BURLINGTON BOARD OF FINANCE
FY24 BUDGET PRESENTATIONS
BUSHOR CONF. ROOM, FIRST FLOOR, CITY HALL *OR*
REMOTE MEETING WITH CALL-IN NUMBER
BURLINGTON, VERMONT
MINUTES OF MEETING
DRAFT
May 17, 2023

MEMBERS PRESENT:	Karen Paul Ali Dieng (via Zoom) Joe Magee (via Zoom) Mark Barlow Miro Weinberger
OTHERS PRESENT:	Katherine Schad Jordan Redell Chapin Spencer Doreen Kraft Sara Katz Melo Grant Gene Bergman Bill Ward Jeff Padgett Darren Springer Emily Stebbins-Wheelock Megan Moir

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1.0 CALL TO ORDER and AGENDA

Mayor Weinberger called the Board of Finance meeting to order at 5:01 PM.

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

VOTING: unanimous; motion carries (City Council President Paul absent for vote).

2.0 PUBLIC FORUM (VERBAL)

2.01 Verbal Comments

Sharon Bushor said that it is important to know what initiatives or projects are on departments' wishlists or can't be worked on due to lack of funding. She said she would like the DPW budget to consider replacing the parking kiosks, since they often don't function well, and repairing the parking lots around the City (particularly down on Main Street, which is in disrepair). She also spoke with concern about sticker-less parking, especially around the Medical Center and University, citing potential lack of enforcement. DPW Director Spencer noted that the Main Street parking lot will be worked on through the Main Streets, Great Streets project.

3.0 DPW GENERAL FUND

3.01 DPW General Fund – Chapin Spencer

Director Spencer began by noting the various budgets that DPW oversees, including its general fund budget, the water/wastewater/stormwater funds, the traffic/parking facilities funds, and the GF capital projects. He noted that there are four divisions and 125 staff at DPW. He noted that the items within the general fund budget at DPW include DPW administration, engineering, transportation planning, capital planning, asset management, parking services, street maintenance, fleet maintenance, and recycling. He outlined the high level FY24 budget goals for DPW, including maintaining service, continuing to reduce injuries and expand safety culture, continue the Sustainable Infrastructure Plan, facilitate large collaborative projects, implement the PlanBTV Walk/Bike work plan, continue cross-departmental asset management program implementation, earn more billable revenue for the general fund, and continue to innovate in parking services with new technologies and products. He noted that due to several factors, they are proposing less revenue than what was budgeted in FY2023. He said that these drivers are lower parking services fine revenues and less one-time funding for recycling carts. He said that to alleviate some of this revenue decrease, they are increasing tech services billable revenue, increasing equipment maintenance shop rates, and increasing the solid waste generation tax for recycling. He noted that in terms of expenses, they are reducing one-time expenses for recycling carts and freezing two parking service agent position, while noting increased diesel fuel costs, the increased cost of hiring an inspector, purchasing a replacement recycling vehicle, increases in overtime for street maintenance teams, and potential increases to personnel costs due to reclassification once job description review activities are completed. He noted challenges around managing many large and complex capital projects simultaneously with limited consultant funding, maintaining capacity and production in order to hit revenue targets with a number of vacant positions, continuing to apply for grants to sustain enhanced capital investment, continuing to maintain a growing and now aging fleet, and continuing to manage the sales and delivery of thousands of toters.

Councilor Barlow expressed concern about the amount of pavement patching that needs to occur. Senior Engineer Baldwin said that his team is taking stock of the amount of patching that needs to occur to try and make funding for those activities stretch as far as possible.

Councilor Magee asked about which projects may be delayed due to the lack of consultant resources. Director Spencer replied that they have had to cut down on some of the City-funded paving activities, as well as rejecting all bids for a North Champlain Street bicycle lane project (though they are now seeking grant funding for such), and that there are a number of projects on the Capital Committee's list that were taken off the table for consideration this year.

Councilor Dieng asked if any general funding is being carried over the previous fiscal year to this fiscal year for DPW. Director Spencer replied that the largest amount of carryover is for $170,000 for the one-time cart purchase. Councilor Dieng asked about ARPA funding and how DPW is compensating for that lack of revenue. Director Spencer replied that there was no ARPA funding for the general fund portion of DPW's budget, though they supported the parking facilities fund and other DPW funds. He said there is limited fund balance in those funds and that they are struggling to replenish those fund balances after COVID. Councilor Dieng asked for more detail about which vehicles in the fleet are diesel vehicles, and Director Spencer provided that information.

4.0 BCA

4.01 BCA – Doreen Kraft
Director Kraft began by noting that BCA made equity a particular focus when they built the budget proposal for FY24 and that themes of equity are layered throughout it. She spoke about BCA's top goals for FY24, noting goals around increasing arts accessibility for youth through increased scholarship awards, producing programming that drives economic activity and supports artists, increasing the support of artists to address inflationary impacts, managing public arts contracts for Main Street and Dewey Park, and advancing the construction and capital fundraising for 405 Pine Street. She noted challenges to delivery of services in FY24, including increased costs, more constituent needs (such as funding, training, and lack of resources), lack of capacity at BCA to meet demands, maintaining donor support in an inflationary environment, and accommodating arts and non-arts events needs in the City (such as the Eclipse event).

Councilor Dieng asked what is increasing the general fund ask for BCA for FY24. Assistant Director Katz replied that fundraising goals were not increase, except for increases for scholarship awards. She also noted that one source of revenue that hasn't returned to pre-pandemic levels is around art sales (and that a key driver of that, UVM Medical Center and their capital projects, does not have any capital projects planned for this fiscal year). She noted that most increases on the expense side are due to staffing increases, specifically related to COLA. Councilor Dieng asked about the 1% for Art Fund, and Assistant Director Katz replied that that is part of the City's capital fund.

Councilor Grant asked what kinds of activities BCA has had to cancel at City Hall Park due to lack of funding. Director Kraft replied that they cancelled a noontime speaker series, but have replaced it with a collaboration with the Vermont Symphony Orchestra that would bring classical music into City Hall Park. She noted that they are also trying to encourage the use of City Hall Park.

Councilor Bergman asked about the line items for scholarships and said he would like more specifics about the number of scholarships. Assistant Director Katz provided further detail on the scholarship line items in the budget, noting that the total scholarship amount proposed for FY24 is $71,500 (an increase from $57,000 in FY23).

5.0 PERMITTING AND INSPECTIONS

5.01 Permitting and Inspections – Bill Ward
Director Ward began by speaking about the mission of the Permitting & Inspection Department, which includes the inspection of rental housing, health inspections, zoning and development review, and trades permit review (for building, electrical, and plumbing/mechanical permits). He noted notable changes for FY24, including personnel expense increases, rental registration revenue increases, and Certificate of Occupancy fee revenue decreases. He spoke about FY24 initiatives, including increasing compliance for rental weatherization, short-term rental enforcement, net zero energy coordination with the Burlington Electric Department, and graffiti removal coordination with volunteers and seasonal employees.

Councilor Barlow asked if graffiti removal is called out specifically in the P&I budget. Director Ward noted that the activities around graffiti removal personnel are coming from the funds that Director Alnasrawi is managing (through the Church Street Marketplace). He noted that it is around $40,000 in total.

6. CIP/CAPITAL BUDGETS

6.01 CIP/Capital Budgets – Ashley Parker
Director Parker began by noting what is included in the general fund capital budget, which is comprised of DPW, Parks, Facilities, Fleet, Innovation & Technology, Fire, Police, and the TIF Districts. She noted that the City's Capital Committee reviews requests for new capital

project and purchase funding and recommends the annual budget. She also noted that unused funds from capital project budgets roll over into the next fiscal year for use by that same project. She said thar the FY24 general fund capital budget proposal is $43.4 million, and that revenue sources include remaining FY23 General Obligation (GO) Bond, the remaining FY23 GG Bond premiums, new FY24 GO Bond draw, new FY24 annual CIP, ongoing Downtown TIF Bond funding, new Waterfront TIF project financing, grants, and dedicated taxes. She said that the budget is balanced and maintains GO bond project commitments to voters. She provided an overview of FY24 capital projects and purchases and ongoing capital projects and purchases. She spoke about anticipated revenue challenges, noting that if the proposed FY24 budget is approved, only $5.8 million of the March 2022 GO bond will remain for FY25 use, and that only the annual CIP of $2 million will remain to supplement grant funding and dedicated tax revenues, and that there is no capital reserve or other dedicated tax supporting the City's general fund capital needs. She spoke about the known general fund capital needs, including local match for existing grant-funded projects, deferred maintenance for facilities, street paving, deferred maintenance for parks, and no sustainable revenue source for the fleet. She noted that her team is putting together a 5-year capital plan to help strategize and prioritize capital needs.

Councilor Barlow asked for more detail about the gap between capital needs and available funding, which Director Parker provided.

City Council President Paul agreed that strategizing and prioritizing will be crucial in the coming years.

Councilor Magee requested a breakdown of capital projects with local match in order to see where the gaps are in terms of meeting those local match needs.

7. TRAFFIC

7.01 Traffic – Jeff Padgett
Director Padgett began by speaking about the different funds that the Parking and Traffic Division manages, including the traffic fund, the parking facilities fund, and the parking services fund. He noted that the overall budget for the Division is approximately $7.3 million. He noted that the focus for FY24 will be on recovery and the community, and will include goals around safety and equity, challenges in revenues, initiatives around improving the City's parking and traffic systems, and generally improving the services provided to the City. He spoke about program and budget highlights for the $2.5 million traffic fund, noting that revenue generally continues to recover and that overall expenses are being held flat from FY23. He spoke about the program and budget highlights for the $3.4 million parking facilities fund, noting that their major focuses are on facility safety and customer experience, noting major investments that are required, and finally noting that they anticipate revenue recovery to remain slow. He then spoke about the program and budget highlights for the $1.4 million parking services fund, noting their focus on the customer experience and that their expenses in the budget are being held even.

Councilor Grant noted specific concerns about the rollout and communication around the Whoops! Program for voiding tickets in Resident Only Parking (RPP) and said that the City should assess whether now is the right time to roll out this program.

8. BURLINGTON ELECTRIC DEPARTMENT

8.01 – Burlington Electric Department – Darren Springer
General Manager Springer began by speaking about the FY24 budget context. He noted a weak starting cash position which was driven by low winter energy prices in 2022-2023 (which reduced the value of the excess winter energy that BED sold), continued high inflation, a cumulative 18% COLA for FY23-FY26 for the new IBEW contract, flat customer sales, continued uncertainty around energy prices, that the 2022 Net Zero Revenue bond continues to be a key source of capital financing, and the goal of maintaining Moody's rating metrics at current levels while minimizing rate increases. Chief Financial Officer Stebbins-Wheelock spoke about strategies around holding down controllable

expenses and BED's disciplined approach to fiscal activity since FY16. She outlined the FY24 budget's overview and key assumptions. She noted operating revenues that are 2.5% higher than the FY23 budget, operating expenses that are 4% higher than the FY23 budget, higher interest income rates and a net income of $283,000. She spoke about BED's continued robust capital program and briefly noted the department's credit rating factors. She spoke about BED's outlook for FY23 through FY25 and activities including requesting PUC accounting orders to amortize $4 million in lost power supply revenues over 8 years, a charter change to increase BED's line of credit, and a second NZE revenue bond as part of the FY25 budget.

General Manager Springer then spoke about the investments in the FY24 budget in NZE. These include continued 100% renewable electricity, continued incentives for green alternatives, funding for electrification rebates, and funding for BED energy efficiency programs, a go/no-go decision about District Energy in the next few months, matching funds for potential federal grants for grid infrastructure, battery storage, and EV charging, more public EV chargers, a new electric bucket truck, converting GT to biodiesel and a heat pump rate pilot.

General Manager Springer then spoke about BED's rates over time, the value of its electricity versus other commodities, and rate comparisons between BED's rates and Vermont's averages for residential and commercial rates. He noted a rate increase proposal and its effect on customer bills (a $4.39 monthly increase for residential rate payers and a $5.10 monthly increase for small general rate payers). He spoke about mitigating these impacts through the Burlington Electric Assistance Program for low-to-moderate income customers, also noting that BED is looking to make this Assistance Program permanent in FY24.

9. WATER/WASTEWATER/STORMWATER

9.01 – Water/Wastewater/Stormwater – Megan Moir
Division Director Moir began by speaking about the resiliency principles around which the City's water programs are centered, which include financial responsibility, infrastructure stewardship, and staff resources. They spoke about the FY24 expense drivers, which include staffing additions, existing personnel-related increases, intentional investments in capital and contractual services, and external inflationary increases (which include wastewater biosolids costs, treatment chemical costs, indirect allocations, and liability insurances). These total a 8.79% increase in overall expenses across water, wastewater, and stormwater. They spoke in more detail about the FY24 staffing proposal, which includes additional positions for wastewater distribution technicians, a stormwater field specialist, a water resources project manager, a wastewater operator, and a water resources utilities coordinator. They spoke about rate increase mitigation activities to find excess expenses and find additional revenues. They spoke about the proposed typical bill impact related to the rate increase, noting that the typical bill would increase by 6.52%. They noted that significant capital investment is needed for FY25 and beyond and that the bipartisan infrastructure law at the federal level will not provide a significant funding source. They spoke about ratepayer affordability programming in the City for low-to-moderate income ratepayers.

Councilor Carpenter urged the division to be as proactive as possible to help reach renters with the affordability programming that is available.

10. ADJOURNMENT

10.01 Motion to Adjourn

With no further business and without objection the meeting was adjourned at 7:55 PM.

RScty: AACoonradt