BURLINGTON BOARD OF FINANCE
BUSHOR CONF. ROOM, FIRST FLOOR, CITY HALL *OR*
REMOTE MEETING WITH CALL-IN NUMBER
BURLINGTON, VERMONT
MINUTES OF MEETING
DRAFT
January 13, 2025

MEMBERS PRESENT:	Ben Traverse (via Zoom) Mark Barlow Sarah E Carpenter Joe Kane Emma Mulvaney-Stanak
OTHERS PRESENT:	Katherine Schad Jessica Brown Brad Kukenberger Nic Longo Chapin Spencer Lee Perry Mary Danko Todd Rawlings Cindi Wight Megan Moir Martin Lee Marie Friedman Brian Pine

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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 5:02 PM.

MOTION by Councilor Barlow, SECOND by Councilor Carpenter, to adopt the agenda.

VOTING: unanimous; motion carries.

2.0 PUBLIC FORUM

2.1 Verbal Comments

Sharon Bushor thanked staff for clearly presenting the City's FY26 budget scenario for the public to understand. She confirmed that while the Mayor has stated that she will not raise taxes for the next year, the Administration will use current taxing authority (for the public safety tax and additional parks tax) as necessary. She expressed support for the study related to non-essential services and looking to reduce redundancies. She expressed concern about the potential to expedite department mergers, saying that it needs a thorough process. She spoke about the item related to DPW's request for a loan to purchase 201 Flynn Avenue, and expressed concern about the funding coming from fund balance. She spoke about the impact fee work session presentation, but noted that she did not see impact fees associated with schools, public safety, police, parks, and fire.

3.0 CONSENT AGENDA

3.1 Motion to adopt the consent agenda and take the actions indicated.
3.2 December 16, 2024 Board of Finance Meeting Minutes, Draft – approve the minutes.
3.3 Approval of Parking Fees – BPRW - approve and recommend that the City Council approve the 2025 Parking fees as recommended by the Parks, Recreation & Waterfront Commission, during its December 10, 2024 meeting, as detailed in the rate table herein.
3.4 Fletcher Free Library Restoration & Preservation Project Dore + Whittier Contract, First Amendment: Restoration & Preservation of Windows and Masonry to 1904 Building - Library - approve and authorize the Director of the Fletcher Free Library to execute execution of a Contract Amendment and any related documents needed to carry out said 2nd contract amendment with Dore + Whittier Architects for a contract of services for the Schematic Design - Restoration & Preservation of Windows and Masonry for the Fletcher Free Library in an amount not to exceed $59,175.00 and amend the maximum limiting amount of the overall contract from $183,000 to $272,175.00, as well as authorize the Director of the Fletcher Free Library to execute the contract and any related documents needed to carry out said contract, upon subject to final review and approval of the City Attorney's Office.

MOTION by Councilor Barlow, SECOND by Councilor Carpenter, to adopt the consent agenda and take the actions indicated for items 3.1-3.4.

VOTING: unanimous; motion carries.

4.0 DELIBERATIVE AGENDA

4.1 Authorization For Interfund Loan For Department Of Public Works – DPW
Director Spencer began by speaking about the rationale for purchasing 201 Flynn Avenue. Finance Director Kukenberger went into detail regarding the rationale for pursuing funding through an interfund loan to make this purchase. He noted that the Board of Finance and City Council had previously approved the purchase and sales agreement for the property in September of 2024 and that the City looked into several options for financing the purchase, including a ground lease option and an interfund loan option. He said that banks would not negotiate a ground lease option for financing, so the City decided to pursue the interfund loan option for a loan total of $520,000 at a 4% interest rate. He said that the loan would come from the Airport, which vetted this through their legal team and the Federal Aviation Administration (FAA), that fund balance would be used, and that DPW was amenable to the repayment term of 3 years. He said that the solid waste generation tax would be used to repay this loan. Aviation Director Longo spoke in more detail about the financial vetting process, confirming that this was vetted and is allowable by the FAA and the Airport is supportive of the loan terms.

Councilor Barlow asked for further details about the FAA vetting process, and Director Longo noted that the Airport has a very specific revenue use policy that they abide by, as well as a detailed legal opinion from counsel. He also spoke about the benefit of this arrangement to the Airport, which includes the interest income as well as the short length of the repayment term. Councilor Barlow expressed support for the project and for finding financing options.

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

VOTING: unanimous; motion carries.

MOTION by Councilor Barlow, SECOND by Councilor Carpenter, to reconsider item #4.1.

VOTING: unanimous; motion carries.

MOTION by Councilor Barlow, SECOND by Councilor Carpenter, to approve and recommend that City Council 1. Waive the reading and adopt the resolution regarding a $520,000 interfund loan from the Patrick Leahy Burlington International Airport to finance the purchase and fit up of 201 Flynn Avenue, subject to the review and approval of the City Attorney's Office; 2. Authorize a FY25 budget amendment to use fund balance from Water (Fund 460) in an amount not to exceed $140,000, and to utilize fund balance from Stormwater (Fund 245) in an amount not to exceed $94,000 for the purchase and fit up of 201 Flynn Avenue; and 3. Authorize the Mayor, Chief Administrative Officer, and DPW Director to take such further actions and to execute such further instruments approved as to form by the City Attorney as may be necessary or convenient to effectuate the transactions contemplated hereby.

VOTING: unanimous; motion carries.

4.2 Distribution and Collection System Improvements – Contractor Budget Amendment – DPW – Water Resources
Engineering Manager Lee said this relates to a 4-year citywide project to replace and reline water mains, sewer mains, and storm pipes. He noted that the project finished in October but that there was a budget shortfall and DPW is asking the City to amend the budget to increase it by approximately $211,000. He said that there were budget overages related to a major water main break, increased paving beyond what was originally estimated, as well as more bends in the work related to Ledge Road. He also noted increases in costs for the lining product and other materials between when the project was initially bid and final construction.

MOTION by Councilor Barlow, SECOND by Councilor Carpenter, to 1. Approve and recommend that the City Council authorize Chapin Spencer, the Director of Public Works, to execute an amendment in the amount of $211,066.00, for a total Distribution and Collections System contract value with Inliner not to exceed $8,347,199.13 provided that all these authorizations are contingent on the contract and any amendment thereto having the prior approval of the City Attorney and Chief Administrative Officer; and 2. Approve and recommend that the City Council authorize the Chief Administrative Officer to execute any budget amendments necessary to implement the budgetary actions. outlined in this memo.

VOTING: unanimous; motion carries.

5.0 FY26 GENERAL FUND BUDGET UPDATE – CAO

5.1 FY26 General Fund Budget Update – CAO
Chief Administrative Officer provided a FY26 General Fund budget update. She said the goals for this conversation are to provide an initial overview of the General Fund budget in order to let residents know what to expect on their municipal property tax bill, and to offer clarity on whether or not the City will seek a general City property tax increase on the Town Meeting Day ballot. She provided context for the initial

budget discussion, noting the $9 million budget gap that was successfully closed last fiscal year without a general tax increase, reductions in the use of one-time funding, and more review of budget-to-actuals with the Board of Finance on a monthly basis, which all contribute to more sustainable long-term strategies to provide predictable information to taxpayers. She spoke briefly about the assumptions used to build this initial budget, which assumes some kind of replacement for $3.5 million in one-time revenues used in FY25, a level gross receipts rate, level-funded budgets for all departments (except for the Police and Fire Departments, which could not feasibly level-fund their budgets without cutting staff), no new projects or initiatives, and the prioritization of affordability for taxpayers. She then spoke about the drivers of the FY26 budget, which include lack of $3.5 million in revenues that were available as one-time funds in Fy25, an anticipated health insurance cost increase of 11%, and unknown/estimated increases for the Police and Fire Department budgets (which comprise 40% of the City's budget), as both departments' employee contracts are up for negotiation this year. She noted budget caveats, which include some flux and anticipated shift in draft budgets for each department, only having informed estimates for the Police and Fire union negotiation impacts on the budget, and potential fluctuation in health insurance costs for the second half of the year, which will impact final health insurance cost estimates.

Chief Administrative Officer Schad then provided a summary of the initial draft expense and revenue projections for the FY26 General Fund budget. She noted that an overall projected increase in expenses between $5 and $6 million, but that this number is in flux. She noted that 89% of this is driven by the Police and Fire Department budgets, and the remaining 11% is comprised of small amounts in different departments related to public safety initiatives or small urgent one-time investments. She also noted $2 million in potential additional costs, which include additional FY26 health insurance costs, a true-up of FY24 health insurance and workers compensation insurance, enforcing a 5% vacancy on all GF departments except for Fire and Police, and a small buffer for upcoming Fire and Police union contract negotiations. She then spoke about revenue, noting projected increased revenues of $3 million over FY25. She said that this uses the last of the ARPA funding (less than $300,000), $1 million in one-time funding from the retiring of Waterfront TIF debt service, enforces a 5% vacancy on all GF departments except for Fire and Police, accounts for organic grand list growth, employs the last $0.01 public safety tax previously approved by voters, and employs an additional $0.01 in parks dedicated tax (which does not require voter approval). She noted that the anticipated extra $7.5 in expenses and $3 million in revenue mean a current projected budget gap of $4.5 million. She said that all told, staff are not recommending a general City property tax rate increase, though they do plan to use remaining approved public safety tax and parks tax (pending City Council approval), and noted that dedicated taxes for GMT, debt service, and retirement will increase as allowed by charter. She said that these lead to a currently-anticipated municipal tax rate increase of 6-7% (compared to 11% for FY25).

Chief Administrative Officer Schad then spoke about additional considerations. These include cost savings and efficiencies from the ModernGov initiative, which will save or generate between $1 and $1.5 million. They also include reductions in non-essential services, which will come out of an inventory being conducted of the 11 departments with public services. She noted that services will be evaluated and recommendations will be provided to the Mayor about which non-essential services could be cut, and that departments will report back with any proposed service reductions. She noted that this evaluation will be conducted with a particular focus on equity.

Chief Administrative Officer Schad then outlined next steps. These include providing a service inventory evaluation and recommendations to the Mayor, continuing the review and refinement of departmental budgets, continuing to hone benefit budgets and their allocation, implementing the ModernGov efficiencies, begin the Tax Fairness Working Group later in January, and providing updates to the Board of Finance along the way.

City Council President Traverse said he looks forward to receiving the detailed assessment of the current rates of different dedicated taxes, and expressed curiosity about the authority for the increase in the dedicated parks tax, saying that the charter language seems to require an appropriation rather than a tax assessment. He said it will be helpful to understand the authority for each tax in addition to the tax rates. He asked whether the COLA and step increases for level-funded departments are being realized through the elimination of vacancies, or whether departments are proposing to cut positions held by current employees. Chief Administrative Officer Schad replied that she will review and confirm, but that she believes all departments are proposing to achieve cuts through vacancy elimination and not cutting current staff. Mayor Mulvaney-Stanak noted that there are inconsistencies in the City charter related to splinter tax rules, and that staff are exploring this further. City Council President Traverse expressed appreciation for the Administration's efforts to begin the FY26 budget discussion and communicate early and often with the public, but said that his commitment to affordability would be something less than a 7% municipal tax increase, and said that he would like to see the budget go further in terms of addressing those affordability concerns. He further expressed concern about the continued reliance on the gross receipts tax to boost revenue, noting the commitment to sunset that tax increase. Mayor Mulvaney-Stanak reiterated that part of this exercise is about balancing the approach to revenue raising to ensure that it does not fall solely on the backs of residents. She also noted that the tax rate increase is largely being driven by the Fire and Police department increases in costs, which make up 40% of the General Fund budget, and reiterated the City's commitment to rebuilding its public safety infrastructure.

Councilor Barlow noted that there is a $4.5 million budget gap to close from this initial projection, and asked whether the service inventory is going to be used to close that gap entirely or whether other tools and options will be explored. Chief Administrative Officer Schad replied that they anticipate $1.5 million will be used to close the gap from those efficiencies, but said that some combination of further ModernGov efficiencies, the service inventory, and further budgetary refinement will be used to close that gap.

6.0 ADJOURNMENT

6.1 Motion to Adjourn

With no further business and without objection the meeting was adjourned at 6:02 PM.

RScty: AACoonradt