BURLINGTON BOARD OF FINANCE
BUSHOR CONF. ROOM, FIRST FLOOR, CITY HALL *OR*
REMOTE MEETING WITH CALL-IN NUMBER
BURLINGTON, VERMONT
MINUTES OF MEETING
DRAFT
June 3, 2024

MEMBERS PRESENT:	Ben Traverse Mark Barlow Sarah E Carpenter Joe Kane Emma Mulvaney-Stanak
OTHERS PRESENT:	Katherine Schad Brad Kukenberger Darren Springer Emily Stebbins-Wheelock Ashley Parker Joe Turner Brian Pine Rebeka Lawrence-Gomez

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1.0 CALL TO ORDER and AGENDA

1.1 Motion to amend/adopt the agenda
Mayor Mulvaney-Stanak called the Board of Finance meeting to order at 5:04 PM

MOTION by City Council President Traverse, SECOND by Councilor Barlow, to adopt the agenda.

VOTING: unanimous; motion carries.

2.0 PUBLIC FORUM

2.1 Verbal Comments
Pike Porter noted that he sent City Council a public comment earlier about this, then going on to say that he would like any rate increase for the Burlington Electric Department to be conditioned on real, clear, detailed accounting of the McNeil Plant's finances, which has lost $5 million in the last year. He said that there are cheaper, cleaner solutions for McNeil.

Sharon Bushor spoke about the proposed City tax rate, asking when the public can see an example of the impact that this would have on the average home in Burlington. She said she would like to see what the City portion of taxes would be and how it compares to current rates. She also for more detail on the number of police officers hired by year, to get a better sense of the maximum number. She also said that if the City manages to hire more than 8 CSOs, they will need a budget adjustment mid-year. She asked that the City government work together to get accurate information out to the public and be clear on what is real, what is realistic, and what can be accomplished.

3.0 CONSENT AGENDA

3.1 Motion to adopt the consent agenda and take the actions indicated.
3.2 May 13, 2024 Board of Finance Meeting Minutes, Draft – approve minutes.
3.3 Pilot EV Charging Tariff for Pole-Mounted Chargers – BED – approve and recommend that the City Council authorize the General Manager of the Burlington Electric Department or their designee to file a pilot rate/tariff with the Vermont Public Utility Commission (PUC) creating a Community EV Charging Rate as described in this memo.
3.4 645 Pine Street Metal Siding Repair – BPRW – approve and recommend that the City Council approve and authorize the execution of a contract with Polli Construction, Inc., for a price not to exceed $233,775 for the 645 Pine Street Metal Siding Repair project, plus a project contingency of $23,000 (total request including contingency not to exceed $256,775), and to authorize Cindi Wight, Director of Parks, Recreation, and Waterfront, to execute the contract and any related documents needed to carry out the project, subject to the review of the City Attorney's Office.
3.5 Community Boathouse Conditions Assessment Study – BPRW – approve and recommend that the City Council authorize the execution of a contract with Freeman French Freeman, Inc., for a price not to exceed $181,175.00 for the Community Boathouse Conditions Assessment, plus a project contingency of $18,117.50, for a total authorized expenditure of $199,292.50, and to authorize Cindi Wight, Director of Parks and Recreation, to execute the contract and any related documents needed to carry out the project, subject to the review of the City Attorney's Office.
3.6 Request for Approval of a $671,112 Budget Neutral Amendment to the FY2024 Patrick Leahy Burlington International Airport – Airport – approve and recommend that the City Council approve a budget neutral amendment in the amount of $671,122 to the Fiscal Year 2024 Patrick Leahy Burlington International Airport budget by modifying the accounts as described in the affiliated memorandum.
3.7 Business and Workforce Development – City Hall Park Kiosk – Authorization to Award Lease – BWD – approve and recommend that the City Council authorize the Mayor to execute a three-year concession and license agreement with Sherpa Foods, LLC for food and beverage operations in the City Hall Park kiosk, subject to final review and approval by the City Attorney's Office.
3.8 Vermont Early Childhood Fund Opportunity Grant – BWD – approve and recommend that the City Council authorize the Director of Business & Workforce Development to enter into an agreement with the State of Vermont, subject to final review from the City Attorney's Office, to accept a grant award of $15,000 as part of the Early Learning Initiative Budget.

MOTION by City Council President Traverse, SECOND by Councilor Carpenter, to adopt the consent agenda and take the actions indicated for items 3-1-3.8.

VOTING: unanimous; motion carries.

4.0 DELIBERATIVE AGENDA

4.1 BED FY25 Rate Changes – BED
General Manager Springer said that he had presented the slides related to this item when he presented on BED's FY25 budget. He also noted that BED is asking for less than what is justified through the PUC process, to try and mitigate the impact for rate payers. He said he hopes that BED can begin to ask for smaller rate increases in future years.

Councilor Kane asked for a response to Pike Porter's comments. General Manager Springer replied that Mr. Porter is a litigant in the PUC process for the Integrated Resource Plan (IRP), so there is a process occurring where he and Nick Persampieri are interveners and are asking questions regarding the economics of the McNeil Plant. He noted that McNeil is not the driver of BED's rate change, given that rate changes are typically to address future needs rather than past needs. He said that BED is in the market for renewable energy frequently and are constantly seeking renewable resources. He said that he would challenge anyone who thinks there is a large amount of renewable energy on the New England grid that is available at an affordable cost. He said that given that, a balanced portfolio provides different benefits. He said that neither a rate case nor an IRP is the appropriate forum to consider whether to keep a resource or not.

Councilor Carpenter asked about the study provisions in the District Energy resolution. General Manager Springer replied that there is a requirement that he report back on a series of questions related to the future of McNeil and reducing its footprint. He said that there is another required analysis from a third party about the ways to reduce the footprint at McNeil environmentally and what kinds of renewables would be needed on the grid to do that. He said that there is also a third party study that would look at forestry for the McNeil Plant, best practices, and opportunities for improvement. He said that none of these call for shutting the plant down but at ways to reduce the plant's footprint or how to pursue renewables with it.

MOTION by Councilor Barlow, SECOND by Councilor Kane, to approve and recommend that the City Council authorize the General Manager of the Burlington Electric Department or their designee to file tariff amendments and supporting documents with the Vermont Public Utility Commission requesting an increase in Burlington Electric Department rates of 5.5 percent on bills rendered on or after September 1, 2024 as presented.

VOTING: unanimous; motion carries.

4.2 Resolution: Approving The Pledging Of The Credit Of The City In Anticipation Of The Receipt Of Revenue From The Electric Department – BED
General Manager Springer began by noting that a charter change was just approved by the legislature and signed by the Governor that would allow BED to extend its line of credit from $5 million to $10 million. He said that their intention is not to draw down a line of credit, but are looking at a two-year renewal and then a renewal after that, but retaining the option to have the line of credit and receive the benefit for BED's credit rating. He said that they would have it as an option if there was a need for working capital, or if there were an economic decline or some sort of energy crisis or disruption.

MOTION by Councilor Barlow, SECOND by Councilor Carpenter, to recommend that the City Council approve the attached resolution.

VOTING: unanimous; motion carries.

4.3 Proposed Changes to BED Miscellaneous Service Fees – BED
Chief Financial Officer Stebbins-Wheelock began by providing background on "Miscellaneous Services", which include items such as initial service set-up, service reconnection, and removing a meter as requested by individual customers. She noted that fees are charged on a per-occurrence basis under a tariff that requires City Council and PUC approval. She said that current fees became effective July 1, 2010 based on FY2009 costs. She noted that the Electric Commission asked BED to review fees in response to public comment. She spoke in more detail on the analysis performed on the fees. She walked through the fees that would be decreasing (initial service, meter removal/replacement, and reconnection after hours), increasing (reconnection, returned checks, temporary service, and power problem investigations), eliminating

(collection), and new fees (on-site disconnect and reconnect assistance). She spoke about the Electric Commission's review of this analysis as well as customer engagement, noting that the EC reviewed and discussed the proposed fee changes in Q1 of 2024, BED posted information about the proposed changes on a number of social media sites and its own website and solicited feedback, and that it made minor changes based on this feedback. She noted that the EC voted unanimously to recommend these changes on March 23, 2024. She noted that the revenue impact will be largely neutral, with a net revenue increase of $10,000. She noted that next steps include the regulatory approval processes of having the tariff updated through the PUC, and that the tariff would not go into effect until approved by the PUC.

MOTION by Councilor Kane, SECOND by Councilor Barlow, to approve and recommend that the City Council authorize the General Manager of the Burlington Electric Department or their designee to file tariff amendments and supporting documents with the Vermont Public Utility Commission requesting changes in Burlington Electric Department's Miscellaneous Service Fees as proposed.

VOTING: unanimous; motion carries.

4.4 BED Demonstration of Energy-Efficiency Developments and Energy Storage Access Program Grants – BED
Chief Financial Officer Stebbins-Wheelock provided an overview of the grants related to this item. She noted that there are three grants, two of which BED is the lead on and one of which BED is a participant but not the lead recipient. She noted that the first grant is $44,000 and is from the American Public Power Association to support new videos being translated into multiple languages around energy efficiency and electrification. She noted that the $8,000 matching funds will come from BED's Energy Efficiency Utility, not from rate payers. She noted that the second grant is from the State of Vermont's Department of Public Service, specifically related to the Energy Storage Access Program, and is for $1,157,000. She said that they will use this grant to research and procure a distributed energy resource management system to enable management of flexible electrical loads. She said that the match rate of $289,200 is in BED's FY25 budget. She noted that the third grant is also related to the Energy Storage Access Program, but BED is a participant and not the lead, and this is for $2,954,000. She noted that for this grant, BED will work with Washington Electric Cooperative (WEC) and Vermont Public Power Authority (VPPSA) to deploy energy storage systems serving low- or moderate-income Vermont residences and municipal buildings. She noted that no BED match is required for this grant.

MOTION by City Council President Traverse, SECOND by Councilor Carpenter, to approve and authorize the BED General Manager or their designee, subject to final review and approval by the City Attorney's Office, to accept and execute grant agreements for DEED grant CG-2701 and to recommend to the City Council to approve and authorize the BED General Manager or their designee, subject to final review and approval by the City Attorney's Office, to accept and execute grant agreements for Vermont DPS grants 02440-FY24-Act74G600-023.

VOTING: unanimous; motion carries.

4.5 Recertification of the FY23 City of Burlington Waterfront TIF District Report to the Vermont Economic Progress Council (VEPC) – C/T
Director Parker said that they were before the Board of Finance about a month ago to obtain the original certification for TIF District annual reports, which is an annual requirement. She noted that since that time, there was a small error in the increment calculation for the Waterfront District, which was identified by the auditors, and they are here to correct the final number and obtain approval to remain in compliance with VEPC requirements.

MOTION by Councilor Barlow, SECOND by City Council President Traverse, to waive the reading, accept the communication, and place it on file.

VOTING: unanimous; motion carries.

4.6 Authorization to Submit 2024-2028 Burlington Five-Year Consolidated Plan 2024 Burlington One-Year Action Plan – CEDO
Director Pine began by providing context for the Consolidated Plan. He said that this is a tool used for deciding as a community how to allocate federal funds under two primary block grant programs (the Community Development Block Grant—CDBG—and the Home Investment Partnership Program, also called the Home Program). He said that this program was launched 50 years ago and Burlington became eligible for this and allocating funds through this in the 1980s. He said that the funds are allocated in a grassroots way through extensive community feedback. He said that this funding is used for housing, public infrastructure, public services, economic development, planning, and administration. He spoke about how the funding has decreased over the years, particularly when adjusting for inflation. He said that Burlington is particularly challenged on the housing side, given that the needs far outstrip the available funding.

Housing Manager Lawrence-Gomez provided an overview of the Consolidated Plan more specifically. She said that it is for FY25 through FY29 and that it lays out how the City would be expending its funding for that period, as well as more specifically how it would be expending funding for this upcoming fiscal year. She noted that CEDO began a community needs assessment from September 2023 through March 2024, that they sought public approval on a draft in early April, and that they are seeking Board of Finance and City Council approval tonight for a June 6, 2024 submission to HUD. She noted that the priority needs identified in the community needs assessment are affordable housing, addressing homelessness, community service and safety, economic development, public facilities and infrastructure improvements, and planning and administration. She provide an overview of the 2024-2025 CDBG Development Awards and Public Service Awards. She provided a summary of 2024 funding for both CDBG and HOME grants.

Councilor Barlow asked about the amount of flexibility in the five-year consolidated plan. Director Pine replied that HOME is more flexible than CDBG, and the federal government also has a concept of maintenance of effort, so these funds can’t be used to supplant local dollars for certain things. He said that CEDO has created a plan that addresses high-level needs, but they don’t dictate what projects are funded but solicit those needs and projects from the community, which gives it the level of flexibility to address the needs that the community is calling for.

MOTION by Councilor Carpenter, SECOND by Councilor Barlow, to recommend that the City Council approve the attached resolution.

VOTING: unanimous; motion carries.

5.0 PRESENTATION OF FY25 GENERAL FUND BUDGET

5.1 Presentation of FY25 General Fund Budget
Mayor Mulvaney-Stanak said that this is the final walkthrough of the FY25 budget with the Board of Finance and that a similar walk-through will be conducted with the full City Council next Monday (June 10).

Chief Administrative Officer Schad began by updating the Board of Finance on where the Administration has landed with its proposed General Fund budget for FY25. She said that the FY25 budget is $107.8 million, which represents an increase from FY24 of $7.1 million or roughly 7%. She noted that this increase is comparable to those of the last several years (FY22, FY23, and FY24). She also noted that there was a challenging $13.1 million budget gap that needed to be addressed for FY25, comprised of increased expenses of $6.6 million and unsustainable revenues of $6.5 million. She outlined the major elements of the solution to that budget gap, which included increasing tax revenue, increasing user fees, the strategic use of one-time funds, budget savings, and an increase in other revenues. She noted that this resulted in finding $13.5 million. She provided details on each of these strategies.

Chief Administrative Officer Schad then provided a summary of the effects of the proposed budget on the FY25 municipal tax rate. She noted that it resulted in an overall increase of $0.06 or 8.6%, which includes an increase in the police and fire tax (as approved by voters) and increases in the debt tax and retirement tax. She showed the estimated monthly impact of FY25 increases for a $300,000 home ($58.77), a $500,000 home ($91.19), and a $700,000 home ($123.66), which includes the municipal, education, electricity, water, and recycling increases. She noted that this is for homesteads without any income sensitized-tax credits from the state, as well as without any electricity or water income sensitized rates applied.

Chief Administrative Officer Schad then spoke about looking ahead to FY26 and beyond. She said that many of the FY25 budget challenges are likely to intensify in future years. She noted that the City plans to finalize its operational efficiency analysis in June and begin robust community discussions about right-sizing government to make it affordable, and plans to report on this progress on a quarterly basis. She spoke about continuing to implement the user fee study and monitor the effects of increased fees on participation. She spoke about the development of a Capital Financing Plan to meet the City’s needs, given its current lack of bonding capacity. She spoke about actively investigating increasing the non-property tax sources of revenue, including franchise fees and payments in lieu of taxes and fee for service agreements. She noted that the budget is tight and will require strict monitoring of personnel expenses throughout the year to ensure a balanced budget. She said that the Administration plans on regularly reporting revenue and expense figures to the Board of Finance.

Councilor Carpenter asked about the $690,000 in increased PILOT fees. Chief Administrative Officer Schad replied that there was $400,000 that was an increase over last year for water, wastewater, and stormwater, which wasn’t included in the initial budget proposal, and that the remainder is an increase in projected state revenues.

Councilor Barlow asked whether the retirement and debt service tax increases are restricted to those funds. Chief Administrative Officer Schad replied that yes, tax revenue associated with those can be used for only these purposes.

City Council President Traverse spoke about public safety needs with respect the library, speaking in support of opening up the possibility for the library to address those staffing needs prior to FY25. Mayor Mulvaney-Stanak replied that she is working with the Library Director to see what can be done sooner than the next fiscal year. She noted that in the FY25 budget there is $150,000 proposed to be put toward a social worker and extra security, but that she will get back to the Council about what could be feasible sooner than FY25. City Council President Traverse asked about the Housing Administrator position, which was a vacancy that was proposed as savings in the FY25 budget. He expressed concern about this position being vacant in a department that is self-sustaining, given the number of development projects in the works, and asked why the position is being left vacant instead of increasing the fees in that department. Mayor Mulvaney-Stanak replied that she is working with department directors to determine what vacancies can feasibly be left open, but that she can go back and work with staff to determine whether there is other revenue that could be used to offset position costs. City Council President Traverse also noted that a number of fees will need to be enacted through ordinance amendment and effective in time to fill the gap in FY25. He also spoke about the Police Department and a $250,000 line item for recruitment efforts. He asked when this was assigned to the police department and how much of it is still available from the original allocation. Chief Administrative Officer Schad replied that she will need to take that back in order to provide more detailed information to Councilors.

Councilor Kane asked if there are other unassigned funds or one-time fund balances. Chief Administrative Officer Schad replied that the City will have committed all of the ARPA (one-time) funds and will not have touched any of the unassigned fund balance, which will remain at $6.5 million or 8% of the City's operating expenditures. Mayor Mulvaney-Stanak noted that the City has built certain of its services with one-time funds and needs to look deeper, through the operation efficiency study and other opportunities, to understand where it can be more efficient.

Councilor Carpenter said that if the City's goal is to add a certain number of sworn officers to its Police Department budget, its messaging is not accurately portraying where it is trying to go. She said that the goal is to get at least 8 CSLs and a certain number of police officers, so why not build those aspirational numbers into the budget. Mayor Mulvaney-Stanak replied that there is both a cash flow impact as well as a lengthy training pipeline for sworn officers. Chief Administrative Officer Schad added that they will provide more detailed assumptions about the timing of when officers will come online and how that relates to the budgetary impacts of that line item.

Councilor Barlow said he would be interested to see the breakdown in the number of sworn officers they are projecting to see come through the police academy versus lateral transfers. He also asked about recruitment funding and whether these are just rollover funds or more funding is being allocated to that this year. He also expressed concern about underfunding the overtime line in the Police Department budget. He asked whether it would be feasible to hire additional CSOs. Mayor Mulvaney-Stanak replied that the overtime difference between 2024 and 2025 is about $95,000, and said that she is focused on what strategies can be implemented to bolster recruitment, change policies related to custody and transport, and the number of officers dedicated to the Airport (for example), rather than increasing overtime.

City Council President Traverse reiterated that it would be good to build in additional flexibility in the Police Department budget for hiring more sworn officers than initially budgeted for, as well as more resources for recruitment and CSOs. He also spoke more broadly about professional and consulting services across the City, given that they total about $3.5 million, saying that it would be helpful to take a closer look at that. He also spoke about potentially slimming down the travel and training budget across departments, given the budgetary constraints for FY25.

6.0 ADJOURNMENT

6.1 Motion to Adjourn

With no further business and without objection the meeting was adjourned at 6:31 PM.

RScty: AACoonradt