BURLINGTON BOARD OF FINANCE
FY25 BUDGET PRESENTATIONS
BUSHOR CONF. ROOM, FIRST FLOOR, CITY HALL *OR*
REMOTE MEETING WITH CALL-IN NUMBER
BURLINGTON, VERMONT
MINUTES OF MEETING
DRAFT
May 13, 2024

MEMBERS PRESENT:	Ben Traverse Mark Barlow Sarah E Carpenter Joe Kane Emma Mulvaney-Stanak
OTHERS PRESENT:	Katherine Schad Nic Longo Larry Lackey Marie Friedman Dave Carman Jeff Bartley Darren Springer Paul Alexander Emily Stebbins-Wheelock Munir Kasti Mike Kanarick Gene Bergman Carter Neubieser Marek Broderick Joan Shannon Melo Grant

1.0 CALL TO ORDER

Mayor Mulvaney-Stanak called the Board of Finance meeting to order at 5:34 PM.

2.0 PUBLIC FORUM (VERBAL)

2.1 Verbal Comments

Nick Persampieri spoke about information that Burlington Electric Department will present at tonight's meeting. He said that revenue from the sale of renewable energy certificates is expected to decline due to decline in production, and that the McNeil Plant is heavily dependent on the sale of these certificates. He said that the presentation from BED doesn't tell the full picture, which is that the Plant isn't operating at full capacity due to the low price of natural gas. He said that the presentation also doesn't note that the value of the certificates will be cut in half beginning in 2025. He said that the Plant appears to be losing money, citing net losses. He said that the budget proposes to set aside money for studies, but he suggested that the City look at the operations of the McNeil Plant and the viability of continuing to operate it prior to engaging in these studies.

Sharon Bushor spoke about the Airport and Burlington Electric Department. She noted that the Airport is projecting an increase in the number of seats and passengers but that their charts suggest that there was a decrease in the number of scheduled seats and passengers in 2024 from 2023 and 2022. She said that the Airport's presentation also talks about the state share for grants, noting that they are underfunded, and asked how this is being addressed. She asked for more detail about Burlington Electric Department's controllable expenses. She also asked for more detail about what looks like a rate increase in 2021. She also requested that graphs and charts include brief accompanying narrative.

Ashley Adams expressed concern about further investments in the McNeil Plant, noting that burning wood causes more emissions than fossil fuel or natural gas, and that burning trees causes immediate irreversible harm, destroys habitat, and decreases biodiversity. She said that the McNeil Plant is propped up by rate payers and is failing, and that the only funding that should go to it should be to move toward decommissioning it. She questioned the proposed allocation of $25,000 for a forestry study.

Pike Porter said that because natural gas prices are anticipated to remain low for the next six to seven years, the McNeil Plant will continue to lose money during that time. He said that because the plant is aging, its owners will also need to put funding toward its upkeep. He said that now is the time to begin a decommissioning plan for the McNeil Plant, which would take around four years.

3.0 AIRPORT

3.1 Airport

Aviation Director Longo began by providing an overview of the Patrick Leahy Burlington International Airport. He said that the Airport includes its commercial operations, it also includes other initiatives, programs, tenants, lease-holders, and land that is managed. He said that the Airport receives support from the Federal Aviation Administration (FAA), Department of Homeland Security, Custom and Border Control, the Department of Agriculture, the Department of Defense, and partnerships with the State and how the Airport fits within the region. He noted that the Airport is located in South Burlington and that it works with the South Burlington City Council and includes a representative from South Burlington on the Airport Commission. He provided an overview of the Airport's airline partners and where they fly. He spoke about the healthy array of airlines at the Airport, which means competitive rates for ticket prices.

Director Longo spoke about fiscal highlights for the FY25 budget. He said that it continues to reflect recovery from decreased passenger volumes due to Covid, saying that the Airport is almost back to 2019 levels in terms of its operations. He noted that Burlington is currently the second busiest commercial service airport in New England (the first being Boston Logan). He noted that there are a significant number of capital projects at the Airport that have been funded by the FAA, including the North Terminal Development and Project NexT, a possible Northern Border Regional Commission Grant, a runway rehabilitation grant, grants related to maintenance facility upgrades, and $5.5 million annually for a Sound Insulation Program. He provided more detail on the projected number of scheduled seats and actually occupied seats for 2024, comparing it to past years (2019-2023), noting that the projected number is anticipated to exceed the scheduled number of seats for those past years.

Director Longo then spoke about Leahy BTV's Sustainability Management Plan (SMP), which quantifies the Airport's carbon footprint and will be the baseline for how its performance in emissions reduction will be measured over time. He spoke about how they are improving on this, noting that the Airport's electric vehicle fleet is growing. He also spoke briefly about major airport projects in FY25, including the Runway 125-33 rehabilitation project and Project NexT.

Chief Financial Officer Friedman then provided an overview of Leahy BTV Airport's revenues. She noted that passengers continue to be the prime driver of the Airport's revenues, but that there are fixed revenues that do not change with passenger fluctuation, and that there are additional tenant revenues as well. She said that they are assuming that passengers are likely to rebound to over 97% of 2019 levels. She provided information on parking garage revenues, noting that they budgeted $7.1 million for FY24 and the actual year-to-date revenue has been $7.08 million (a 5.2% increase over the FY24 budget). She also spoke about car rental concession revenues, noting that they budgeted $5.6 million and that actual revenues are around $4.02 million. She noted that car rental concession revenues continue to exceed FY19 and prior year revenues. She noted that the FY25 budget is proposing revenues at a 0.6% decrease from the FY24 budget as amended, adding that this nominal decrease in revenues of 0.6% is mostly due to the decrease in federal stimulus funding. Director Longo noted that because the Airport is an enterprise fund, all revenues are generated by Airport-related activity.

Chief Financial Officer Friedman then provided an overview of the Airport's expenses. She noted that salary and benefits continues to be the largest driver of expense budget increases. She noted expenses related to repairs and maintenance, such as repairs to runways, parking garage efficient lighting upgrades and fire alarm replacement, and local cost share on apron construction. She noted several fixed expenditure increases, including insurances, utilities, and City cost allocations, and debt service. She noted that the State of Vermont used to provide the full 6% of the state match of grants, but that they are only providing up to $500,000, which does not cover the full 6%. She said that they are continuing to advocate for receiving the full 6% state match for grants. She noted that the FY25 budget is proposing revenues at a 0.6% decrease from the FY24 budget as amended. Director Longo noted that expenses are paid for by the Airport, not the General Fund, and that the Airport also purchases certain services from the City's various departments (Police, Burlington City Arts, the Library, etc).

Councilor Carpenter asked how the Airport Commission interacts with this budget, and Director Longo replied that they will present the FY25 budget to the Airport Commission, similarly in format and content to this presentation.

Councilor Barlow asked about the state and local match issue noted above. Director Longo replied that this is related to FAA grants, and that whatever the State doesn't cover in its match the Airport makes up in passenger facility charges. He said that the Airport is allowed by FAA regulations to charge $4.50 per leg of a trip, which is collected by the airlines and a large portion of it comes back to the Airport. He said that over time, the Airport is allowed to use this revenue to back-fill local match for Airport-related and eligible grants. Councilor Barlow asked about the relationship between the Airport and the City with respect to purchased services. He asked if there has been discussion about using other agencies to fill services provided by the Burlington Police Department (BPD), so that the City can free up officers to address needs in the City. Director Longo replied that they have tried to use other departments to backfill certain vacant officer positions, but that other departments are not able to cover this. He said that this conversation should continue, though.

Councilor Bergman asked about the number of private plans and smaller planes, and how this fits into the Airport's revenue line. Director Longo replied that these are accounted for through the Airport's contract with Heritage Aviation. He said that the Airport receives landing fees, fuel fees, flowage fees, and other smaller fees, as well as a percentage of revenues from this operation. He said that the City is limited by how it can control general aviation, and that it has to allow all aircrafts to land and take off at the airport because the Airport is federally funded. He said that they typically receive $300,000-$400,000 in revenue from Heritage Aviation annually. He said that over 50% of operations are related to general aviation. Councilor Bergman asked about whether the growth in flights has led to more late-night arrivals, and that there are limited options for transportation during those late-night hours. Director Longo replied that there have been several changes recently including a change in rates, to ensure that there are fair taxi rates. He noted that the Airport charges $500 per year for taxis to operate at the Airport, and that they have increased the number of queue permits sold to try and increase ground transportation at the Airport. He said that the Airport will continue to review data related to both the number of queue permits and the number of queue permits by section of the day, to ensure that there is adequate service at night.

Councilor Carpenter asked about more detail about alternates to using BPD for filling in for officers at the Airport. Director Longo replied that there aren't neighboring departments that have been willing to offer officers on a smaller scale to fill in gaps, but that they haven't gone out to bid for the entirety of the security function.

Councilor Kane asked about the Airport's greenhouse gas emissions. He asked whether these are tracked on an ongoing basis, noting that there was 2019 data included in the presentation. Director Longo replied that 2019 data was included because it was the highest year since 2008, which was suitable to use as a benchmark year. Councilor Kane asked if there are any levers to control scope 3 emissions (from airplanes). Director Longo replied that they have not looked at using user fees or surcharges, since there are some legal issues there. He said that they do make policy changes, such as placing restrictions on auxiliary power emissions and using electricity from the airport to power aircrafts while they are at the gate.

4.0 BURLINGTON ELECTRIC DEPARTMENT

4.1 Burlington Electric Department

General Manager Springer began by providing an overview of the context for the FY25 budget. He noted that the proposed budget and rate changes were reviewed and recommended for Board of Finance and City Council approval by the Electric Commission on May 8, 2024. Chief Financial Officer Stebbins-Wheelock said that the overall goal of this budget is modest improvement in the Department's Moody's rating metrics while minimizing rate changes. She noted that sales to customers have been flat-to-declining since the early 2000s and that residential electrification gains have been outweighed by commercial efficiency. She said that they are hoping to improve this with Net Zero. She noted that they have implemented rate increases for the past three years, but that these rate increases are less than the demonstrated need. She noted that forward prices for next year's winter energy are lower than they have been for the past two years, which increases budget pressure and less revenue. She said that they are budgeting for less revenue in order to reduce downside risk. She said that they have level-funded controllable operating expenses and that they have a weak starting cash position for FY25 due to worse-than-budget results for REC revenues and excess winter energy sales in FY24. General Manager Springer noted that every source of renewable energy has RECs, and that this is a revenue source for the Department. Chief Financial Officer Stebbins-Wheelock also noted that this is the last year of the 2022 Net Zero Energy revenue bond.

Chief Financial Officer Stebbins-Wheelock provided an overview of the FY25 budget and key assumptions. She said that BED's operating revenues are proposed at $67.6 million (3.8% higher than the FY24 budget) and its operating expenses are $68.2 million (2% higher than FY24). She noted revenue assumptions including a rate increase of 5.5% effective September 1, 2024, to respond to inflation and other uncontrollable cost increases, flat kW sales to customers, REC sales revenue of $7.6 million, and new conduit rental rates effective 7/1/24. She noted expense assumptions, including a projected decrease in the sale of excess winter energy due to lower forward prices and less excess energy, what the assumed energy prices will be, an increase in transmission expenses, what the net power supply expense will be, and a 4% COLA per the IBEW union contract. She noted grants and capital contributions of $2.2 million for FY25 and a net income of $3.4 million, and operating cash as of June 30, 2025 projected at $9.8 million.

Chief Financial Officer Stebbins-Wheelock spoke about holding down controllable expenses. She defined controllable expenses as all operating and maintenance expenses except power supply, transmission, energy efficiency utilities, and return for the overhead rate for capital projects. She said that controllable expenses includes labor, software contracts, and supplies. She noted that the controllable non-power supply expenses are decreased from the FY24 budget by about $80,000, or 0.4%. She noted that continued fiscal discipline since FY16 has moderated annual increases in controllable expenses to 3.3% on average, compared to 5.84% between FY07-FY16. General Manager Springer noted that holding these expenses at this level required approximately $1.5 million in cuts from the initial draft of the budget.

Chief Financial Officer Stebbins-Wheelock spoke about BED's robust capital program. She noted that the FY25 budget contains $11 million in investments, a %577,000 VELCO equity investment, an assumption of $3 million in general obligation bond funding and $8.9 million in 2022 Net Zero Energy revenue bond funding, and that the capital program funds EV chargers, new fleet EVs, distribution and IT systems upgrades, generational plant investments, and FERC relicensing of WinooskiOne. She spoke briefly about the erosion of general obligation bond funding value and compared it to BED's capital funding.

General Manager Springer spoke about the investment within the FY25 budget for Net Zero Energy. He noted that the budget continues to maintain 100% renewable electricity, continued and enhanced incentives and rebates for a number of uses, energy efficiency programs approximating $2,08 million, matching funds for federal and state grants for infrastructure upgrades, battery storage, EV charging, demand response, and technology investments, public EV chargers, a new heat pump pilot program, and planning for the 2025 Net Zero Energy/Grid Reliability revenue bond issuance.

General Manager Springer then spoke about the McNeil Plant and District Energy Resolution. He began by noting that BED jointly owns the McNeil Plant and holds 50% of the ownership, so it cannot make unilateral decisions about the plant. He noted that there is funding proposed in the FY25 budget for a wood chip dryer, a third-party study on forestry (for $25,000), and a joint study between the Transportation, Energy, and Utilities Commission (TEUC), Electric Commission, and BED on the future of the McNeil Plant (for $25,000 in the FY25 budget).

General Manager Springer spoke briefly about the FY25 budget credit rating metrics and improvement, and then spoke about the outlook for FY25, including drivers for the rate increase for FY25. He said that even with the proposed rate increase, BED's electricity rates remain well below the average.

Councilor Broderick asked the full scope of the collaborative study on the McNeil Plant. General Manager Springer replied that the District Energy resolution contained a number of provisions on the environmental improvement of the plant. He said that potential metrics for reporting include stack emissions, total life cycle emissions, and forestry values. He spoke about innovative measures being studied at McNeil, including a solar test center in partnership with UVM, and exploring alternative technologies that reduce dependencies on wood chip combustion, and that this study would inform those types of questions. Councilor Broderick asked about the equity programs that BED is implementing. General Manager Springer replied that BED is implementing an Energy Assistance Program that provides a 12.5% rate discount for income-qualified customers, holding project & equity “office hours” at various community locations and events, partnering with community organizations, holding focus groups on energy use, electricity use, and quality of life issues, participating in community events, and engaging in communication efforts to educate the public on their electricity use and overall energy use (which will also be translated into 9 other languages).

Councilor Bergman requested more information going forward about addressing economic claims on McNeil made during public forum tonight, as well as documentation on the studies that were referenced tonight. He also expressed interest in studies on the Net Zero revenue bond being pursued. He further asked for more information on the reduction in commercial and industrial usage. General Manager Springer replied that BED anticipates coming to the TEUC soon to provide more information on some of the McNeil items. He also said that when they talk about McNeil, they need to be thinking about whether the plant is profitable and whether it is lower-cost than other renewable resources.

Councilor Bergman said it would be valuable to lay out that context when discussing these items. General Manager Springer said that in terms of reduced commercial energy use, vacancies have been a significant driver of reduction, particularly in downtown and for the high school.

Councilor Barlow noted a comment about carving out $1.5 million in controllable expenses from an earlier budget proposal and asked what kinds of expenses were carved out. General Manager Springer replied that some of these were deferred maintenance, reducing outside contracts, and reducing vacancies.

Councilor Neubieser asked about the rate increase structure and whether there are parameters around which sectors are subject to certain rate increases (for example, increasing rates for commercial rather than residential rate payers). General Manager Springer replied that the proposed increase is currently across all rate classes, but that what Councilor Neubieser is suggesting is more along the lines of a rate design study, which BED hasn't conducted in a number of years, but which looks at the appropriate allocation of rates across residential, commercial, and industrial sectors.

Councilor Kane asked about REC sales and rates being lower, and asked how this relates to operations at the McNeil Plant. General Manager Springer replied that as it relates to McNeil, there is a change in Connecticut's market where half of the output can be sold there, but not all of it. He said that for other markets, such as wind, Massachusetts is the market that they tend to sell it to. He said that they try to balance selling REC credits to other states and retaining them and using them in Vermont. He said that they to make decisions based on what is most beneficial to rate payers.

City Council President Traverse asked about whether BED looks at rate projections into future fiscal years, and General Manager Springer replied that they conduct five-year outlooks of proposed rate increases, noting that for FY26, they are projecting a relatively similar rate increase (in the mid-single digits), and that they currently project decreased rate increases after that. He said that the State's renewable energy standard bill makes an update to municipal utility regulatory authority, and changes from 2% to 3% the rate change that municipalities can pursue without going through the full regulatory process. City Council President Traverse asked how many current employees work at McNeil, and General Manager Springer replied that 35 employees work at the Plant but that 10 other employees at the Pine Street office also work to support McNeil Plant operations and work.

Councilor Kane asked about whether it would be cheaper to shut the McNeil Plant down and pursue an alternative renewable energy, such as hydropower. General Manager Springer replied that a cost analysis would be difficult, as the comparisons are not completely apples-to-apples, and that BED cannot unilaterally decide to shut down the McNeil Plant, as it does not own 100% of the plant. He said that they would need to first determine if the City can get an equivalent amount of hydropower to what the McNeil Plant produces in terms of energy. He said that McNeil also provides capacity value in terms of transmission systems in Burlington, and that switching to a different resource would mean a different capacity and transmission value, which makes an analysis like this difficult. He said that it's also important to understand what the renewable energy market looks like in terms of capacity, and spoke about RFPs that BED has issued to explore this capacity and the underwhelming responses to them.

5.0 GENERAL FUND BUDGET OVERVIEW

5.1 General Fund Budget Overview

Chief Administrative Officer Schad began by providing an overview of the City's General Fund budget principles, which include a commitment to affordability, identifying sustainable financial practices, working to right-size City government in terms of providing services to the community now and in the future, an equitable approach to raising new revenue, and that the budget reflects the City's priorities of community safety, maintenance of City services, and creating processes for engaging the public in larger questions on how to right-size City government.

She then spoke about budget assumptions and changes from the assumptions used by the prior administration. She noted that all current staff are included in the proposed FY25 budget, that there is a 7.5% attrition rate assumption across departments (except for the Police and Fire Departments), that there are currently 23 vacant positions in the budget, that they are pursuing increases to user fees within reason, and that they are using remaining ARPA funding to help fill the current budget gap. She noted that the overall budget is currently projected at $107.8 million in both revenues and expenses, and that the Administration and department heads have identified several strategies to effectively resolve the previously identified budget gap.

Chief Administrative Officer Schad then spoke about some of those proposed solutions. She noted that they are proposing to implement the voter-approved public safety tax increase to $0.2, rather than to full $0.3 authorized, which will yield $1.3 million in revenue. She noted that they are proposing to raise the non-lodging gross receipts tax from 2% to 2.5%, which will raise $700,000. She noted that they are proposing to raise the hotel tax from 2% to 4%, which would raise an additional $1 million. She noted that the gross receipts tax increase would sunset after one year. She spoke about user fee increases, based on the findings from the user fee study that has just been completed. She noted that the study found that the Clerk & Treasurer's Office and the Permitting and Inspections Department are both charging appropriate fees to cover their costs and that those fees don't need to increase. She said that for the Fire Department, Burlington Parks, Recreation, and Waterfront (BPRW) Department, the Department of Public Works (DPW), and Burlington City Arts (BCA), there are opportunities to increase fees by at least the $1.3 million that was originally forecast. She spoke about the strategic use of one-time funds, noting that they are proposing to repurpose unused ARPA funds, redirect other ARPA funds, use Housing Trust Fund money to free up ARPA funds, and to use capital funding to pay for capital salary work, which results in a total of $3.7 million for the use of one-time funds. She spoke about right-sizing the budget without making a significant impact on the public, noting that vacancy savings, right-sizing various programs, using enterprise funds to pick up more eligible costs, and potentially offering early retirement have resulted in savings of $2.5 million. She said that in total, they have identified $13.8 million to successfully fill the budget gap.

Chief Administrative Officer Schad spoke about next steps for the FY25 budget. She said that the City Council will continue to revenue each department's budget over the course of May, that the Administration will make final adjustments based on Councilor feedback and the Mayor will submit the budget to the Council for its consideration no later than June 15th, for approval by the Council no later than June 30th She also noted that the City will continue to receive operational analysis, discuss those results, and implement changes based on that analysis in FY25 and will continue its analysis of franchise fees and payments in lieu of taxes (PILOT) to ensure equitable and fair fees are borne appropriately throughout the City.

Mayor Mulvaney-Stanak said that she had requested a thorough review from each department head of budgets in order to find the $13 million needed to address the budget gap. She said that they found $13.8 million in order to have headspace and to reflect more strategic investments in programs such as the CRT program and additional support for community safety within the Library's budget. She said that more information on these additional investments will be forthcoming in the next weeks, because the first priority was to close the $13 million budget gap. She said that one of her priorities in closing this budget gap was to do so fairly and equitably, and trying to decrease the budget on property taxpayers. She spoke about how the operational analysis could help to build a roadmap for further right-sizing and solutions for FY26. She also spoke about how this budget provides for growth within the Police Department, including funding to hire 10 more police officers over the next fiscal year.

Councilor Bergman asked whether the sunsetting of the gross receipts tax increase could also go into the FY26 budget or beyond. He also asked about the status of the impact fee study, saying that it is frustrating that it is not yet available to help with considerations about future capital and transportation demand management needs. Chief Administrative Officer Schad replied that she will follow up to determine status and availability of results from the impact fee study.

Councilor Carpenter said that the initial projection from the operational study assumed $3 million in savings and asked why the City does not think it can get there prior to the end of FY25. Chief Administrative Officer Schad replied that the City envisioned that there would be short-term recommendations and long-term recommendations, and assumed that the study would focus more savings on the short-term opportunities, but that it has ended up focusing more on the long-term savings. She said that because the final draft of the operational study won't be available until June, the City won't be able to use its findings to reliably build its FY25 budget. Councilor Carpenter asked how the City can more quickly implement some of these operational changes and rely less on the use of one-time funding, and whether they would be able to make quarterly adjustments as results come in. Mayor Mulvaney-Stanak said that she plans on giving quarterly updates on this study to the Board of Finance and City Council, but that she wants to do so once the results are finalized.

Councilor Kane asked about the unassigned fund balance, which is currently below the 10% target. He asked whether they anticipate growing that slightly, given that they have successfully identified funding to close the budget gap and have found additional monies. Chief Administrative Officer Schad noted that the City's unassigned fund balance policy requires a balance of between 5% and 15%, with a target of 10% (and that the City is at 8%), and that it would be a decision of this body and the Mayor for how they would like to proceed in terms of budgeting more revenues than expenses and putting excess revenues in the unassigned fund balance. Councilor Kane asked about increased debt servicing costs and whether the City anticipates incurring significant new debt servicing expenses. Chief Administrative Officer Schad replied that she could provide a good projection, given that the City's debt policy does not allowing for the incurring of additional debt at this time.

Councilor Shannon asked for more detail about the right-sizing strategies being proposed, given that they are projecting significant savings. She asked whether this involves significant program cuts and what those cuts are, given that the budget is not proposing to cut staff. Mayor Mulvaney-Stanak replied that there are significant savings coming from holding vacancies, but that this is temporary while the City continues its right-sizing and operational efficiency analysis exercises. She also spoke about minor cuts in BCA and shifting some funding to the State for the Early Learning Initiative, as well as more minor cuts across departments, and more minor allocations to enterprise funds rather than the General Fund.

Councilor Barlow said that he has concerns about replacing some of the voter-authorized public safety tax increase with an increase on the gross receipts tax, given that many businesses in the City are struggling. He asked if input on this has been sought by the business community. He also said that additional sworn officers should not be sent to the Airport and that the City is meeting its current obligation related to number of officers dedicated to the Airport.

City Council President Traverse asked whether an increase in the gross receipts tax requires action by the Council and what the timeline around that would be, and asked how the business community would be involved in that discussion. Mayor Mulvaney-Stanak replied that the Administration had been trying to spread the requirement to raise revenue across both residents and businesses, and that they are proposing a sunset of this gross receipts tax increase after a year so that they can study it further while not making it permanent. Chief Administrative Officer Schad noted that they would hope that the Council would take action on the gross receipts and hotel taxes prior to July 1. City Council President Traverse asked about the proposed phase-out of the business personal property tax, and Chief Administrative Officer Schad replied that this involves a charter change is being left as is until the sunset in FY26. City Council President Traverse asked whether the proposed tax increases need voter approval, and Chief Administrative Officer Schad replied that further voter approval is not needed for what is being proposed. City Council President Traverse asked for more detail about each proposed strategy for addressing the budget gap.

Councilor Grant suggested including information about hotel and gross receipts tax rates for surrounding municipalities and states with the budget materials, given that even with the increases, the proposed rates remain competitive. She also suggested reviewing the BPOA contract and whether it stipulates a certain number of sworn officers from BPD at the Airport.

6.0 NON-DEPARTMENTAL

6.1 Non-Departmental

Chief Administrative Officer Schad began by noting that the non-department budget is where the City recognizes a significant portion of its revenues. She said that these include property taxes, payments in lieu of taxes (PILOT) and fee for service (FFS) agreements, local option taxes, gross receipts taxes, and franchise fees. She said that this budget also includes expenses such as debt service payments, interfund transfers of tax money, and charges such as internet and electricity costs for shared City buildings. She noted that the non-department revenues projected for FY25 are $75.7 million and the projected expenses for FY25 are $23 million. She spoke in more detail about the revenues and how they have changed. She noted that in terms of property taxes, the projected revenue is $52.2 million and also includes the projected increase in the public safety tax, which would raise an additional $1.4 million. She said that the PILOT funds have remained static and are projected at $5.1 million. She noted that FFS payments have also remained static at $2.7 million. She also spoke about franchise fees, which are projected at $2.6 million for FY25, local option taxes, which are projected at $3.4 million for FY25, and gross receipts taxes, which are projected to be $6.6 million. She noted that the gross receipts tax revenue excludes short-term rentals, which are currently at a 2% tax rate and are collected directly by the City. She further noted that there was no miscellaneous revenue included in the FY25 budget.

Councilor Grant said that she would like to understand better how PILOT funds are negotiated. Chief Administrative Officer Schad replied that the PILOTs are paid by BED, Water/Wastewater, and the State of Vermont, and that this is governed by charter. She said that in the FFS category, the City has more leeway. She said that these pertain to the University of Vermont, University of Vermont Medical Center, and Champlain College, and that these are codified in letters of agreement. Councilor Carpenter pointed out that they are letters of agreement because the City holds no statutory authority to tax these entities. Councilor Grant said that she would like to see a comprehensive overview of these agreements. She noted that due to these, 60% of the land in the City is not taxed. She said that because UVM and Champlain have grown over the years and continue to use City services, it would be worth knowing the contents of their agreements, their terms, and what options are for renegotiating these, given their additional burden on the City.

City Council President Traverse asked whether the City is missing out on anything in leveraging increases in the gross receipts tax rather than the local option tax, especially focusing on the purchase of alcohol. He asked whether this could be an additional opportunity. Mayor Mulvaney-Stanak noted that local option tax increases may require voter approval.

7. ADJOURNMENT

7.1 Motion to Adjourn

With no further business and without objection the meeting was adjourned at 8:22 PM.

RScty: AACoonradt