BURLINGTON BOARD OF FINANCE
BUSHOR CONF. ROOM, FIRST FLOOR, CITY HALL *OR*
REMOTE MEETING WITH CALL-IN NUMBER
BURLINGTON, VERMONT
MINUTES OF MEETING
DRAFT
May 8, 2023

MEMBERS PRESENT: Karen Paul
Ali Dieng
Joe Magee (via Zoom)
Mark Barlow
Miro Weinberger

OTHERS PRESENT: Katherine Schad
Jordan Redell
Chapin Spencer
Megan Moir
Hannah King
Gene Bergman
Melo Grant

1.0 CALL TO ORDER and AGENDA

Chief Administration Officer Schad called the Board of Finance meeting to order at 5:04 PM.

MOTION by Councilor Dieng, SECOND by City Council President Paul, to adopt the agenda.

VOTING: unanimous; motion carries (Mayor Weinberger absent for vote).

2.0 PUBLIC FORUM (VERBAL)

2.01 Verbal Comments
None.

3.0 CONSENT AGENDA

3.01 motion to adopt the consent agenda and take the actions indicated
3.02 Special Board of Finance Meeting Minutes, May 1, 2023, Draft – approve the minutes.
3.03 Authorization to Execute a Stormwater O8 Pond Fence Replacement Contract and Budget Amendment (Board of Finance Approval Only) - DPW-Water Resources - 1. To authorize Chapin Spencer, the Director of Public Works, to execute a construction contract up to $59,225 with Land and Rock Works LLC for the demolition and disposal of the existing 08 Pond fencing and associated support posts and installation of a new 6’ high vinyl privacy fence equivalent to the existing fence, subject to the prior review and approval of the City Attorney’s Office and; 2. To approve and authorize CAO Schad to execute a budget neutral amendment to decrease the FY23 GL 245-19-000.6300_182 by $59,225 and increase GL 245-19-000.9500_110 by $59,225.
3.04 Use of Council Initiative Funds for TEUC Sponsored McNeil Symposium (May 15th CC Approval) – TEUC - approve and recommend approval by the City Council the expenditure of up to $5,000.00 of budgeted City Council Initiative funds for honoraria and expenses associated with promoting and producing a TEUC sponsored McNeil Symposium.

MOTION by City Council President Paul, SECOND by Councilor Barlow, to adopt the consent agenda and take the actions indicated for items 3.01-3.04.

VOTING: unanimous; motion carries (Mayor Weinberger absent for vote).

4.0 FOR APPROVAL AND RECOMMENDATION TO CITY COUNCIL

4.01 Amendment of Work Assignment Agreement #3 with Utility Services Co., Inc. for Project Cost Increases associated with Redstone Tank Rehabilitation - DPW-Water Resources
Division Director Moir said that this was a body of work that had been scheduled for completion several years ago, but was delayed due to Covid and disputes with the tank's cellular wireless leasee. They noted that the tank has a number of cellular antennae that would need to be taken off prior to rehabilitation and they have been working to address that with the leasee and maintenance company that would perform the rehabilitation. They noted that the amendment would ultimately be budget-neutral.

MOTION by City Council President Paul, SECOND by Councilor Barlow, to 1. "To approve and recommend that the City Council authorize Chapin Spencer, Director of the Department of Public Works, to execute an amended work assignment agreement work assignment agreement #3 with Utility Services Co., Inc. for an amount not to exceed $685,365, subject to review by the City Attorney's Office;" and 2. "To approve and recommend that the City Council authorize the acceptance of $135, 385 from AT&T/Cingular Wireless to be used towards Red Stone Water Tank Rehabilitation, and authorize Chapin Spencer, Director of Public Works, to execute an agreement with AT&T/Cingular Wireless LLC memorializing such acceptance of funds, subject to the final review and approval of the City Attorney's Office."

VOTING: unanimous; motion carries (Mayor Weinberger absent for vote).

4.02 Request for Approval to Execute Contract with ADS Environmental Services for the Flow Monitoring and Data Hosting Services - DPW-Water Resources
Division Director Moir acknowledged that the price for this contract is high, but said that this body of work would be to design cost-effective approaches to reduce and eliminate overflow in the City's water systems through monitoring and data services. They noted that the division has attempted to conduct these activities in-house, but the installation and monitoring of the meters has proven difficult without a level of technical expertise and equipment that staff do not have. They noted that a contractor purchased technology from ADS and the City has been using it to monitor flow in a pilot period for about a year, and that they have had positive experiences and results with it so far.

Councilor Barlow asked whether the vendor would fix and maintain the monitoring equipment, and Division Director Moir replied that the vendor would own the equipment and keep up with maintaining it, as well as troubleshooting it if there is a problem.

Councilor Dieng asked what the City is using now for overflow monitoring. Division Director Moir replied that they are using technology from Blue Siren, but that there have been issues with this technology over the years.

MOTION by Councilor Magee, SECOND by Councilor Barlow, to approve and recommend that the City Council authorize the Director of Public Works to execute a main agreement with ADS Environmental Services for flow monitoring and data hosting services for a term of 3 years and maximum limiting amount of $478,161, and subsequent work assignment sub-agreements for temporary flow metering, subject to final review and approval by the City Attorney' Office.
DISCUSSION:

- **Councilor Dieng suggested that the Transportation, Energy, and Utilities Committee (TEUC) to review the results of the vendor's technology before the contract expires and the City goes out to bid again for this service in three years. He made this friendly amendment to the motion.**

VOTING: unanimous; motion carries.

5.0 FY24 BUDGET

5.01 Initial Presentation to the Board of Finance: Budget overview/Non-Departmental

Mayor Weinberger began the budget overview by noting that this is a challenging budget year. He said that this has felt almost as difficult as the City's initial pandemic-era budget, in that there are a variety of new pressures or expanded pressures on the budget. He noted that there is a budget gap and that he will walk the Board of Finance through the proposed solutions for addressing the General Fund budget gap for FY24.

Mayor Weinberger walked through the challenges in the budget period. He noted that factors contributing to challenges in the FY24 budget (and likely future budgets) are inflation-driven cost of living (COLA) increases across unions, the growth of positions within the Police and Fire Departments, significant and sustained inflation rates, and the phasing out of federal support for the equity initiatives that began in 2020. He noted that though the operating budget has increased with staff increases, tax increases were rejected by the voters. He also noted that pandemic-impacted revenue shortfalls continue to persist across a number of departments, there is limited bandwidth in the Clerk/Treasurer's Office to address budgeting challenges due to staff transitions, TIF audits, and older financial software. He said that this all contributes to a projected $5 million gap between expenses and revenue for Fiscal Year 2024.

Chief Administration Officer Schad further broke down the $5 million budget gap. She noted that it includes $1 million in vehicle fleet costs, $1.3 million of increased Burlington Police Department personnel costs, $950,000 of increased Fire Department personnel costs, and $1.7 million of COLA increases to non-public safety staff and general inflationary pressures. She noted that departments are being asked to absorb increases in operating costs and to level fund their departments.

Chief Administration Officer Schad spoke briefly about the budget principles that the Administration has used to address the budget challenges, noting that they are similar to principles and framing used in previous budget year construction. These include restoring public safety through a rebuilt and expanded Police Department, minimizing increases to the property tax burden, retaining current City employees, continuing high levels of public infrastructure investment, focusing cuts on non-personnel budget lines, adding few new initiatives, developing a multi-year plan to address challenges that are arising, continuing high levels of investment to address the climate emergency, and leveraging federal and state funding opportunities wherever possible.

Mayor Weinberger spoke about solutions to address the budget gap for Fiscal Year 2024. These include using City Council Charter Authority to properly fund parks (for $1.1 million), repurposing the Revenue Replacement Reserve and other reserves to fund the first year of the multi-year plan to phase in new public safety costs to the structural budget (of up to $2.25 million), using one-time funds to address one year of vehicle fleet challenge ($1 million), and making additional cuts and adjustments of around $750,000.

Mayor Weinberger spoke about each of these in further detail, beginning with the Burlington Parks, Recreation, and Waterfront appropriation. He noted that the City Council has charter authority to make a tax assessment for reasonable appropriateness for the care and improvement of park property and for the City Recreational Program, and that this tax was last increased in FY13. He said that an increase of $0.02 to the current rate would yield an additional $1.1 million of revenue to pay for BPRW expenses that the City is already incurring, and that combined with all other municipal taxes, the total projected municipal tax rate increase would be less than 5%.

Mayor Weinberger spoke about the phase-in of new public safety costs. He noted that these increases are driving about 45% of the budget gap, and will increase in future years as the Rebuilding Plan is implemented and police officer ranks are returned to authorized levels. He said that these investments will be phased into the structural budget over approximately three years. He noted that they have $2 million allocated to the Revenue Replacement Reserve for FY23, and that they are confident that they will have $1.5 million left to allocate to the FY24 budget for this phase-in.

Chief Administration Officer Schad spoke about the vehicle fleet challenge, which began with a four-year moratorium on new fleet purchases in FY17-18, and was exacerbated by the pandemic and staff turnover and transitions. As a result, because there is not a sustainable fund source identified for fleet vehicles, there is another freeze on new fleet purchases. She noted that there is $1 million required for existing lease payments for FY24, and that one-time funding is being identified to address this requirement. She noted that this will also be an issue for FY25 and FY26 to meet lease payment obligations, and that $2 million per year will also be required for vehicle purchases to maintain a sustainable fleet capable of meeting service level expectations.

Chief Administration Officer Schad spoke briefly about the timeline for FY24 budget development and approval. She noted additional Board of Finance presentations by departments on May 10, May 15, May 17, and May 22, as well as a Board of Finance work session on May 30, and a Board of Finance and City Council vote on the budget on June 20.

Councilor Barlow asked what percent of the budget is represented by salaries and fringe benefits. Chief Administration Officer Schad replied that it is around 80% of the General Fund. Councilor Barlow asked if there are any new initiatives that had been anticipated for FY24 that were ultimately not able to be implemented due to this gap. Mayor Weinberger replied that some of these relate to capital initiatives, such as for the Library or other infrastructure, but that there have not been any new programs that were proposed and ultimately rejected due to funding shortfalls.

Councilor Bergman proposed that a principle be added to the budget principles that states that the City should investigate and incorporate revenue alternatives to the property tax based on the ability to pay, which would address both the regressivity of the property tax and increase the proportion of revenue that is coming from non-property-tax funds. He asked about progress on studies on revenue alternatives. Mayor Weinberger replied that the City can add this point to their budget principles. He noted that there is one study that is reaching completion that focuses on the equitability on the current property tax system. He also noted that there is an impact fee study that is due back to the Council at the end of the year, though it won't be a panacea. He said that they will have additional figures available for Wednesday's presentation, regarding the proportion of revenue coming from non-property-tax fund sources. Councilor Bergman said he is looking forward to this conversation going forward.

Councilor Dieng asked for further detail about some of the gap calculations, especially around the fleet issue. He also asked if these figures are different than the estimates presented in early April. Mayor Weinberger provided additional detail and explanation. Chief Administration Officer Schad added that they used the best information they had at the time when they made an initial presentation in April. Councilor Dieng asked for a breakdown of the budget by the proportion of it that is in each department, as well as the changes over time in those proportions.

Councilor Grant asked for detail on the Police Department funding over the last six years. She also asked for more official documentation about why the City pulled out of its agreement with the Howard Center for the CARES model. She said that having a model that serviced Chittenden County (not just Burlington) could be more beneficial and offer more funding options from the State, since the problem is not just related to Burlington. She noted that this also connects with issues around dispatch. She asked about the Fire Department budget, noting that their EMS budget ran out in April and how this is being addressed. Mayor Weinberger said staff will provide more data on departmental budgets at future Board of Finance budget meetings. He noted that the City had wanted to begin the CARES model just in Burlington, as the funding for the model was coming from both the State and the City. He noted that regional efforts are difficult, given the dispatch issues Councilor Grant cited earlier.

Councilor Magee asked about the vehicle fleet statistics. Mayor Weinberger replied that the $1 million obligation is to service current leases, and that more stable annual funding of approximately $2 million is what will be needed in the medium-term. Councilor Magee asked for a breakdown of the one-time funds that were identified for that FY24 $1 million.

City Council President Paul noted that the funding gap is the result of a few larger drivers, rather than a number of smaller items. She also spoke about the line item that contains an increase for outsourcing an RFP for the City Attorney for $50,000, and said that it should be its own line item and also asked whether $50,000 is an accurate and realistic amount. She also asked about whether there are other parts of the property tax that could be increased without voter approval. Chief Administration Officer Schad replied that she worked with the City Attorney's Office to review all possible sources of tax revenue that could use Board of Finance or City Council authority to make increases without voter approval, and that the BPRW authority was unique in that it had a floor of a $0.02 increase and no ceiling on the increase (except for reasonableness). City Council President Paul also noted that around ten years ago, the City had built three-year budget projection plans, which was a valuable approach. She asked whether this practice could be revived. Mayor Weinberger agreed, saying that having a three-year outlook will be valuable to help address and plan for ongoing budgetary pressures and challenges.

Councilor Barlow said that the City should do its due diligence to try and find savings where possible as an organizing budgetary principle, to show the voters that any increases are warranted and justified. Mayor Weinberger replied that all departments have been pushed to level-fund and find savings where possible, and Chief Administration Officer Schad added that this has tended to occur in the background, but what Councilor Barlow is requesting is more transparency in this process to demonstrate to voters that this is part of budget development.

Councilor Dieng noted that while the budget principles mention climate initiatives, the climate initiative funding itself is actually contained within the Burlington Electric Department's enterprise budget. Mayor Weinberger confirmed this, but said that they wanted to include mention of the climate initiatives in the presentation since they are top of mind and remain a high priority.

Councilor Grant asked for more detail on the additional pressures around costs for BPRW and whether they are a result of increased drug use and unhoused populations in the parks. Mayor Weinberger replied that there is further detail and analysis that has been provided to the Council for its review. He also noted that the increase on the BPRW-related tax is not directly correlated with a dramatic increase in the parks budget, but is one of the solutions available to the City to address the budget gap challenge more generally.

Chief Administration Officer Schad noted that department budgets will be presented on Wednesday, May 10, for the Clerk Treasurer's Office, Human Resources Department, the Airport, the Library, the City Attorney's Office, the IT Department, and the Planning Department.

5.02 Initial Presentation - Police Department **THIS AGENDA ITEM HAS BEEN POSTPONED**
No discussion at this time.

6.0 ADJOURNMENT

6.01 Motion to Adjourn

With no further business and without objection the meeting was adjourned at 6:37 PM.

RScty: AACoonradt