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BOARD OF FINANCE MONDAY, OCTOBER 21, 2013

MINUTES

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

ALSO PRESENT: ACAO Goodwin; City Attorney Blackwood; John Vickery, Assessor; Kirsten Merriman-Shapiro, CEDO; Erin Demers, DPW

1. Agenda

Councilor Bushor requested they discuss the valuation appeal of Burlington Town Center.

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

2. Public Forum

No one came forward to speak.

3. Authorization for Construction Contract for Waterfront Access North Phase 1 - DPW

Erin Demers, Public Works, stated this contract is for work on the three outfalls in preparation for the Waterfront Access North project. They will also demolish the abandoned coal tunnel. They went out to bid and estimated the cost would be \$197,000, but bids came in at \$134,000.

City Council President Shannon inquired if this will be consistent with all of the possibilities of what could happen at the Waterfront. Mayor Weinberger stated a year ago they decided not to move forward with the previous plans for Moran, but they did decide to move forward with Waterfront Access North. They had hoped to move forward with more projects, but the bids did not come in as they had hoped and they delayed that project. This work needs to be done this season to allow additional work to begin in the Spring. They are aware it is unclear what will happen with the Moran building. However, this is something that will need to be done regardless of what happen with Moran. City Council President Shannon inquired if the \$134,000 for this project is part of the \$6.9 million budget. Kirsten Merriman-Shapiro, CEDO, stated it is part of the \$6.9 million budget. This work is easier to do now while the groundwater is very low. Ms. Demers stated they will be filling one coal tunnel with concrete. This is a unique project that may have caused their previous bids to come in high. Doing this while the lake level is low is advantageous. Ms. Merriman-Shapiro stated this will eliminate some risk for contractors.

Councilor Bushor and City Council President Shannon made a motion to recommend to City Council approval of the contract. The motion passed unanimously.

4. Discussion of Appeal of Valuation of Burlington Town Center

Councilor Bushor inquired how the change in the valuation will affect them financially. John Vickery, Assessor, stated the value of the property was appealed about 18 months ago. The Board of Assessors did not make any adjustments, as they were waiting for more information. The property owners had requested the value be placed at \$1.5 million because it is significantly vacant. They also have high utility costs compared with other office buildings. Their appeal was denied at that time. It then went before the Board of Tax Appeals, who determined it did not meet their criteria. Finally, it was sent to the State Tax Department. They did a lot of work to determine the fair value of the property. Whenever a property goes before the final board, it is uncertain what will happen. It is common practice to try to work out a settlement rather than wait for the decision from the State. The building is still 74% vacant and they have a negative cash flow. They agreed to place the value at \$3.6 million. They have an agreement that is fashioned similarly to one created for another office building that had significant vacancy. They recognized the vacancy, but if it changes in the next few years, the City reserves the right to reassess it. Without that type of agreement, the State would set the value for three years and it would be locked in. This will allow them to reassess if the building does become more occupied. A full building is more desirable. This property is unique because it is in the Waterfront TIF district. There are funds that are retained to pay down debt service that they have. This will reduce that amount slightly. The municipal taxes are about \$4,500 per year. The TIF District has more than enough funds for the debt service that is required. It may not affect the general fund at all. CAO Rusten stated in building the grand list, they had estimated that they could lose about \$1.5 million. The agreement also waived the City being responsible to pay any interest on the FY 2013 tax money to be refunded to the property owner. They will actually be receiving slightly more money than anticipated. Mr. Vickery stated each year they estimate the Grand List to help the Clerk/Treasurer's office set the tax rate. They build in a reduction for errors and appeals. They knew this was a standing appeal and made a reduction of \$1.5 million. Councilor Bushor stated she is glad to understand how this affects their tax revenue. Mr. Vickery stated the reduction was significantly less than anticipated.

Without objection, Mayor Weinberger adjourned the Board of Finance meeting at 5:50pm.

FOR INFORMATION PURPOSES

Grants Accepted Since Last Meeting

- **Building Bright Futures Grant - \$4,500 – Parks Department**