Board of Finance - Monday, December 5, 2016 at 5:30 p.m.
Conference Room 12, City Hall
12/5/2016

MINUTES SUBJECT TO CORRECTION BY BURLINGTON BOARD OF FINANCE. CHANGES, IF ANY, WILL BE RECORDED IN THE MINUTES OF THE NEXT MEETING OF THE BOARD.

BURLINGTON BOARD OF FINANCE

CITY HALL

BURLINGTON, VERMONT

MINUTES OF MEETING

December 5, 2016

APPROVED

MEMBERS PRESENT: Mayor Miro Weinberger

Sharon Bushor

Karen Paul

Kurt Wright [arrived 5:35 PM]

MEMBERS ABSENT: Jane Knodell

OTHERS PRESENT: Bob Rusten, CAO

Rich Goodwin, DFO

Eileen Blackwood, City Attorney

Katie Vane, Mayor's Office

Martha Keenan, DPW

Steve Locke, Fire Chief

Marie Friedman, Airport

Shelby Losier, Airport

Paul Plunkett, Hickok & Boardman

1.0 CALL TO ORDER and AGENDA

Mayor Weinberger called the Board of Finance meeting to order at 5:32 PM on 12/5/16.

1.01 Agenda

MOTION by Councilor Paul, SECOND by Councilor Bushor, to approve the agenda as presented. VOTING: unanimous [Councilor Wright not present for vote]; motion carried.

2.0 PUBLIC FORUM

There were no comments from the public.

3.0 MINUTES

3.01 November 14, 2016

MOTION by Councilor Bushor, SECOND by Councilor Wright, to approve the 11/14/16 minutes with the correction that Nicole Losche spoke on the agreement with Dubois and King, not Noelle MacKay. VOTING: all ayes except one abstention (Councilor Paul); motion carried.

3.02 November 21, 2016

MOTION by Councilor Bushor, SECOND by Councilor Paul, to approve the 11/21/16 minutes with the following correction(s)/clarification(s):

Item 4.01, Meeting Schedule – clarify that the meeting on March 6, 2017 will only be held if needed.

Item 5.06, Champlain College and City of Burlington Agreement – add "since she agreed to this in the past prior to the Town Center Agreement" to the sentence reading: "Councilor Bushor said she does support the agreement…".

VOTING: all ayes except one abstention (Councilor Wright); motion carried.

4.0 BOARD OF FINANCE APPROVAL

4.01 Upcoming Meeting Schedule

Bob Rusten confirmed there will be a quorum present at the 12/19/16 Board of Finance meeting. There was discussion of setting the meeting start time at 5:30 PM.

MOTION by Councilor Bushor, SECOND by Councilor Paul, to establish 5:30 PM as the regularly scheduled time for Board of Finance meetings. VOTING: unanimous; motion carried.

Mayor Weinberger announced he will be absent for meetings held during the last two weeks of December due to his trip to China with his family.

4.02 Approve Contract for OPM

Rich Goodwin explained an RFP was done for an OPM (Oversight Project Manager) to work with the Pension Technology Group. The Retirement Board granted permission for an OPM to ensure the project is on time and on budget. Three OPMs were contacted and LRWL had the acceptable bid. The contract is for $90,000.

Councilor Paul asked about other people using the software to get information. Bob Rusten said the eventual goal is to have a portal so employees can access the information online. The OPM will help with implementation of the software. PTG is the software vendor. The city does not have the sufficient backup needed.

MOTION by Councilor Bushor, SECOND by Councilor Paul to approve the contract for an OPM. VOTING: unanimous; motion carried.

5.0 APPROVE AND RECOMMEND TO CITY COUNCIL

5.01 Hickok & Boardman, Inc. 2017 Risk Management Contract

MOTION by Councilor Paul, SECOND by Councilor Wright, to approve and recommend to City Council for approval the 2017 Hickok & Boardman, Inc. Risk Management Contract.

DISCUSSION: Councilor Bushor pointed out the dollar amount noted in lines 12 and 13 ($120,000) has not remained unchanged since 2007. The amount reflects an increase of $21,000 so the document should be amended accordingly to be accurate. Councilor Bushor asked if the letter from Hickok & Boardman should state the city is held harmless. Paul Plunkett explained both are bilateral indemnification clauses for the City of Burlington and Hickok & Boardman. The intent was not to hold anybody harmless. Staff will review the document and correct any errors. There were no further comments.

VOTING: unanimous; motion carried.

Mayor Weinberger expressed appreciation for the work of Paul Plunkett for the city.

5.02 Contract with Kelley Brothers

Martha Keenan, DPW, explained the city will save money by working with the UVM access system versus a vendor. UVM has been working with the access system for 20 years. The UVM fee is approximately $7,200 per year. The door access system has card access for entry/exit of buildings. Permission for access can be tailored to the individual employee. There will be one system for all municipal buildings. Police and Fire will have emergency access. UVM has the software and server and will help manage the system for the city. CBORD is the licensed hardware for the system. Kelley Brothers will help with installation and integration of the system.

MOTION by Councilor Wright, SECOND by Councilor Bushor, to approve and recommend to City Council for approval the contract with Kelley Brothers.

<u>DISCUSSION</u>: There was further discussion of the access system, buildings involved, and potential for expanded uses (Kronos).

VOTING: unanimous; motion carried.

5.03 Purchase Two Fire Truck Vehicles

Fire Chief Locke explained the purchase is the first two of five vehicles that will be purchased. There were four responses to the RFP, but the two lower bids did not follow the specifications. The recommended bid is from a vendor the Fire Department has worked with since 2003 and the mechanics are familiar with the maintenance practices. The vehicles are Engine 1 at the Central Station and Engine 2 at the North Avenue Station - the two busiest fire trucks in the fleet. There is a 300 day delivery from the time of order. The existing trucks will be sold on the private market.

A typographical error in the replacement year for the vehicle was corrected to 2029/2030.

MOTION by Councilor Wright, SECOND by Councilor Paul, to approve and recommend to City Council for approval the purchase of two fire truck vehicles by the Fire Department.

<u>DISCUSSION</u>: Councilor Bushor asked if the Pierce vehicle was considered. Chief Locke confirmed this, but explained history and relationship are important elements and the selected dealer provides excellent service after the sale. There were no further comments.

VOTING: unanimous; motion carried.

5.04 Permit Shift Commanders to Earn 13 Holidays per Fiscal Year

Councilor Bushor said the policy with 24 shift work hours in the Fire Department is not certain, but someone using all the time would translate to 288 hours of holiday time versus 96 hours for any other employee. It may make more sense to exempt the three employees (Shift Commanders) or exclude them from the minimum staffing ratio. Bob Rusten said those options would be far more expensive. The city wants to be fair to the Fire Department, but also to be certain this is affordable. Chief Locke noted the practice of provided the holiday time has been in place since early 2000 so there will not be any additional cost. The action simply codifies the practice. There is inequity for the person working on shift who is promoted because they lose a benefit (on paper). Councilor Bushor said she prefers to have the practice reflected in written policy and asked if the current policy needs to be amended.

MOTION by Councilor Bushor, SECOND by Councilor Paul, to approve and recommend to City Council for approval the authorization to permit Shift Commanders to earn the same 13 holidays per fiscal year as other exempt employees.

DISCUSSION: The following comments were made:

- **Councilor Paul noted with appreciation the effort by Councilor Bushor to find another option. The city has long battled with the issue of pay compression particularly in the Fire Department, and it has been a struggle for people to want to be promoted and not lose something.**
- **Chief Locke said he has never worked in a department where people do not want to take the Shift Commander position or do not want to leave the bargaining unit because they lose valuable benefits or have an unwritten rule which is a risk. There are two glaring problems being fixed: pay compression and leave time.**
- **Councilor Paul stressed the city wants people to want to be promoted and to reward people for the good work they do.**
- **Eileen Blackwood stated the City Attorney's Office spent lots of time looking for alternatives. The resolution mimics what the policy manual states.**
- **Councilor Wright stated there is no additional cost. The practice that has been employed for the past 13 years is being codified. There will now be an approval process in place.**
- **Councilor Wright asked what other alternatives were considered. Bob Rusten said there were none that satisfied the needs and was less costly. Chief Locke added this is similar to the city policy and the best way to stay consistent.**
- **Bob Rusten noted if the holiday time is not used by the end of the fiscal year then it is lost, and when the individual leaves employment with the city the time is not reimbursed so appropriate parameters were put in the system. Any changes to the policy must be approved by the Board of Finance and City Council.**
- **Councilor Bushor stressed the need for language in the policy to affirm what is being done since this is a practice and not a policy. Eileen Blackwood stated there are other departments with special rules (i.e. Police) and copies are held with the personnel manuals and with departmental directives.**

There were no further comments.

VOTING: unanimous; motion carried.

Mayor Weinberger noted progress is being made on the dispatch issue.

5.05 October Financial

Bob Rusten reported:

- The financials are on track to the same percentage as last year in terms of revenue for the month of October. Expenses are below where the city was last year.
- If the financials stay on track it is expected revenues will be exceeded and the expense side will come in under.

Councilor Paul asked about revenue from zoning. Bob Rusten said there are two large projects. In November there was $200,000 in new revenue and significantly more is expected to come in. The amount may not be as high above budget as last year, but will still be significantly above budget. David White, Planning & Zoning Director, was asked to review known projects for revenues. Miscellaneous revenue of $200,000 was put into the non-departmental section based on past history where revenue has come in from one place or another. Councilor Paul cautioned against budgeting to be able to exceed the budget because there was a really good year and another one anticipated. Bob Rusten stated conversely taking what is known not to be ongoing and over-budgeting would be a problem. The figure anticipated from projects next year was used.

Mayor Weinberger noted the Town Center project will be in for permitting in summer 2017 and there will be significant revenue associated with that, and if the city closes on the Browns Court sale there will be significant revenue associated with that as well. Bob Rusten said the revenue associated with Browns Court was not included because the closing was not prepared. There is $150,000 allocated to CEDO.

5.06 Sweep Report

Rich Goodwin highlighted:

- Comparative cash-on-hand was provided.
- Cash-on-hand is 105 days due to tax payments received at the end of October that were due November 12th.
- The airport's cash position improved from the prior month due to bond payments made the first day of the new fiscal year.
- The Retirement Fund owes $2.7 million to the Sweep Account which will be reduced with the dedicated tax received on November 12th.
- As of November 30th a significant amount of money came in from Burlington Telecom. The outstanding balance owed to the Sweep Account is $138,000.

Bob Rusten said following discussion with Burlington Telecom regarding delay in reimbursement to the city it was agreed Burlington Telecom will be billed on a monthly basis and pay the full amount owed. Any contested amount will be worked out and trued up. Any fund owing to the Sweep Account pays a small amount of interest based on what was paid to borrow the funds.

Councilor Paul requested a freeze frame of the chart be provided next month.

5.07 Contract with K Invest Corp. dba Janitech for Janitorial Services at Airport

MOTION by Councilor Paul, SECOND by Councilor Wright, to approve and recommend to City Council for approval the contract with K Invest Corp. dba Janitech for janitorial services at Burlington Airport.

<u>DISCUSSION</u>: Councilor Bushor suggested the amount be shown for Year 2 and Year 3 of the contract to mirror the resolution.

VOTING: unanimous; motion carried.

5.08 Lease Agreement with Mansfield Heliflight

MOTION by Councilor Bushor, SECOND by Councilor Paul, to approve and recommend to City Council for approval the lease agreement with Mansfield Heliflight for hangar operation at Burlington Airport.

DISCUSSION: Marie Friedman, BTV, explained Mansfield Heliflight will operate the hangar on the south side of Heritage. Heritage will continue to be the Fixed Based Operator. There was brief discussion of the snow removal equipment at the airport. There were no further comments.

VOTING: unanimous; motion carried.

5.09 Airline Lease Agreement

Mayor Weinberger stated the lease agreement with the airlines is significant. The airport has not had a lease for 20 years which has been noted by the crediting agencies as something they would like to see. The negotiated agreement provides the airport with a level of stability that has not been seen in some time and has real cost sharing with the airlines. The lease is a major step in improving the finances of the airport. Marie Friedman added the deal is historical. Staff has been working hard for the better part of two years negotiating with the airlines. The airport considers the airlines partners. Everything the airport does is because there are airlines to serve the airport and provide flights to passengers. The lease is important to continue that path. When Gene Richards became the Director of Aviation in 2012 there was less than one day cash-on-hand at the airport which lowered the credit rating to junk bond status. Even though the airlines remained committed and the airport did not have to worry about them leaving, the lease agreement is historical for the airport. Many airports are having difficulty signing leases with airlines. The meetings with the airline reps were fantastic. The airlines heard what the airport had to say and the importance of having a debt ratio of 1.5. The airlines were convinced of how critical the debt ratio is for the airport to be healthy and financially strong and agreed to the residual model and methodology. If the ratio falls below 1.5 the airlines will pay more and if the ratio goes above 1.5 there will be share back with the airlines because the airlines are considered partners with the airport. If cash-on-hand is less than 200 days then only 50% will be shared back. American, United, Delta, JetBlue are expected to sign leases. Allegiant will pay non-signatory rates and Porter Air is not continuing service to the airport.

MOTION by Councilor Paul, SECOND by Councilor Bushor, to approve and recommend to City Council for approve the lease agreement with the airlines at Burlington Airport.

DISCUSSION: The following comments were made:

- **Councilor Paul said being able to make an agreement with the airlines is not happenstance, but is a result of the last four years of a strategic, transparent and open approach to partnering with the airlines. There were many meetings with the airlines and the relationship that was formed is why the airlines were willing to work with the airport much in the same way as the pension negotiations were able to work. The partnership was formed due to rapport and trust. It is too bad to see Allegiant leave, but the lease agreement is not their model. It is hoped the airport will secure direct flight service to Florida and nonstop service to Boston again.**
- **Marie Friedman assured the airport is working on more flights continuously. Ms. Friedman also noted because of the relationship that has been built over the past four or five years the airlines know the airport is responsive to them.**
- **Councilor Bushor commented positively on the tremendous amount of detail and protections in the**

contracts. Gene Richards was recognized for his skills and the airport team he put together that makes the airport what it is today. The work of the Mayor and Rich Goodwin were also acknowledged.

- **Shelby Losier, Airport Administration Office Manager, was introduced. Ms. Losier is an integral part of the airport team.**

There were no further comments.

VOTING: unanimous; motion carried.

6.0 COMMUNICATION

6.01 Contract with Curtiss Reed

Information on the contract with Curtiss Reed was provided to the Board.

7.0 ADJOURNMENT

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

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