Board of Finance
12/8/2014

Board of Finance (Monday, December 8, 2014)

Generated by Amy Bovee on Tuesday, December 9, 2014

Present: Miro Weinberger, Joan Shannon, Sharon Bushor, Jane Knodell, Karen Paul

Also Present: CAO Bob Rusten; ACAO Rich Goodwin; Assistant City Attorney Richard Haesler; Kirsten Merriman-Shapiro, CEDO; Dan Cahill, Parks; City Attorney Blackwood (arrived at 5:10pm); Peter Owens, CEDO (arrived at 5:12pm); Brian Lowe, Mayor's Office (arrived at 5:15pm).

Start time: 5:07pm.

1. Agenda

Action, Minutes, Procedural: 1.01 Adopt/Amend Agenda

Approve the Agenda

Motion by Joan Shannon, Second by Karen Paul

Final Resolution: Motion Passes

Ayes: Miro Weinberger, Joan Shannon, Sharon Bushor, Jane Knodell, Karen Paul

2. Public Forum

No one came forward to speak.

3. Approval of the Board of Finance Minutes

Action, Minutes: 3.01 November 17, 2014

Approve the Minutes with Correction to Councilor Paul's attendance.

Motion by Sharon Bushor, Second by Joan Shannon

Final Resolution: Motion Passes

Ayes: Miro Weinberger, Joan Shannon, Sharon Bushor, Jane Knodell, Karen Paul

Action, Minutes: 3.02 November 24, 2014

Approve the Minutes

Motion by Sharon Bushor, Second by Joan Shannon

Final Resolution: Motion Passes

Ayes: Miro Weinberger, Joan Shannon, Sharon Bushor, Jane Knodell, Karen Paul

4. For Approval and Recommendation to City Council

Action, Resolution: 4.01 Authorization for Manhattan Drive Project Easement - DPW

Councilor Bushor noted that they will be removing vegetation from the slope. She inquired if the vegetation helps to stabilize the slope. David Allerton, DPW, stated there is currently not much on the slope.

Councilor Knodell inquired if the City will be paying for the easement. Mr. Allerton stated they will not need to pay for this, as the project will be beneficial to the homeowner.

Approve and Recommend City Council Approval

Motion by Joan Shannon, Second by Jane Knodell

Final Resolution: Motion Passes

Ayes: Miro Weinberger, Joan Shannon, Sharon Bushor, Jane Knodell, Karen Paul

Action, Resolution: 4.02 Authorization for Amendment to Archibald Garden Purchase and Sale Agreement - Parks

City Council President Shannon inquired what the total cost of remediation will be. Dan Cahill, Parks, stated the $60,000 will cover some of the remediation costs and some of the City's portion of cost of the overall project. The anticipated cost will be $197,665. The space will preserve open space and serve as a park. City Council President Shannon inquired what the acreage of the lost is. Mr. Cahill stated it is 0.17 acres. City Council President Shannon inquired what the change between this agreement and the previous one is. Mr. Cahill stated there is a $5,000 difference in the cost of the acquisition because of an updated appraisal of the property. It will also update the timeline of the sale. City Council President Shannon inquired if the appraisal took into account the necessary remediation. Mr. Cahill stated he does not believe so. City Council President Shannon stated she is not comfortable spending nearly $200,000 for this lot. She would like them to acquire the property for the garden, but she does not see how the price is justified. Assistant City Attorney Haesler stated this deal was proposed a year and a half ago. The original agreement allowed either party to walk away if phase 2 work was required. Most of the money that has been expensed until this point were not City dollars. This agreement allows parties to move forward conditioned on City Council approval of an amendment to include a contribution from the Conservation Legacy Fund. They will keep this area a Community Garden. The actual contribution could be anywhere from $11,000 to $60,000.

The remediation costs will be covered by the Vermont Housing Board and the Conservation Legacy Fund.

Postpone Action

Motion by Jane Knodell, Second by Joan Shannon

Final Resolution: Motion Passes

Ayes: Miro Weinberger, Joan Shannon, Sharon Bushor, Jane Knodell, Karen Paul

Action, Resolution: 4.03 Authorization for Disbursement of Downtown Program Sales Tax Reallocation - CEDO

Brian Pine, CEDO, stated the Downtown Program offers some incentives. This allows them to take a portion of sales tax that the builder has spent on building the project and use them to support the project. For this project they will use those funds for sidewalks, street trees, utility updates and stormwater. It has been reviewed by the Agency of Commerce and Community Development as well as the Tax Department.

Councilor Paul stated this is highly competitive and is glad the City has qualified. She noted that they will be receiving less funding than they originally sought and inquired if they will make all of the infrastructure improvements they had originally planned for. Kirsten Merriman-Shapiro stated the $660,000 amount was the sales tax that the project will generate. They plan to do $327,783 in infrastructure improvements with the money awarded by the State. Councilor Paul stated she believes that the State will receive this amount in sales tax many times over during the life of the project. She inquired if this tool is available for smaller developments. Ms. Merriman-Shapiro stated because of the size of their City the project must generate over $1 million in sales tax to qualify. Smaller municipalities can use this tool for smaller projects.

Approve and Recommend City Council Approval

Motion by Sharon Bushor, Second by Jane Knodell

Final Resolution: Motion Passes

Ayes: Miro Weinberger, Joan Shannon, Sharon Bushor, Jane Knodell, Karen Paul

Action, Resolution: 4.04 Authorization for Lead Program Budget Amendment - CEDO

The Board addressed an item to allow CEDO to amend the Lead Program’s budget to recognize a $3.4 million grant that they received from HUD. The existing budget was based on estimates from the previous grant. This will update the budget to reflect the final budget that was negotiated with HUD. All adjustments will be budget neutral.

Approve and Recommend City Council Approval

Motion by Joan Shannon, Second by Jane Knodell

Final Resolution: Motion Passes

Ayes: Miro Weinberger, Joan Shannon, Sharon Bushor, Jane Knodell, Karen Paul

5. Discussion

Discussion: 5.01 Discussion of Reserve Fund Charter Change Language

CAO Rusten stated as City finances are starting to improve, they have started to look at the language in the Charter related to reserve funds. The current language is restrictive as to when reserves can be funded and their purposes. They put money into a reappraisal fund, but they are unsure if that is being done appropriately based on the current language. They are recommending a Charter Change that would give the City Council authority to create and fund reserves.

Councilor Bushor inquired BED is not included in the list of Departments whose excess funds do not return to the general fund at the end of a fiscal year. Councilor Bushor inquired if this will result in more dedicated taxes being put into specific funds. CAO Rusten stated that is not what is being proposed. General fund money does not carry over from one year to another. This would allow the Council to create a reserve fund to allow a general fund department to carry over funds for specific purposes. A resolution would create that fund with a specific purpose. Councilor Bushor inquired if this action would be taken throughout the year. CAO Rusten stated it could be done many times throughout the year. It is not a splinter tax, which is a specific way of raising revenue and putting it into a fund. It will set aside revenues for specific purposes, such as their reappraisal fund. Councilor Bushor inquired if there would be limits on how much could go in this fund. She wants to ensure they have sufficient general fund money in the event that an unexpected expense arises. CAO Rusten stated typically they could create and fund a reserve fund during the fiscal year when they have specifically budgeted money for a purpose. If it looks as though the fiscal year would end with a surplus, they could put that into a rainy day fund. Taking money out would depend on the language used to create the fund. There would be specific criteria about what the fund could be used for, and money could not be taken out for other reasons. This would give them a safety net to prepare for any future problems. He also expects the Board of Finance would ask questions before putting funds into reserve.

Councilor Knodell stated reserves could allow them to save up over time for specific projects. It would also allow them to set aside money for emergencies. She inquired if they could use their fund balance for this purpose. CAO Rusten stated they could use that for a rainy day fund. This would create a transparent public process through resolution showing the intended use of a reserve. Mayor Weinberger stated it would be a helpful tool for them to set aside funds for a specific purpose. Councilor Knodell inquired if having separate bank accounts would achieve that goal. CAO Rusten stated it would not. Putting money into a reserve fund prevents them from taking money out of an account for a purpose it was not intended for. Councilor Knodell stated they move money around regularly. CAO Rusten stated that is done, with approval. They have to have an ability to put the money somewhere at the end of the fiscal year. This is more transparent and protective of the money. Mayor Weinberger stated they cannot use surpluses for specific purposes, it has to be applied to their negative fund balance. This would give them more flexibility. Councilor Knodell inquired if remaining funds could be re-appropriated in the next fiscal year. CAO Rusten stated that is dangerous because the funds could potentially be spent in a less transparent way. They may not have reserves that they need for special projects. They have the ability to create reserve funds now, but they are only allowed to put funds in the month after the close of the fiscal year.

Councilor Paul inquired if the Charter does not allow them to set aside reserves. CAO Rusten stated it currently only allows them to set aside funds once a year and for very specific purposes. Councilor Paul spoke in favor of the change.

City Council President Shannon and City Attorney Blackwood discussed the procedure for approving this change.

Approve and Recommend City Council Approval

Motion by Karen Paul, second by Joan Shannon

Final Resolution: Motion Passes

Ayes: Miro Weinberger, Joan Shannon, Sharon Bushor, Jane Knodell, Karen Paul

Discussion, Information: 5.02 Review FY2014 Airport Audited Financial

ACAO Goodwin stated he wanted to ensure the Board received this document as quickly as possible. They recently received a rating upgrade from Moody's and are now investment grade. There has been an increase in the amount of cash on hand. Their goal would be to have a total of 200 days of cash on hand. The debt coverage score has continued to improve.

Councilor Bushor inquired if there are recommendations from the Auditor about the Airport. ACAO Goodwin stated there may be recommendations related to the Airport in the Management Letter. Last year the Airport had a clean audit with no comments in the management letter, although he does not expect there will be many recommendations related to the Airport.

6. Adjournment

Action, Procedural: 6.01 Adjournment

Without objection, Mayor Weinberger adjourned the Board of Finance meeting at 6:03pm.