



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
TUESDAY, OCTOBER 15, 2013**

MINUTES

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

ABSENT: Mayor Weinberger

ALSO PRESENT: ACAO Schrader; City Attorney Blackwood; Assistant City Attorneys Bergman and Haesler; Susan Leonard, HR; Darlene Kehoe, Marcy Krumbine, CEDO; Ron Redmond, Church Street Marketplace; Brian Lowe, Mayor's Office

Due to the absence of the Mayor, on a motion by Councilor Shannon and Councilor Knodell CAO Rusten was elected to Chair the meeting.

1. Agenda

CAO Rusten stated item 7 will be removed from the agenda.

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

2. Public Forum

Frank Von Turkovich spoke about his company's proposal to install solar panels on a property in the New North End.

3. Approval of the Board of Finance Minutes

a. September 16, 2013

b. September 30, 2013

Councilor Bushor noted a place in the September 30 minutes where the word expend was used instead of expensed.

On a motion by Councilor Bushor and City Council President Shannon, the minutes were adopted unanimously. Councilor Knodell abstained from voting on the September 30 minutes.

4. Authorization for Acquisition of 150 Shelburne Street at Tax Sale – Attorney

Councilor Knodell and City Council President Shannon made a motion to approve the purchase at tax sale if no one else bids on the property.

Assistant City Attorney Bergman stated this is a taxpayer who refuses to make any change that will result in the City getting any money. They have exhausted their resources in trying to find a

buyer for the property or getting the owner assistance from the State. They have had a trial on the valuation of the property. This is the next step in the process. Given the high delinquency, this will continue to go on. At a certain point, more taxes will be owed than the fair market value of the home. That will make it much more difficult to be made whole. They hope that there will be a private sale. Legally, the City is not allowed to bid on the property. They hope there is a purchaser who will make the City whole, but it is not unlikely that no purchaser will come forward. This is not a quick and easy job, and he feels that the City needs to take it on unless they are willing to give up the money that is owed to them.

Councilor Knodell inquired what the City can do to encourage more bidders. She also inquired what the source of funding will be if the City does buy the property. Assistant City Attorney Bergman stated they have used CEDO connections to attract interest in the property. Two people have expressed an interest in developing the project. They will be doing extra advertising through Picket Fence. A tax sale notice and treasurer's warrant were recorded in the land records. They will be advertising in Seven Days. CAO Rusten stated since the money is owed to themselves, they would not have to give money to the property owner. Assistant City Attorney Bergman stated the City is not eligible to charge the 12% statutory limit on interest. His costs are capped at 15%. The law does allow them to recover the funds that are used to investigate and remediate the contamination, including legal fees.

City Council President Shannon inquired if the City would become the landlord to the tenants at that property. Assistant City Attorney Bergman stated a disincentive to buying the property in a tax sale is that the deed is not acquired for a full twelve months. The owner will continue to collect rents. It is not likely that they will get a pre-judgment action if they receive all of the money through a tax sale, which they would. After the twelve months pass, they become the owner. City Council President Shannon inquired who would be responsible for maintenance. Assistant City Attorney Bergman stated she would be. City Council President Shannon inquired what happens if she does not. Assistant City Attorney Bergman stated they tenants could take action against her and the Code Enforcement Office would investigate problems. She has registered the property and it has passed inspection.

Councilor Bushor stated she is happy to see this issue closed. She inquired if the property is sold to another buyer would they be required to clean up the property. Assistant City Attorney Bergman stated the State is responsible for the cleanup. The level of extensive contamination is not so bad that it makes the property uninhabitable. It does not cause a risk to the neighboring properties. His sense is that anyone who buys this property will be buying it with the capacity and willingness to do the right thing. It is underutilized that could fetch twice the value it has now once the contamination is taken care of.

CAO Rusten inquired what would happen if there is no buyer and the City does not buy it. Assistant City Attorney Bergman stated it would remain as it is and he believes they will never get the money. The City has sued the owner and he would try to win that case. However, she has a low income and the return would be very small.

The motion passed unanimously.

5. Authorization for Budget Amendments – CEDO

- a. AmeriCorps Competitive Grant
- b. CEDO Entitlement Grant

Councilor Knodell and City Council President Shannon made a motion to approve the budget amendments.

Councilor Bushor inquired if there are new line items that reflect the money that will be there. ACAO Schrader stated they will be building budgets for each of these grants. When they receive a budget performance report, they will see the amendments within that report. Councilor Bushor stated she wants to know where she would be able to find this information. ACAO Schrader stated they have been working on this for a while to try to close the last fiscal year and determine what they have received for this year. There is a memorandum that lists an expense for training fees for AmeriCorps. There is also a summary of the revenue changes that they need to recognize for FY14. To a large degree, the deficits are mitigated for the carryovers from previous fiscal years. They ensured that the salaries were covered regardless of the revenue. They also recognized the changes in the grant amounts and the carryover dollars. There is only one instance where there is a fund balance. Everything else is either unspent prior year grant funds that have not yet been received, or new allocations that they did not consider when they adopted the budget.

The motion passed unanimously.

6. Authorization for Agreement with Barrett's Tree Service for Light Hanging – Marketplace

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

Councilor Aubin inquired how this compares with previous contracts that they have had. Ron Redmond, Church Street Marketplace, stated they have given them the same rate for three straight years.

The motion passed unanimously.

~~**7. Authorization for Agreement with A. Marcelino and Sons for Snow Removal – Marketplace**~~

Removed from the agenda

8. License Agreements with Nika and Red Square for Awnings - Marketplace

Councilor Bushor inquired why this was not sent to the License Committee. Ron Redmond, Church Street Marketplace, stated these are agreements separate from café agreements. Councilor Bushor stated the full Council receives them but they do not come to Board of Finance.

Councilor Aubin and City Council President Shannon made a motion to pass over this item. The motion passed unanimously.

9. Reclassification of Church Street Marketplace Marketing Coordinator – HR

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

10. Input on Draft Proposal for Retirement Summit – C/T

CAO Rusten stated they are looking for feedback from the Council on the agenda. They will take any feedback to the planning Committee for their next meeting. Brian Lowe, Mayor's Office, stated this is a working document and have made some changes since it was submitted. He outlined the proposed changes.

Councilor Bushor stated she had expected to see some of the options ahead of time. This seems like more of an information meeting rather than an action meeting. She inquired what the goal of the summit is. Mr. Lowe stated this is in response to the resolution that the Council passed in August. The goal is to make the public aware of different concerns. At the conclusion of the summit, the administration will return to the Council with a draft process to address concerns that were raised at the summit. CAO Rusten stated the focus is to identify what they problems are and then determining a process to look at solutions. Councilor Bushor stated they have only designated 50 minutes for the keynote speech and public forum. That seems limited if there is a group of people who want to speak to this issue. City Attorney Blackwood stated they are focusing on educating first. There was a concern that if they began by proposing solutions, there are many people with strong feelings about this. It would take a lot of time to fit this in. They first hope to come to an agreement about what the problems are that they need to solve. Councilor Bushor stated she is concerned that the administration will propose a solution and they will not have an opportunity to debate the solutions. City Attorney Blackwood stated that is not what they want to happen. Councilor Bushor stated she feels that decisions are sometimes handed down without them hearing other options.

Councilor Knodell stated she hoped that they will be talking about the underfunding of the system. There are different pictures that can be drawn. She inquired if they will be presenting speakers and a range of different examples and scenarios. CAO Rusten stated understanding the implications of different decisions is important. They will look at the different implications and try to have data to support this. Councilor Knodell stated she hopes that they include Councilors in the discussion after the summit about strategies that will be used to address this. CAO Rusten stated this is an important problem that needs to be addressed and they feel they need to get buy in from everyone.

City Council President Shannon stated it would be helpful to have documents online, such as the report from the Retirement Task Force. It is interesting that they have this report that laid a clear path but was never executed. She wants to know why it was executed to determine the source of the problem and why it has been so difficult to address. She would also like the valuation report to be online. She suggested they look at what the numbers would be if they were to use a different standard. The next steps have been left to the administration.

Councilor Knodell suggested they present this to the union leadership. Mr. Lowe stated the changes that have been made were requested by the unions.

11. Authorization for Standby Letter of Credit for City’s Workers Compensation Program – C/T

Councilor Bushor and City Council President Shannon made a motion to approve the Standby Letter of Credit.

Councilor Bushor inquired why they are switching banks. ACAO Schrader stated they recently put out an RFP for banking services. Keybank appears to be the best proposer. They are slowly transitioning to that bank. Councilor Bushor stated they used to look favorably with TD Bank because they were within the state. She inquired how many banks bid. ACAO Schrader stated there were three banks.

The motion passed unanimously.

*****Expected Executive Session*****

On a motion by City Council President Shannon and Councilor Knodell, the Board voted unanimously to into executive session at 5:50 to discuss a real estate transaction and pending litigation. Premature disclosure would put the City at a disadvantage.

12. Discuss Real Estate Transaction – C/T**13. Potential Litigation to Recoup Unpaid Taxes - Attorney**

On a motion by City Council President Shannon and Councilor Knodell, the Board voted unanimously to go out of executive session at 6:15pm.

Without objection, CAO Rusten adjourned the Board of Finance meeting at 6:15pm.

FOR INFORMATION PURPOSES**Grants Accepted Since Last Meeting**

- **Global Philanthropies Partnership Grant - \$24,407 – November Multi-City Parking Convening**
- **Urban Sustainability Directors Network Grant - \$4,250 – Peer Exchange with Asheville, NC**