**BURLINGTON BOARD OF FINANCE**
**BUSHOR CONF. ROOM, FIRST FLOOR, CITY HALL *OR***
**REMOTE MEETING WITH CALL-IN NUMBER**
**BURLINGTON, VERMONT**
**MINUTES OF MEETING**
**DRAFT**
**February 18, 2025**

**MEMBERS PRESENT:**
Ben Traverse (via Zoom)
Sarah E Carpenter
Mark Barlow
Joe Kane
Emma Mulvaney-Stanak

**OTHERS PRESENT:**
Katherine Schad
Jessica Brown
Chapin Spencer
Brian Pine
Megan Moir
Tony Berry
Brad Kukenberger
Anne Barton
Alina Korsak

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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 5:06 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 spoke about the FY 2024 Audit, noting that former Councilor Karen Paul emphasized the importance of the audit, management letter, and the importance of the Council to take the audit seriously. She congratulated the Administration for a very good audit report, but said she hopes there could be time for the Council to discuss the audit results and process improvements as a result of it.

## 3.0 CONSENT AGENDA

3.1 Motion to adopt the consent agenda and take the actions indicated.
3.2 Grant Agreement & Contract Authorization to Support Fencing Installation at 1 North Avenue – C/T - 1. To approve and recommend that the City Council authorize the Chief Administrative Officer to execute the Grant Agreement between the City and The Queen City Police Foundation in the amount of $80,000 (no local match required) in support of the fencing installation project at 1 North Avenue; and 2. To approve and recommend that the City Council authorize the Chief Administrative Officer to take all such further actions, including by taking any necessary steps to ensure the creation of the project budget reflecting the acceptance of the grant award, 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.

**MOTION by Councilor Carpenter, SECOND by Councilor Barlow, to adopt the consent agenda and take the actions indicated for items 3.1-3.2.**

**VOTING: unanimous; motion carries.**

## 4.0 DELIBERATIVE AGENDA

4.1 Budget Amendment for 130 Bank Street Sales Tax Reallocation Funds (2024 award) for the BTC Public Improvements Project – CEDO/DPW

Director Pine began by noting that the City has been able to secure additional funding from the State of Vermont's sales tax reallocation program as part of the City's designated downtown district. He said that because the sales tax incurred from the cost of materials to build this qualified State project were significant enough, the State covers those costs for the municipality. He said that as a result, the City has to borrow less using TIF and can put less of a burden on the City.

Councilor Barlow asked if this was anticipated as part of the funding model, and Director Pine replied that they don't anticipate or project these types of funding sources, given that there isn't certainty around securing the funds. Director Spencer noted that while this funding wasn't anticipated, neither were some of the Covid-related inflationary increases that have been seen in many projects.

**MOTION by Councilor Barlow, SECOND by Councilor Carpenter, to approve and recommend that the City Council authorize: 1) The Director of Public Works or designee to request reimbursement in the amount of $1,250,000 in 130 Bank Street Sales Tax Reallocation funds towards the BTC Public Improvements Project Budget and to accept the same; 2) The Chief Administrative Officer or designee to effectuate all necessary budget amendments and transfers of funds in furtherance of securing this reimbursable state funding; and 3) The Director of Public Works and the Chief Administrative Officer or their designees 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 Water Resources FY25 Personnel Reorganization – Creation of Meter to Cash Team – DPW – Water Resources

Director Spencer said that the creation of the metered cash team has been an important multi-year goal for the Water Resources team since a number of billing errors occurred in 2017 that required a significant amount of forensic work and really highlighted the need for dedicated staff on this. He also noted that the team would like to implement smart metering technology similar to that implemented by Burlington Electric Department, saying that it would give staff and customers additional functionality (but noting that it would also need to be managed). He noted that the creation of this team was budgeted and further discussed in DPW's FY2025 presentation.

Division Director Moir added that this restructuring would entail repurposing one existing position and creating one additional position. They also added that there is a significant level of effort involved when staff need to complete this detailed billing work and the forensics around investigating when a meter dies. They also added that this would decrease the amount of burden for each staff member and free up staff time for strategic thinking and planning within the Division.

Councilor Carpenter noted the deficit position the City is looking at for its Fiscal Year 2026 budget and asked whether creating an additional position is prudent at this time. Director Spencer replied that this position is within the DPW Enterprise Fund and not the General Fund and said that they have been working with the Administration on a proposal to reduce FTEs on the General Fund side. He said that the Enterprise Fund has been chronically under resourced, and he expressed concern about the sustainability of the team to make the types of investments they need to make in the next several years without more support. He spoke about the operational complexities within the meter-to-cash operations of the Division said he would like to avoid repeated large billing errors in the future. Division Director Moir added that this restructuring will allow the Division to move in the direction of functionally rolling out smart metering. Mayor Mulvaney-Stanak noted that the Administration will be bringing more information to the Board of Finance about the General Fund budget and structural gap in the coming weeks.

**MOTION by Councilor Carpenter, SECOND by Councilor Kane, to recommend that the City Council approve the 1. Reclassification of the Financial and Administrative Assistant – a**

**Regular, Full-time, Non-Exempt, AFCSME, Grade 16 position, to the tiered Meter to Cash Analyst I/II positions as follows: a. Meter to Cash Analyst I, a Regular, Full-time, Non-Exempt, AFCSME, Grade 16, the first of two tiers for this position; and b. Meter to Cash Analyst II, a Regular, Full-time, Non-Exempt, AFCSME, Grade 17, the second of two tiers for this position; and 2. Creation of a tiered Meter to Cash Analyst I/II position as follows: a. Meter to Cash Analyst I, a Regular, Full-time, Non-Exempt, AFCSME, Grade 16, the first of two tiers for this position; and b. Meter to Cash Analyst II, a Regular, Full-time, Non-Exempt, AFCSME, Grade 17, the second of two tiers for this position.**

**VOTING: unanimous; motion carries.**

4.3 Acceptance And Approval Of The FY2024 Audit – C/T
Finance Director Kukenberger began by noting that the City reviews its municipal financial records on an annual basis, including the General Fund, enterprise funds, and the School District. He noted that this review is conducted by a third-party auditing team, and that it is both a management tool and a way to communicate how the City is performing financially. He noted that the audit includes results and recommendations for future improvement on processes and internal controls. He noted that though the FY245 audit contains three recommendations, it does not contain any material weaknesses or significant deficiencies. He said one recommendation relates to improving controls over journal entries and adhere to a formal closing schedule, which is a repeat recommendation for the City. He noted a recommendation related to reviewing ordinance language to ensure alignment with the City's collective bargaining agreements, citing a finding that the actuarially defined employer contribution and other pension contribution numbers differ between ordinances and the agreements. He noted a third recommendation related to improving the City's information technology policies.

Finance Director Kukenberger then provided details of the financial review component of the audit. He noted that for FY24, the General Fund revenues came in below what the City had budgeted by $2.4 million and expenditures came in below by $4 million. He noted that this is consistent with past budgets as well. He spoke about the unassigned fund balance, noting that the City's policy requires an unassigned fund balance of between 5% and 15% of the year's expenditures. He said that in FY23, the unassigned fund balance was $6.5 million, and that decreased by $300,000 to $6.15 million in FY24 (which is 7.2%). He noted a downward trend in the unassigned fund balance over the last several years, saying that this is partially driven by the increase over the years in total expenditures and the City would need to add $500,000 to the balance to maintain the same level year to year. He presented a scenario of what it would take to move from 7.2% to the target of 10% for unassigned fund balance, noting that the City would need to add $1 million to it every year to reach 10% by FY28.

Councilor Barlow spoke about the recommendation related to the City making significant journal entries five to seven months after the fiscal year closes, and asked what types of journal entries and funds are being moved around at that point. Ms. Korsak (from the City's third-party auditing team) noted that there have been some improvements to the first recommendation over the years and that the larger number amounts for journal entries pertained to capital assets and transfers related to receivables and liabilities. She noted that these types of transfers are the last processes to take place after the close of a fiscal year, and that improvements have been made since prior years' audits related to this.

4.4 FY25 Budget to Actuals Review through December 31, 2024 – C/T
Finance Director Kukenberger began by noting that this review covers the first half of the fiscal year (through December 31, 2024). He said that overall, revenue and expenses are tracking about $4 million below budget and that projections show a break-even with little ability to grow the unassigned fund balance. He provided further detail on the Big Five Revenue streams (property taxes, PILOT/FFS/development fees, gross receipts, local option tax, and franchise fees), which comprise 70% of General Fund revenues. He noted that this analysis showed that revenues have come in to date at 98% of expected. He noted a small projected increase in gross receipts and franchise fees, though overall gross receipts is still coming in below expected. He said that preliminary analysis shows that gross receipts submissions are down 20.4% in FY25 and that gross sales are down about 10.1%. He noted that the City is ahead of last year's gross receipts at this time due to the increase in the rooms and meals taxes for FY25. He spoke about expenditures to date, noting that they are generally tracking as expected. He said that though FY25 revenues and expenditures are mirroring those of

FY24, the unassigned fund balance cannot afford to break even any longer and it must grow along with expenditures. He said that the City will recommend making some initial FY25 budget reductions, and the Clerk/Treasurer's Office is exploring multiple scenarios to make those reductions, which it will present to the Board of Finance in the coming weeks.

Councilor Carpenter asked if the City conducts similar budget-to-actuals reviews of non-General Fund budgets, such as with federal sources and other funds. Chief Administrative Officer Schad replied that they do not produce this type of reporting for those funds, though they do monitor them. Councilor Carpenter said that it may be useful to track those, given the potential to lose federal and state funding in the current federal environment. Mayor Mulvaney-Stanak agreed, noting that the City has begun to track its grant sourcing given the potential that grants from the federal level may be frozen. She said that it'll be important to track this, given that events outside of the City's control may impact revenue sources.

## 5.0 ADJOURNMENT

5.1 Motion to Adjourn

With no further business and without objection the meeting was adjourned at 6:01 PM.

*RScty: AACoonradt*