

**BURLINGTON BOARD OF FINANCE
BUSHOR CONF. ROOM, FIRST FLOOR, CITY HALL *OR*
REMOTE MEETING WITH CALL-IN NUMBER
BURLINGTON, VERMONT
MINUTES OF MEETING
DRAFT
September 18, 2023**

MEMBERS PRESENT:

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

OTHERS PRESENT:

Katherine Schad
Jordan Redell
Jared Pellerin
Sarah E Carpenter
Brian Pine
Meagan Tuttle
Laura Wheelock
Philip Peterson
Ashley Parker
Chapin Spencer

1.0 CALL TO ORDER and AGENDA

1.1 Motion to amend/adopt the agenda

Mayor Weinberger called the Board of Finance meeting to order at 5:03 PM.

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

- **Mayor Weinberger made a friendly amendment to remove Agenda Item #5.**

VOTING: unanimous; motion carries.

2.0 PUBLIC FORUM

2.1 Verbal Comments

None.

3.0 CONSENT AGENDA

3.1 Motion to adopt the consent agenda and take the actions indicated

3.2 September 5, 2023 Board of Finance Minutes, Draft – approve the minutes.

3.3 Airport Equipment purchase over \$50,000: Ford F-550 Chassis, Cab, and Body – Airport – approve and recommend that the City Council approve and authorize the purchase of a 2023 Ford F-550 from Nucar Ford of St. Albans in the amount of \$55,152.90

3.4 Approval of Marina Slip and Mooring Fees – BPRW – approve and recommend that the City Council approve the 2024 Marina fees as set by the Harbor Commission during its September 12, 2023 meeting, subject to review by the City Attorney's Office.

3.5 Authorization to Execute Lease Amendment No. 2 to the General Services Administration (GSA) Lease – Airport – approve and recommend to the City Council that the Mayor of Burlington, Miro Weinberger, be authorized to execute Amendment No. 2 to the Lease Agreement with the U.S. General Services Administration, subject to the final review and approval by the Office of the City Attorney.

3.6 Execute a Contract Amendment with Engineers Construction, Inc. (ECI) for the Design-Build services for the Flynn Avenue Sewage Forcemain Rehabilitation – DPW/Water Resources – approve and recommend that the City Council retroactively authorize and ratify the Director of Public Works' execution of a contract amendment with Engineer's Construction, Inc. for the Design-Build services for the Flynn Avenue Sewage Forcemain Rehabilitation increasing the maximum limiting amount of the Agreement by \$4,213 for a total authorized expenditure not to exceed \$192,525, subject to the review and approval of the City Attorney's Office.

3.7 Old North End Greenway Construction Grant Project Commitments Form – DPW – approve and recommend that the City Council authorize the Director of Public Works to execute the Project Commitments Form from the Vermont Agency of Transportation for the Old North End Greenway construction, obligating the City to commit a local match of \$166,000 of the total project budget of \$241,000 in furtherance of accepting a reimbursable grant amount up to \$75,000, subject to approval by the City Attorney's Office.

3.8 National Endowment for the Humanities Challenge Infrastructure and Capacity Building Grant – Library – 1. To approve and recommend the City Council authorize for the Director of the Fletcher Free Library to execute the Award Agreement with NEH, to accept a grant amount of \$245,425.00.00, with project costs to be paid upfront by the City of Burlington and then reimbursed by NEH, including a local match of \$736,275.00 in City Capital funds, for a total project budget of \$981,700.00; subject to final review and approval by the City Attorney's Office and Chief Administrative Officer; and 2. Move to approve and recommend that the City Council accept the recommendation of the City's Capital Committee to approve the creation of the Fletcher Free Library project budget for Fiscal Year 2024, for use of Capital Funds as described in the affiliated memorandum and related attachments, subject to the review and approval of the Chief Administrative Officer.

MOTION by City Council President Paul, SECOND by Councilor Barlow, to adopt the consent agenda and take the actions indicated for items 3.1-3.8 (City Council President Paul recused herself from item 3.4).

VOTING: unanimous; motion carries.

4.0 FY25 BUDGET PRESENTATION – CAO

4.1. FY25 Budget Presentation – CAO

Mayor Weinberger noted that FY24 was a challenging budget year, and said he anticipates FY25 to be equally, if not more challenging. He said that as a result, his administration is attempting to begin budget discussions early for FY25. He said that there have been a number of structural changes to the budget that need to be responded to, and he said that this budget presentation lays out potential ways to respond to those changes. He said that this discussion will help inform the path forward for the budget.

Chief Administrative Officer Schad began by noting that one of the priorities for FY25 is to have a proactive discussion as soon as possible (which is now). She provided context for the budget discussion, noting that the FY24 General Fund budget contained \$4.55 million of one-time funds that were used, and that if they had not used this funding to address the gap between revenues and expenses, property taxes would have had to increase by 8.2 cents. She also noted that FY25's budget is anticipated to grow due to COLA increases of \$3 million and

fleet vehicle expenses of \$1-2 million. She said that with that projected expense increase (to around \$106 million) and a projected revenue increase to \$99 million, there is currently a projected \$7 million budget deficit.

Chief Administrative Officer Schad then spoke about potential solutions to address this deficit. These include an operational analysis, revenue and equity analysis, and impact fee analysis, a fleet analysis, and a CEDO financial sustainability study. She said that they also include additional options, including an updated PILOT program, a review of the direct fees-for-service, potential consideration of transportation utility fees, and a potential public safety tax rate increase (though this option won't be discussed tonight). She spoke about each option in turn.

Chief Administrative Officer Schad began by speaking about conducting an operational analysis, which would increase the City's efficiency by implementing best practices to increase the efficiency of municipal operations. She said that this analysis would look at the departments with the largest expense budgets, including BCA, BPRW, BWD, CEDO, CT, DPW, and P&I, though would not include Police or Fire Departments, given that other analyses on these departments are occurring already. She said that they could potentially have this study in hand for April 2024.

Councilor Barlow asked about the average cost per FTE in the City. Chief Administrative Officer Schad replied that she could provide this information, which would include salary and benefits for non-public safety staff. City Council President Paul noted that when the budget was passed, this study was slated to cost \$75,000. Chief Administrative Officer Schad replied that that amount was how much the City allotted for all of this potential work. She said that some of the legal work that's already happened has come out of this line item already. City Council President Paul recommended that the RFP include a requirement for a deliverable around the projected savings if efficiencies are implemented. Councilor Dieng said that this work may be premature without receiving quarterly financial updates from each of the departments and their current projections for FY24. He suggested taking time to further refine the subject of what would be studied by whatever consultant is hired. He also suggested that if a study is conducted, it include the Police Department, since that department has changed dramatically over the last several years in terms of structure. He also said that the study should include proposals around potential consolidation of departments, where possible.

Chief Administrative Officer Schad then spoke about the revenue and equity analysis that is occurring. She noted that consultants have prepared insights into the economic of the City's land use and development patterns, and that they are finalizing recommendations for possible action using these insights, which they will present to the Board of Finance and City Council. She said that although this could impact policy recommendations to increase equity, she does not anticipate this to have much of an impact on revenue. Councilor Carpenter said that it is very important to understand the impact of the homestead credit, given that 65-70% of Burlington's residents are eligible for it. She said that additionally, it will be important to explore how the school tax increase fits in with that.

Chief Administrative Officer Schad then spoke about the current impact fee study. She said that this study is wrapping up, and the group will be coming to the Board of Finance and recommending new fees to be effective in FY25, though it may result in shifting, rather than increasing revenues.

Chief Administrative Officer Schad then spoke about the fleet analysis. She noted that the Fleet Committee has estimated that the City needs about \$2-3 million annually to sustainably increase the City's General Fund fleet. She noted that they will be meeting with consultants to help with funding and an electrification study. Mayor Weinberger said that there are new resources available at the federal level to support electrification.

Chief Administrative Officer Schad then spoke about the financial sustainability study being conducted by CEDO, which is being funded by a grant from the federal Housing and Urban Development department. She said that the deliverable from this work is to present funding models to the Mayor and City Council in advance of the FY25 budget process to ensure the fiscal stability of CEDO.

Chief Administrative Officer Schad then spoke about additional options that were not mentioned in the FY24 budget memo, that should be considered when looking to address any potential budget deficits for FY25. She spoke about PILOT (payments in lieu of taxes) fees, which represented about \$4.7 million in General Fund revenue in FY24, and said that around 94% of it comes from the State, BED, and the Water department. She noted that UVM Medical Center, UVM, and Champlain College also pay PILOT fees. She said that the administration is recommending creating a task force to review the PILOT program with an eye to ensuring equity across the program. Councilor Magee asked about the franchise fee from Vermont Gas, and Chief Administrative Officer Schad replied that expanding franchise fees isn't something that the City Council can do alone, and that she will share further information on the legal opinion around this with Councilors. Councilor Dieng expressed support for the formation of a PILOT program task force. Chief Administrative Officer Schad then also spoke about potentially reviewing direct fees for service, which account for 13% of revenue, and said that standardizing fees and updating fees would be the goal. Councilor Dieng asked about assessing a gas tax, and Mayor Weinberger replied that those taxes are assessed at the federal and state level. Chief Administrative Officer Schad then spoke about considering a transportation utility fee, or TUF. She said that they are permissible user fees (not taxes), assessed annually based on parcel sizes, sidewalk, and foot traffic density, and that they are billed along with property taxes. She said that to implement this, they would divide Burlington into sidewalk districts based on foot traffic, which would create a public utility out of the sidewalks, and the funds from this would be restricted to building, repairing, and maintaining sidewalks. She noted that legal review has concluded that this is within the City's authority to implement.

City Council President Paul expressed appreciation that this discussion is occurring now at the Board of Finance, and recommended that this discussion be continued until and through the budget season. She also asked whether the management letter recommendations from the last audit for the City are being implemented, particularly around the closing journal entries. Chief Administrative Officer Schad replied that an outside consultant has been hired to help with this item.

5.0 FY23 FISCAL HEALTH REPORT - CAO

5.1 FY23 Fiscal Health Report – CAO

** item removed from the agenda**

6.0 FOR APPROVAL AND RECOMMENDATION TO THE CITY COUNCIL

6.1 Reclassification of two (2) Clerk Treasurer's positions and not filling of one (1) position – CT/HR

Chief Administrative Officer Schad said that this is related to vacancies for the Director of Financial Operations and Budget Manager. She said that they are proposing merging the two positions into a Director of Finance position and reclassifying a currently-filled position into an Assistant Director of Finance position, given the incumbent's increased workload. She said that this proposed set of reclassifications is cost-effective.

MOTION by Councilor Dieng, SECOND by Councilor Magee, to approve and recommend approval to the City Council for the modification, retitle, and reclassification of the Director of Financial Operations, a regular service, fulltime, exempt, non-union position with a market factor range of \$118,055.69 to \$165,325.93 to Director of Finance, a regular service, full-time, exempt, non-union position with a market factor range of \$127,900 to \$191,900. Modification, retitle, and reclassification of the

Banking & Cash Operations Manager, a regular service, full-time, exempt, non-union Grade 21 to Assistant Director of Finance, a regular service, full-time, exempt, non-union Grade 23.

VOTING: unanimous; motion carries.

6.2 Authorization to Execute the Design Contract for the Queen City Park Road (QCPR) Sidepath – DPW
Public Works Engineer Peterson began by noting that this project is a collaborative effort between CCRPC, Burlington, and South Burlington, and is intended to create a vital bicycle and pedestrian connection between Route 7 in South Burlington and the Burlington waterfront and Greenway. He noted that the new shared use path will increase safety and accessibility, and aligns well with the Walk/Bike Plan. He noted that grant funding for this work is being provided by VTrans and the local match is coming from capital funds (and has already been approved). He said that they are anticipating beginning construction in the spring of 2028.

MOTION by City Council President Paul, SECOND by Councilor Barlow, 1. To approve and recommend that the City Council authorize the Director of Public Works to execute a contract with Hoyle Tanner & Associate Inc. in an amount not to exceed \$214,245, and further authorize the Director of Public Works to execute any necessary future amendments using up to \$21,000 (10%) in available contingency funds, for a total authorized amount of \$235,245, for the development of the design of the QCPR Sidepath project, subject to the review and approval of the City Attorney's Office; and 2. To approve and recommend that the City Council authorize the Chief Administrative Officer, or their designee, to affect all necessary budget amendments and transfers of funds from the sources identified in the attached budget amendment form to amend the project budget to total \$1,035,000 for the Queen City Park Road Sidepath Project.

VOTING: unanimous; motion carries.

6.3 Allocation of Bond Proceeds for Public Improvements – Rock Point Bridge Project – CT
Capital Program Director Parker said that this would take bond proceeds and reallocate them to other purposes. She said that DPW came to the Capital Committee previously, saying that they needed additional dollars to help with this project. She noted that the Capital team has reviewed a series of projects with available excess sources of funding to allocate toward this project in particular.

MOTION by Councilor Magee, SECOND by City Council President Paul, to recommend that the City Council approve the attached resolution.

VOTING: unanimous; motion carries.

6.4 Rock Point Bridge – Authorization to Award Construction Contract and Proposed Budget Amendment – DPW
Senior Public Works Engineer Wheelock provided details on the Rock Point Bridge replacement project. She said that this bridge connects two parcels of the Rock Point diocese land and that the City has an lease for the bike path. She said that that lease includes requirements about maintenance and replacement of the structure of the bridge itself. She noted that the existing bridge is past its service life and that replacing it is a high priority. Mayor Weinberger said that the City has had this responsibility since it built the bike path and that it has been a matter of increasing concern from the Archdiocese.

MOTION by Councilor Magee, SECOND by City Council President Paul, to 1. approve and recommend that the City Council authorize the Chief Administrative Officer, or their designee, to affect all necessary budget amendments and transfers of funds

to amend the project budget to total \$1,219,128.51 as detailed in Attachment B for the Rock Point Bridge Replacement Project; and 2. To approve and recommend that the City Council authorize the Director of Parks, Recreation and Waterfront (BPRW), or their designee, to execute a construction contract with Desroches Construction Services in an amount not to exceed 984,131.00, and to further authorize the use of an additional \$98,413.00 in contingency funds (10%), for a total authorized expenditure in the amount of \$1,082,544.00.

VOTING: unanimous; motion carries.

6.5 195-201 Flynn Avenue 2019 Third MOU Extension – DPW

Director Spencer said that this pertains to a 3-acre parcel in the South End that was purchased several decades ago by CSWD, as part of pursuing a CSWD drop-off site in Burlington. He noted that the City and CSWD are now at a place to come to final resolution on this. He said that this would allow for an extra year to work for the final details of an arrangement.

MOTION by Councilor Barlow, SECOND by Councilor Magee, to approve and recommend that the City Council approve a one-year, term-only, no cost extension of the Second 2019 Chittenden Solid Waste District – City of Burlington Memorandum of Understanding through September 30, 2024, and authorize the Mayor to execute said agreement subject to the review and approval of the City Attorney's Office.

VOTING: unanimous; motion carries.

7.0 COMMUNICATION REGARDING 195-201 FLYNN AVENUE REAL ESTATE PURCHASE OR LEASE OPTIONS (VERBAL) **EXPECTED EXECUTIVE SESSION**

7.1 Communication Regarding 195-201 Flynn Avenue Real Estate Purchase or Lease Options (verbal) **expected executive session*

MOTION by Councilor Barlow, SECOND by Councilor Magee, to enter executive session pursuant to 1 VSA 313(a)(2) to discuss the negotiating or securing of real estate purchase or lease options regarding the parcels located at 195-201 Flynn Avenue currently owned by CSWD.

VOTING: unanimous; motion carries.

8.0 ADJOURNMENT

8.1 Motion to Adjourn

With no further business and without objection the meeting was adjourned at 6:39 PM.

RScty: AACoonrad