



# OFFICE OF THE CLERK/TREASURER

City of Burlington

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## BOARD OF FINANCE MONDAY, SEPTEMBER 30, 2013

### MINUTES

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

**ABSENT:** Councilor Knodell

**ALSO PRESENT:** ACAOs Goodwin and Schrader; City Attorney Blackwood; Ryan Betcher, Airport; Amber Thibeault, BT; Susan Leonard, HR; Ken Nolan, BED

#### 1. Agenda

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

#### 2. Public Forum

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

#### 3. Approval of the Board of Finance Minutes

##### a. September 11, 2013

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

#### 4. Authorization for Creation of Telecom Support Specialist Position – HR

The Board addressed an item to allow Burlington Telecom to create a limited service, full time telecom support specialist position and eliminate one customer service representative position.

Councilors Bushor and Aubin made a motion to approve the creation of the position. The motion passed unanimously.

#### 5. Authorization for Purchase Power Agreement with South Forty Solar LLC – BED

Councilors Bushor and Aubin made a motion to approve the agreement.

City Council President Shannon stated she has concerns about this and inquired if neighbors have been alerted of the project. There was a proposal to put solar panels in the General Dynamics parking lot and many people thought that solar panels would not be the best use of land in the urban environment. People would have preferred to see them on a building rather than on the ground, which would prevent development of that space. Councilor Aubin stated this was

put forth in the NPA. The property has been controversial. The last proposal brought to the NPA was to build retirement housing, but the public inquired if they could put solar panels there instead. They returned with this proposal and have been discussing it for over a year.

Councilor Bushor stated she supports this because she supports BED and solar options. The development of this site is a separate issue. This is important for Burlington Electric to have. Without BED being there as a recipient of that power, this project would not be able to move forward. If this makes it through the development process, she supports the purchase power agreement.

City Council President Shannon stated she understands that development of the project is separate from purchasing the power, but feels they are connected. One issue that came up in her neighborhood is that there is no billing process around these types of projects. The project did not end up going forward for financial reasons. There was no public process. Her main concern is that the neighbors know this is going on. Mayor Weinberger stated he has asked the same question. His sense is that the neighborhood has concerns about more aggressive development and would prefer this approach. City Council President Shannon stated making sure they have been informed is very important to her. She understands that they may feel differently than her neighborhood did. Ken Nolan, BED, stated they don't want to come across as promoting the development in this area. One of the commissioners lives in this neighborhood and has shared his involvement with the commission. The developer has been to NPA meetings and has met with the Mayor's Office. They also reached out to some City Councilors. The feedback he has received is that this is viewed more favorably than other development proposals, although there have been some concerns raised. This development will need an interconnection agreement to connect with BED power lines. They will also need permits from the Agency of Natural Resources for wetland protections and will need a permit from the public service board. They believe the conversation should take place with the City Council. The Electric Commission and BED feel that the contract and this source of power would be advantageous to the ratepayers. He does not have an opinion on whether this is the right location for the project, and feels that discussion should take place at the City Council and Planning Commission level. Mayor Weinberger stated the Power Purchase Agreement is probably the only decision that will come before the City Council. There are legislative processes in place that will determine whether this is an appropriate site. The Council will decide if they would like to buy the power if it gets developed. He inquired how likely it is that someone other than BED would buy the power. Mr. Nolan stated with solar projects it is very unlikely that someone else would buy it. If this were on the City Council's deliberative agenda, people would have an opportunity to comment on it. They will make sure outreach happens through the NPAs. If there is no objection, the appropriate place for this conversation is the Public Service Board. So far, everything he has heard is favorable.

City Council President Shannon inquired why no one other than BED would buy the power. Mr. Nolan stated they would incur costs moving the power to another utility. Those costs make it too expensive for someone else to buy. It is cheaper for them to buy it because it is in their distribution system. City Council President Shannon inquired how the cost of power from this project compares with other sources that BED uses. Mr. Nolan stated compared with other solar projects, the price is slightly cheaper. This will be a larger project which keeps the cost lower. He believes they may have difficulty with the Agency of Natural Resources and the project may end up being smaller than what is proposed. City Council President Shannon inquired if the rates

would go up if the project becomes smaller. Mr. Nolan stated the rates would stay the same. City Council President Shannon stated she would be more comfortable if this were on the City Council Deliberative Agenda and if they post about it on Front Porch Forum to ensure that people have an opportunity to address the Council. She does not feel that the Public Service Board is as responsive to concerns from the public as the Council. She is willing to consider this, but does not feel comfortable recommending it to the Council.

Councilor Bushor stated she is ok with recommending it to the Council, but she does agree with putting it on the deliberative agenda and advertising it. She agrees with BED purchasing the power, but does not know if this is the appropriate use of land. Mayor Weinberger stated the Public Service Board determines if it is an appropriate use of land. Councilor Bushor stated she feels that it is a smart investment for BED. She does think that the issue of land use will come up. If there is a public outcry, she may change her vote.

Councilor Aubin stated he would like to go in with a recommendation.

City Council President Shannon stated she will not support recommending this because she does not have evidence that the neighbors will support it. She needs more information.

City Council President Shannon and Mayor Weinberger made a motion to refer this to the Council without a recommendation. The motion passed unanimously.

#### **6. Authorization for RSCR Stipulation with Ryegate Associates – BED**

Councilors Bushor and Aubin made a motion to approve the stipulation.

Councilor Bushor inquired if they are lining this up in case they are mandated or decide to purchase power. Ken Nolan, BED, stated the power under the current contract is very expensive and they do not want to buy it. They have managed the McNeil plant to make sure they don't have to buy it. If something happens to McNeil they want to make sure they get direct revenue.

The motion passed unanimously.

#### **7. Authorization for Routing and Crack Filling of Runways and Taxiways – Airport**

Councilor Aubin and City Council President Shannon made a motion to approve the contract for routing and crack filling.

Councilor Aubin inquired why they believe the bids came in at such different amounts. He wants to know that the level of work will be quality. Ryan Betcher, Airport, stated the person who reviewed the bids has worked with Ann Seal in the past. He is not sure why the bids are at such different amounts, as there are a number of factors that could affect them. Ann Seal could have a better idea of what is needed at the Airport. Mayor Weinberger stated this is not out of the norm to have a variety of bids like this.

Councilor Bushor inquired if this will require a resolution. CAO Rusten stated Board of Finance can approve contracts between \$50,000-\$100,000 without City Council approval.

The motion passed unanimously.

#### **8. Communication – Grant Application – Fire**

Mayor Weinberger stated this is a communication from Chief Lasker. CAO Rusten stated they will be adding a section to the agenda for communications to the Board of Finance. This section will include items that do not require action but will inform the Board of things coming their way. In this case, the Chief will be applying for a grant. If it is awarded, they will come back to the Board for approval to accept it.

Councilor Bushor stated this grant plays out over five years, but some of the equipment lasts only 3-4 years. She inquired if they will be able to purchase all of the equipment outright and pay it back. She would like the equipment to be upgraded sooner. CAO Rusten stated he spoke with the Chief about creating a 10 year safety plan to they can figure out what needs to be done and how to pay for it. This will provide them with a long range strategy. Councilor Bushor stated she feels a little uncomfortable with the 5 year timeline.

#### **9. Review of Monthly Financials – C/T**

CAO Rusten stated they have included some additional columns such as encumbrances they have been putting on budget amendments. They also have the ability to do the drill down that they had talked about. ACAO Goodwin stated the summary is for all departments, funds and divisions. By double clicking on any line, there is drill down capability.

Councilor Bushor stated she finds it helpful that there are explanations about areas where spending is higher or lower than expected. ACAO Goodwin stated Department Managers provided feedback on areas that are not tracking with the budget. CAO Rusten stated they have been able to find problems and fix them, which will help when they reconcile the budget.

#### **10. Discussion of City's Medical Self-Insurance Plan – C/T**

CAO Rusten stated he has started to look at the City's medical insurance program and ways to save money. He hopes to hear if there are comments, questions, or concerns before this goes to City Council. This is a policy question to determine if they would like to continue to do things the way that they have been done.

Councilor Aubin inquired what the standard employee contribution for healthcare is in other municipalities. Susan Leonard, HR, noted the information is included in the packet. CAO Rusten stated non-union employees have been paying a lower rate because the administration has not increased their rate in the past few years. This is a policy that they need to address. There is a previous resolution that gives the CAO authority to raise non-union rates. They are looking at raising the rate for non-union to 3.61% to match what AFCSME pays. They also hope to put a better policy in place for how to adjust this rate.

Councilor Bushor stated past practice has been to keep non-union employees in line with union employees. She feels the Council should be aware when those rates change. She noticed that there is no additional payment from employees who are in a domestic partnership and inquired if that should be brought in line with marriage. She inquired what is meant by the statement that the

payment does not change for single, two person or family coverage. CAO Rusten stated non-union employees pay 3% of their base wage regardless of whether they are a single or have more than one person on their plan. Councilor Bushor stated that should be relooked at. CAO Rusten stated there is no correlation between what a person is paying in and the claims that are being paid out. They have preliminary data that shows they are paying out about \$200,000 for domestic partnership claims, but employees are not paying additional money to cover domestic partnerships. There is no legal requirement for them to cover domestic partners, and doing so is a decision that the City has made. He wants to understand the costs. Councilor Bushor inquired how long they have been providing supplemental Medicare coverage. CAO Rusten stated he does not know. They are paying about \$250,000 more in claims than they receive in contributions. They are not required to offer Medicomp. He believes that people could find a plan that is less expensive, but the benefits would be less as well. Councilor Bushor requested an explanation of the comparison data. Ms. Leonard stated for the City of Burlington, the average cost for a single person is \$547.23, two person is \$1,194, and family is \$1,603. City Council President Shannon requested that they include that information in the packet.

CAO Rusten noted that in a traditional plan, if an individual's claims cost more than their premium, the insurance company is responsible for that cost. In a self-insurance plan, the City bears those costs. City Council President Shannon inquired where the money comes from if claims are in excess of what the insurance pool allows. CAO Rusten stated there is roughly \$10 million in the reserve fund. This is coming primarily from the General Fund and Enterprise Funds. The employee's contribution rate is set by contract or the City. ACAO Schrader stated the cost would be borne by the General Fund, Enterprise Funds, and employees. City Council President Shannon inquired how the percentages are determined. ACAO Schrader stated the General Fund and Enterprise Funds are determined by the proportion of the employees in those funds. CAO Rusten stated there is nothing that specifically lays that out, but they want to look at how this works to see if there are any changes they can make to the system.

CAO Rusten inquired if the Board is comfortable bringing the list of proposed changes to the Council. Councilor Bushor stated some of the items make sense and for others she would like more information. CAO Rusten stated he will provide additional information before bringing it to the Council. He does not want to spend a lot of time looking at certain things if they are completely uninterested in discussing them. Councilor Bushor stated some items will have to be done no matter what. She highlighted items she would like more information about. City Council President Shannon stated this should be open to discussion and should not just be decided by the Board of Finance. She would like to hold a work session on this so they can have a real discussion on this meaty topic. CAO Rusten stated this will take some work and they would like some direction from the Council. Councilor Bushor suggested they pare the list down to items that are optional and have a separate list of things that they have to do. CAO Rusten stated they did not instruct payroll to increase the rates for non-union employees. He inquired if they would like notification on the Council agenda that they will be doing that. Councilor Bushor stated she would like him to do that.

#### **11. Authorization for City Investment Policy – C/T**

Mayor Weinberger stated they have discussed this previously but did not make a recommendation on it. Councilor Bushor inquired if this will require a resolution. CAO Rusten stated this went to the Council to see the proposal and they will see it again for final approval.

Councilors Bushor and Aubin made a motion to approve the investment policy. The motion passed unanimously.

### **12. Adopt Capital Budget for Bike Path Maintenance and Improvement Fund and Amend General Fund Budget– C/T**

CAO Rusten stated the voters approved a half penny on the tax to pay for the bike path maintenance and improvement fund. The tax was levied and money came into the general fund, but there was nothing in the budget to move it to this reserve fund. They first need to create a capital budget for the Bike Path Maintenance and Improvement fund. They also have to transfer money out of the general fund to that fund. They will not let this happen in the future.

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

### **13. Authorization for FY14 Impact Fees Budget – C/T**

CAO Rusten stated they identified the amounts of impact fees and created a budget. This does not affect the revenues to the City. After approval of the budget, departments who want to spend their impact fees will bring projects before the Mayor to ensure that money is being expended appropriately. There are certain criteria that they must follow, so departments will create a PO to ensure that they are spending money from the correct impact fee budget.

Councilor Aubin inquired how they determine what is going to each Department. Mayor Weinberger stated there is a formula used to calculate it.

Councilor Bushor inquired if these are impact fees that the City has already acquired. CAO Rusten stated that is correct. Councilor Bushor stated there is no way to determine what the future holds for development. CAO Rusten stated they will be putting money coming in into the appropriate budget. Councilor Bushor inquired if there is any expense in this budget. CAO Rusten stated none of this money has been spent in FY14. ACAO Goodwin stated previously, impact fees were tracked in an excel spreadsheet. This is the first time that it will be in the budget and department heads will know exactly what is available. They will also have to go through a formal approval process to spend this money. Councilor Bushor inquired if the money has to be returned if it is not spent within six years. ACAO Goodwin stated that is correct. The time frame is still being tracked manually. CAO Rusten stated Department Heads were directed to spend money out of their Impact Fees rather than the Capital Budget when possible.

Councilors Aubin and Bushor made a motion to approve the budget and recommend City Council approval. The motion passed unanimously.

### **14. Discuss City Councilor Expense Accounts – C/T**

CAO Rusten stated in the budget there is \$70,000 for City Council expense account. In the Charter, it states that they shall create a budget for each City Councilor to have an expense account. They have created a budget which shows the expenditures up to this point. They need to recommend something to the Council about how much each Councilor has in their budget.

Councilor Bushor stated the Charter told them how much they were compensated and how much their expense accounts were. There was a period of time where the Council was financially strapped with the limit and wanted to have some funds that could be used collectively to do things. They came forward with a recommendation to have a pool of funds that they could use collectively so they would not have to pool their money.

CAO Rusten stated there is \$70,000 in the budget that is not allocated to individuals. He read the language in the Charter and the Council Rules pertaining to expense accounts. There is no direction to the administration about what any individual Councilor could expend out of their account. The Council should specify how they would like the money to be allocated amongst Councilors. The other question is what this should be spent on. The language implies that it should be spent on items that relate to Councilors function as a reimbursement for expenditures and not something that the City Council wants to go spend it on.

Councilor Bushor stated previously they had a fund for their compensation, individual accounts, and pooled money that they could use collectively. It became challenging, so they decided they wanted a sum of money that would be collective as a whole. She understands they have a scenario where they want to assign amounts of money to each Councilor and then decide how it will be used. CAO Rusten stated that is correct and it is up to the Council to decide how they want to allocate it. He wants to make sure it is clear what they are supposed to be doing.

City Council President Shannon stated she believed that their funds were divided per Councilor and that they each had an account. Councilors can get together and pool money from their accounts. She signed something for their staff person which said they could take money for her account. They left the uses open because they are accountable to the voters about how the money can be spent. They need to be able to defend what they spend to the public.

Councilor Bushor stated the Clerk/Treasurer's Office serves as a keeper of the funds and she feels like they need direction about what the funds can be spent on. She believes they can put those rules into place and still be very general about it. She is not sure what is and is not appropriate and is unsure what they have already spent money on.

CAO Rusten stated he believes they would take a broad view of anything that relates to their function as City Councilors. For example, expenses from travelling with the Mayor would make sense. They could get in trouble if they were to allow someone else to travel with the Mayor and spent their money on that. It should be used for things related to the function of their job.

Councilor Bushor feels they need to communicate with the Council what they decide. It puts the Council in an awkward position when the majority wants to do something but they have to rely on pooled money. She hopes the Council will be more engaged in the next budget cycle to come forward with a recommendation. She is in favor of creating expense accounts at this time.

City Council President Shannon made a motion to establish expense account funds for each City Councilor based on the total budgeted amount. The motion passed unanimously.

CAO Goodwin stated there was an expenditure of \$20,000 that has not been distributed and inquired how that should be divided. City Council President Shannon stated the Council voted to

split that expense.

**15. Discussion on Criteria and Process to Expense Money from Special Account in Regional Budget – C/T (Discussion Only)**

**a. Socrata Proposal – Mayor**

Mayor Weinberger stated there is a \$17,000 line item in the regional programs budget for special projects. They are bringing forward a proposal for one thing they would like to spend this money on, but also want to have a policy discussion about what kinds of things this can be spent on. In the past, special projects have been allocated throughout the year by the Board.

Councilor Bushor stated that is how they have functioned in the past. As the Chair of the Board of Finance, the Mayor has brought forward projects. They have been used for unanticipated small budget requests that would benefit the community. It was put under regional programs to consolidate items in the budget. Mayor Weinberger stated the process going forward will be for the Mayor to bring a memo forward to the Board of Finance for approval.

City Council President Shannon stated there is a situation where they had flooding and the road was not blocked off. A woman drove her car through the water and it ended up being totaled. She could not afford that kind of loss and the City's insurance would not cover it. The Board of Finance ended up covering her expense even though the insurance would not. She inquired if that is the type of thing that would come out of this fund. Councilor Bushor stated she does not recall ever giving money to an individual. The funds are discretionary and they have to be careful about opening it up to individuals because there is a lot of need. It acknowledges things that will be included in future budgets or one-time events that the City wants to support. It is not an extension of the General Fund.

City Council President Shannon stated this specific proposal does not seem like an appropriate expense because there is an ongoing cost of \$1,000 per month. It may be appropriate if this is something that would be included in a future budget. Mayor Weinberger stated it will be approximately \$1,000 per month to get them through the budget year.

Councilor Bushor stated she does not want to expense all of the money on one item. They need to save some money in case there is something that the community really wants to support. \$5,000 is a sizeable chunk of money, but it seems appropriate.

City Council President Shannon and Councilor Bushor made a motion to approve the \$5,000 Socrata proposal. The motion passed unanimously.

The Board discussed the proposal to reduce the rental fee for the Women's Craft Fair which will be held at Memorial Auditorium. Councilor Bushor and City Council President Shannon made a motion to approve the proposal. The motion passed unanimously.

Without objection, Mayor Weinberger adjourned the Board of Finance meeting at 6:45pm.

**Grants Accepted Since Last Meeting**

- n/a