BURLINGTON CITY COUNCIL
SPECIAL MEETING
CITY HALL, CONTOIS AUDITORIUM *OR*
REMOTE MEETING WITH CALL-IN
BURLINGTON, VERMONT
MINUTES OF MEETING
June 26, 2023
DRAFT

MEMBERS PRESENT:

Karen Paul
Joan Shannon
Ali Dieng
Sarah E Carpenter
Zoraya Hightower
Mark Barlow
Joe Magee
Gene Bergman
Ben Traverse
Timothy Doherty
Melo Grant
Hannah King

OTHERS PRESENT:

Miro Weinberger
Katherine Schad
Jordan Redell
Kim Sturtevant
Lori Olberg

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1. CALL TO ORDER and AGENDA

The meeting was called to order by City Council President Paul at 6:00 PM.

MOTION by Councilor King, SECOND by Councilor Magee, to amend/adopt the agenda as follows:

- **remove from the consent agenda item 3.3 Communication: Councilors Gene Bergman and Ben Traverse, co-chairs, Joint Committee on Oversight, re: Decision on extension of time for Report to the Full Council as per February 6, 2023 resolution and place it on the deliberative agenda as item 4.4 (per City Council President Paul per Councilor Grant)**

VOTING: unanimous; motion carries.

2. PUBLIC FORUM: **TIME CERTAIN – 6:00 PM**

2.1 Verbal Comments

None.

3. CONSENT AGENDA
3.1 Motion to adopt the consent agenda (as amended) and take the actions indicated
3.2 Communication: C/T Office, re: Accountability List – waive the reading, accept the communication and place it on file.
3.3 Communication: Councilors Gene Bergman and Ben Traverse, co-chairs, Joint Committee on Oversight, re: Decision on extension of time for Report to the Full Council as per February 6, 2023 resolution **now agenda item 4.4**

MOTION by Councilor Traverse, SECOND by Councilor Shannon, to adopt the consent agenda as amended and take the actions indicated for items 3.1-3.2.

VOTING: unanimous; motion carries.

4. DELIBERATIVE AGENDA
4.1 Resolution: Authorization of Parking Revenue Financing For The Department Of Public Works (Board of Finance)

MOTION by Councilor Magee, SECOND by Councilor Hightower, to waive the reading and adopt the resolution.
DISCUSSION:

- **Director Spencer noted that this is seeking a revenue bond to fund significant capital upgrades in the Downtown and Marketplace parking garages. He said that this work has been completed and will extend the life of each facility. He said that in Years 1 and 2 of the payment terms the City will be responsible for making interest payments, and will make payments on the principal and interest in Years 3 through 5 of the loan. He noted that DPW is working diligently to return its Parking Facilities and Traffic funds back to fiscal health, noting that Covid-19 has impacted the revenues of both funds greatly. He said that DPW is preparing a multi-year pro forma in the next several months to meet those goals.**
- **Councilor Carpenter asked what is causing the lower revenues in the parking and traffic funds. Director Spencer replied that there is both a decrease in on-street and off-street parking, but noting that the off-street parking is seeing less revenue growth of the two. He noted that this is in part due to the decrease in the number of people commuting to work into Burlington and needing parking. Councilor Carpenter asked whether people aren't using the parking garages due to security concerns. Director Spencer replied that they have upgraded security and lighting, and have removed graffiti in the City's garages.**

VOTING: unanimous; motion carries.

4.2 Resolution: Annual Appropriation And Budget For Fiscal Year Beginning July 1, 2023 And Ending June 30, 2024 (Mayor Weinberger; Board of Finance)
Mayor Weinberger said that this is the 12th and most difficult budget he has submitted for the City Council's consideration. He noted significant challenges in rising inflation, volatility, revenue shortfalls related to the pandemic, the phasing-out of federal support for Citywide equity initiatives, and an aversion by all parties to increase taxes. He said that despite these challenges, this budget advances public safety goals by rebuilding the police department, addressing the climate crisis by electrifying more of everything, makes infrastructure and capital investments, includes funding to address the opioid crisis, and includes permanent, full-time positions for the Racial Equity, Inclusion, and Belonging Department. Further, he noted that the budget recognizes that these challenges will also plague future years, such as issues with

the fleet and capital investments, and will fund studies around fleet management, impact fees, property tax equity, technical assistance for CEDO, and exploring alternatives to property tax revenues for future years. He thanked Chief Administrative Officer Schad and department heads for their work on this budget.

Chief Administrative Officer Schad began by reiterating the challenges for the FY24 budget, including increased public safety personnel costs, vehicle fleet costs, and COLA increases to non-public safety staff, as well as inflationary pressures. She provided an overview of the General Fund budget of $101.1 million, noting that it represents a $3.1 million (3%) increase in revenues over FY23 and a $3.7 million (4%) increase in expenses over FY23. She noted the major elements of the $5 million budget gap between revenue and expenses, which included $1 million in vehicle fleet costs, $1.3 million increased Burlington Police Department personnel costs, $950,000 in increased Burlington Fire Department personnel costs, and $1.7 million in COLA increases to non-public safety staff and inflationary pressures. She said that this gap was addressed through $400,000 from the unassigned fund balance and $600,000 through other one-time sources for the fleet costs, use of City Council Charter Authority to Properly Fund Parks for an additional $1.1 million, repurposing ARPA Revenue Replacement Reserve funding of $1.75 million (which is rolled over from FY23) and repurposing the BPD Rebuilding Reserve of $500,000 to fund the first year of a multi-year plan to phase in new public safety costs, and finding an additional $750,000 of cuts and adjustments including a doubling of FY23 attrition. She noted that the overall use of the unassigned fund balance will total $590,000, which will leave an unassigned fund balance of $7.6 million or 10.13% (which is in line with the unassigned fund balance policy).

Chief Administrative Officer Schad spoke about the impacts of the above to the FY23 municipal tax rate. She noted that the tax rate will increase by 6.2% from $0.7082 to $0.7523, which includes the addition of a $0.005 increase to the dedicated street capital and greenbelt tax for additional street patching, and includes raising the exemption for the Business Personal Property Tax from $45,000 to $75,000. She noted that the FY24 monthly increase would be $39 per month, which includes the increases for school and municipal taxes, as well as increased electricity, water, and recycling rates.

Chief Administrative Officer Schad provided a summary of the proposed FY24 revenues and expenses. She noted that 69% of the revenues are non-departmental and the remainder is spread throughout the departments. She noted that the largest source of expenses (other than non-departmental) are in public safety, with the Fire Department making up 15% of expenses and the Police Department making up 19% of the expenses.

Chief Administrative Officer Schad spoke about looking ahead to FY25 and beyond, noting that many of the FY24 budget's challenges will persist. She spoke about proactive steps to address this, including implementation of numerous revenue and operational studies, developing a capital plan to meet the City's needs before additional bonding capacity is available, increasing franchise and other non-property tax sources of revenue, developing a sustainability plan for expanded public safety, and quarterly report-outs to the Board of Finance on revenues and expenses.

MOTION by Councilor Barlow, SECOND by Councilor Dieng, to waive the reading and adopt the resolution.
<u>DISCUSSION:</u>

- **Councilor Barlow expressed support for the revenue and operational studies, which address the need to seek non-property tax sources of revenue. He expressed support for the budget overall, believing it to be balanced and responsible.**
- **Councilor Shannon expressed disappointment that this budget both raises taxes and dips into the City's unassigned fund balance, citing the need to maintain the City's credit rating, given inflationary pressures and high interest rates. She expressed appreciation for the staff and administration's work on the budget, and will support it.**

- **Councilor Magee spoke about additional tax that was included in the budget for paving, expressing concern about affordability in Burlington. He said that the City must be mindful of this in the budget conversation. He said that because of this, he will not be supporting the budget. He said that in future budget years, it will be challenging to sustain services without overburdening low-and-moderate income Burlingtonians.**
- **Councilor Grant expressed concern about affordability for her constituents. She said that the City has discussed finding alternatives to property taxes, but that not much has been done to actually find viable alternatives. She said that the City needs to establish a task force or work group to take the steps needed to alleviate property taxes.**
- **Councilor Hightower said that there is a lot in this budget to celebrate, but said that the budget is a moral document, and must be guided by the City's moral obligation to its constituents. She said that the City is not making the right calibration in its approach to building the budget, given the grave affordability concerns and growing number of unhoused individuals in the City.**
- **Councilor Dieng asked why the City has not seen revenues pick back up since the pandemic. Mayor Weinberger replied that revenues have recovered significantly since 2020, though waterfront and parking revenues have been slower to respond to the end of the pandemic. He noted that parking revenues may never increase back to pre-pandemic levels, given that many activities can occur remotely and vehicle travel is required less often. He noted that they anticipate waterfront revenues to recover fully. Chief Administrative Officer Schad noted that gross receipts and local option tax revenue has also recovered since 2020. She also noted that due to higher interest rates, the City has not seen as much revenue from fees as it had when interest rates were lower and there were more transactions and developments. She confirmed that there will not be impacts related to bonding for the High School in FY24.**
- **Councilor Carpenter asked what proportion of the non-departmental fees were property tax, and Chief Administrative Officer Schad replied that property tax makes up 50% of the non-departmental revenues. Councilor Carpenter asked what impact the increase in COLAs had on the total increase in expenses. Chief Administrative Officer Schad replied that AFCSME was 4.8%, BPOA was 5%, and the Fire Department was 5.75%, and the COLA increases accounted for most of the increase in the budget. Councilor Carpenter said that given that the budget is so focused on City employees and supporting them, that should be recognized. She spoke about the homeless crisis, noting that some surrounding municipalities are not pitching in, and suggested that perhaps a county tax similar to that of GMT is contemplated to help solve the crisis. She said that municipal taxes should be more income-sensitized and that the City should explore this.**
- **Councilor Bergman expressed dismay at the difficult position the City is in with this budget, with the options being to implement austerity measures and cut services or raise property taxes and utility rates, both of which disproportionately affect low and middle income households. He said that the City is not raising nearly enough revenue, and is not focusing on sources of revenue that are progressive for households. He said that he would like to tap into the unassigned fund balance to fund street paving and patching, rather than raise the tax. He said he will support this resolution but will not support the tax assessment on the grand list, unless $290,000 is raised without increasing taxes.**
- **Councilor Shannon said that every dollar taken out of the unassigned fund balance just kicks the can down the road. She said that the tax increasing for paving isn't for frivolous spending, but for investments in infrastructure for the residents of the City. She said that the budget does not favor the upper class over the lower-class residents.**
- **Councilor Dieng said that this tax increase is justified, though he recognizes the burden it places on households.**
- **Mayor Weinberger emphasized that this is not an austerity budget and focuses more resources on public safety, the climate emergency, the opioid crisis, and the unhoused. He noted that the City has had a remarkable success in reversing state policy regarding the unhoused. He noted that the City has quadrupled its funding in its housing trust fund and that he has asked CEDO to look into how to use that funding to solving the housing and homelessness crisis.**

He disputed the claim that the City has not made movement in seeking alternative sources of revenue than municipal taxes. He noted the requirement that the City retain an unassigned fund balance between 5% and 15%, and that it has worked hard to ensure that it builds up reserves in the fund balance. He urged the Council not to make last-minute changes to the budget through use of funds from the unassigned fund balance.

- **Councilor Hightower noted that both she and Councilor Magee had previously voiced concerns about the budget. She also noted that this Council is most productive and has the best outcomes when it works through issues where there is dissent to a resolution palatable to all. She acknowledged the incredible suite of services offered to residents by the City, but noted that it is most often the middle class individuals in the City who are able to take advantage of them, and that they need to constantly keep looking out for ways to better the lives of the most vulnerable and needy.**
- **Councilor Grant agreed with Councilor Hightower. She said that politics reduces the conversation about important issues. She expressed concern that the City is becoming a boutique community and that lower-income individuals may be forced out by tax creep. She said that the City needs to think creatively about sustainable sources of revenue that are not reliant on property taxes.**
- **Councilor Bergman said that he isn't characterizing this budget as an austerity budget, but noted the $750,000 in cuts, as well as the woefully underfunded street paving program and the high level of work that staff must endure. He said that taking an extra $250,000 from the unassigned fund balance would still keep the balance within 9%.**
- **Councilor Magee expressed appreciation for the effort to seek alternative sources of revenue for the City. He noted with concern the federal grants that the Board of Finance and City Council have approved without having a funding source for the local match. He noted that he voiced concern for the increased street tax the first night that it was brought before the Board of Finance, and resents the characterization that he is bringing this up at the last minute.**
- **Councilor Traverse said that his constituents have been bearing the brunt of the reappraisal and the fact that income-based tax assistance was delayed for a year after the reappraisal, though the assistance has caught up. He said he his extremely supportive of the wage increases in this budget for City employees. He noted that the budget also funds mandates that were previously put in place by this Council. He asked where additional funds can be found, and said that he does not support tapping into the unassigned fund balance. He said that the City Council has a responsibility to govern and that one of its primary activities is to pass the City's budget.**

VOTING (by roll call): Councilor Barlow – aye, Councilor Bergman – aye, Councilor Carpenter – aye, Councilor Dieng – aye, Councilor Doherty – aye, Councilor Grant – aye, Councilor Hightower – nay, Councilor King – aye, Councilor Magee – nay, Councilor Shannon – aye, Councilor Traverse – aye, City Council President Paul – aye (10 ayes, 2 nays); motion carries.

4.3 Resolution: Annual Tax Assessments On The Property Grand List Of The City For The Fiscal Year Beginning July 1, 2023 And Ending June 30, 2024 (Mayor Weinberger; Board of Finance)
Chief Administrative Officer Schad noted that this resolution outlines the 12 different tax rates that make up the municipal tax rate. She noted that the specific tax rates of interest during tonight's discussion have been the capital and green belt tax rate. She noted that in FY22, those rates were held down to ensure affordability after the reappraisal. She noted that last year, those rates were brought up to their maximum level and fully funded. However, she discovered that the street capital and green belt rate had not been maxed out and hence why she came back to the Board of Finance with that additional half-cent proposed increase.

MOTION by Councilor Barlow, SECOND by Councilor Shannon, to waive the reading and adopt the resolution.
<u>DISCUSSION:</u>

- **Councilor Bergman said that the City needs significant tax reform to base municipal taxes on the ability to pay. He additionally noted that the Urban 3 revenue study will highlight the areas that are underperforming from a valuation perspective and have the most tax revenue potential for redevelopment, which could have the potential to encourage public policies that drive up value and property taxes and drive out middle-income residents. He said that the City must study the significant anti-displacement investments that must accompany such analysis. He further noted that municipal property taxes should be income-sensitized.**

MOTION TO AMEND by Councilor Bergman, SECOND by Councilor Dieng, to amend Line 8 to strike "and one-half cents" and modifying "$0.0550" to be "$0.05".
<u>DISCUSSION OF AMENDMENT:</u>

- **Mayor Weinberger said that if this amendment passes, he is unsure whether the City has met its charter obligations to pass a balanced budget before the end of the fiscal year, as this amendment would reduce the amount of revenue in the budget assumptions without reducing corresponding expenses. Councilor Bergman said that they could additionally amend the resolution to appropriate more unassigned fund balance to cover the reduction in revenue from the taxes.**
- **Councilor Carpenter said that the City is mandated to pass a balanced budget, but could be called upon to move money from the unassigned fund balance in the middle of the year. Chief Administrative Officer Schad offered the example of the TIF audit that needed to pull an additional $500,000 from the unassigned fund balance. She noted that the City's policy for the unassigned fund balance says that it should not be used to fund general, routine, or recurring operating expenses of the City.**
- **Councilor Doherty said that this could set a precedent moving forward that Councilors could vote in favor of approving the expense side of the budget without voting in favor of obligating the revenue needed to cover those expenses, and could just assume that it will be covered by the unassigned fund balance mid-year.**

VOTING ON AMENDMENT (by roll call): Councilor Barlow – nay, Councilor Bergman – aye, Councilor Carpenter – nay, Councilor Dieng – aye, Councilor Doherty – nay, Councilor Grant – aye, Councilor Hightower – aye, Councilor King – nay, Councilor Magee – aye, Councilor Shannon – nay, Councilor Traverse – nay, City Council President Paul – nay (5 ayes, 7 nays); motion fails.

VOTING ON ORIGINAL RESOLUTION (by roll call): Councilor Barlow – aye, Councilor Bergman – nay, Councilor Carpenter – aye, Councilor Dieng – aye, Councilor Doherty – aye, Councilor Grant – nay, Councilor Hightower – aye, Councilor King – aye, Councilor Magee – nay, Councilor Shannon – aye, Councilor Traverse – aye, City Council President Paul – aye (9 ayes, 3 nays); motion carries.

4.4 Communication: Councilors Gene Bergman and Ben Traverse, co-chairs, Joint Committee on Oversight, re: Decision on extension of time for Report to the Full Council as per February 6, 2023 resolution **was agenda item 3.3**
Councilor Grant noted that she would like this discussed on the deliberative agenda, as it is an item of great interest to the City.

MOTION by Councilor Bergman, SECOND by Councilor Traverse, to waive the reading, accept the communication, and place it on file.
<u>DISCUSSION:</u>

- **Councilor Bergman noted that the body of work for this subcommittee was too great to be able to meet the original deadline. He noted that the subcommittee has met several times and is meeting on July 6, July 13, August 2, and August 3.**
- **Councilor Traverse concurred, saying that transparency and communication, as well as soliciting feedback, are going to be valuable for this work. She said that leadership from the police department, multiple City departments, the unions, and the Howard Center have been invited to the subcommittee meetings to participate.**

VOTING: unanimous; motion carries.

5. ADJOURNMENT

5.1 Motion to Adjourn

MOTION by Councilor Magee, SECOND by Councilor Barlow, to adjourn the meeting.

VOTING: unanimous; motion carries.

The meeting adjourned at 8:43 PM.

RScty: AACoonradt