on premium equivalents that have been set. None have any impact on the overall budget. There are others that are not yet ready for formal adoption that will be presented at a future date.

Councilor Bushor stated these are important budgets. She inquired if money that hadn't been

captured for the Airport can be explained by the FAA not having paid them back. There is some money that appears to be a deficit. ACAO Schrader stated they have set up the Airport Improvement Projects with a revenue and expense budget. 95% of the revenues and expenses are equal. When there is a proposed deficit, it is just because the revenue is captured in a separate budget. Councilor Bushor inquired what it means when the numbers are not in parentheses. ACAO Schrader stated the expense for a project is shown in one area, but the revenue is shown in another. In instances where there is not an offsetting revenue, there is a corresponding grant that they will be receiving. Grants will need to be included in this. Any grant they receive is reimbursable and they would not have received the funds. There is always a delay in reimbursement. ACAO Goodwin stated the biggest challenge is that most AIPs are multi-year projects. There is often a remaining fund balance. Each multi-year multi-million project is accounted for in a separate fund. It is confusing to look at one year without considering the carryover of a fund balance. Councilor Bushor inquired about the differences between the 2013 Amended budgets and the 2013 actual budgets. ACAO Schrader stated that the budget is what they planned to send and receive and the actual budget is what they did spend and receive. CAO Rusten stated they are still in the process of cleaning up the actuals for 2013 and the numbers will change. Councilor Bushor inquired why they are approving these if the numbers are not final. CAO Rusten stated they are really approving the Mayor's Recommended FY14 budget. Councilor Bushor inquired if she should be comparing these with the budget for consistency. She wants to understand what her role is. CAO Rusten stated in the future, they should not be approving a budget with separate internal budgets that are not included. Money that was expensed from the general fund to health insurance did not have a corresponding place in the budget to put it. This is where that money ends up. They will bring forward additional budgets in the coming weeks to finalize this process.

Councilor Knodell inquired if they are creating lines within the budget. ACAO Schrader stated they are creating funds within the budget. There are lines within internal service and capital funds. These are projects that have been finalized since they started this process. Councilor Knodell stated they should make it clear when they approve the Airport budget that they are not approving deficits. There are grants that are equal to the expenses. CAO Rusten stated all of these budgets are budget neutral. ACAO Schrader stated they can provide them with an explanation of any funds that remain within a project.

City Council President Shannon requested they provide the budget sheets that these fit into when they bring these forward future budgets. It would be a helpful double check and would help them understand it better.

Councilor Aubin inquired if there are a considerable number of budgets that they will be bringing forward. His understanding is that the delay is because of the transition to New World software. ACAO Schrader stated that it is part of the transition. There are probably about 6-10 capital projects that have separate funds, such as the Champlain Parkway. There are carry over dollars that were unspent in the prior year that they are trying to budget for in FY14. By doing it this way, it eliminates the needs to come back for a budget amendment. They could have approved a budget back in June and amended it. Because they didn't have a budget in July, they are now building the amendments into the budget. CAO Rusten stated in the future, they will have a budget for them to work off of and will make amendments to it as needed. ACAO Goodwin stated prior to New World being implemented, the City never carved out capital funds from the general fund. They are also tracking projects at the lowest level. These roll up to the

approved budget at the top. That used to be done on spreadsheets and not as part of the accounting system. It was an audit issue that has been corrected. ACAO Schrader stated they never used to budget for capital projects and they were written up for it every year. This corrects the problem.

Councilor Knodell requested an explanation of the revenues and expenditures in the Waterfront TIF budget. ACAO Schrader stated the revenue is from the taxes being generated from development in that TIF. The expenses are a combination of expenses of managing the TIF and debt service that is being issued for the improvements that happen within that TIF. There are substantial principal and interest payments. Councilor Knodell stated at some point she would like to have a discussion about where they are with the Downtown and Waterfront TIF districts. She inquired if they will be amending the budget for the Downtown TIF as well. ACAO Schrader stated there has been nothing budgeted. Nothing has been developed to generate revenue and there are no expenses to offset that.

Councilors Knodell and Bushor made a motion to recommend approval of the budget to the Council with the understanding that there are grants to offset deficits in the Airport budget.

11. Board of Finance Meeting Schedule

Councilor Bushor requested that the Tuesday meetings begin at 5:30. The Board agreed to start Tuesday meetings at 5:30 and adopted the schedule as proposed.

12. Act 80, Tax Increment Financing Legislation

Mayor Weinberger stated he will be bringing this before the full Council and is hoping for a recommendation from the Board of Finance.

Councilor Knodell stated this resolution is good and gives good background about the legislation. She requested they add a section to the resolution showing the amount they pay for management of the fund. Assistant City Attorney Haesler stated he can add that. They have to demonstrate that this has been ratified. He included language that he thought would accomplish that, but can add language that would help the Council understand it better. The legislation has gone a long way towards approving the Statutes and making them less difficult to navigate. The legislation was a lot of give and take and he thinks they had their own legal justifications to defend what Burlington had done. It became apparent that there were benefits to the legislation overall. They made some concessions that they could afford to allow them to move forward.

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

13. Discussion of School Board Property and St. Joseph's School

Councilor Bushor inquired when this will be coming forward and if there has been any communication with the administration. Mayor Weinberger stated they have not received any additional written communication from the School Board. The School Board has slowed the process down while they get a ruling from the Attorney General about the deed restriction on the property. Councilor Bushor inquired if it will return to the Board before it returns to the full

Council. Mayor Weinberger stated his understanding is that it will return to the Board of Finance. City Council President Shannon stated that is her recollection as well. There was a concern about the timing, but it appears this is not as time sensitive as they originally thought. Councilor Bushor inquired if the School could come to BCDC to purchase the property. BCDC could do the renovations and remove UVM's involvement. She is trying to come up with a realistic solution that would be good for the community, her ward, and the School Department. There is a strong desire in the community for the School Department to have access to another property to give them more space. Accessing that space is contingent on the sale and lease of property. She is looking for a way to avoid those sales and leases but still have access to St. Joseph's. BCDC could finance the renovations and the School Board would have to pay them back. CAO Rusten stated he could communicate with the School Department to let them know that there is a desire for this to return to the Board of Finance. Councilor Aubin inquired if they do not sell or lease their properties, they would have to hold onto three different properties. Councilor Bushor stated she thought there was broad support for the purchase of St. Josephs. There were concerns about the sale and lease of other properties. She is looking for ways to separate the issues.

Without objection, Mayor Weinberger adjourned the Board of Finance meeting at 6:14pm.

Grants Accepted Since Last Meeting

- **Justice Assistance Grant – CEDO - \$56,751 – Crime Prevention Programs**
- **Safe Routes to School Grant – DPW - \$41,740 – North Avenue Safety Improvements**