Board of Finance - Monday, December 4, 2017 at 5:30 p.m. Conference Room 12, City Hall 12/4/2017

BURLINGTON BOARD OF FINANCE

CITY HALL

BURLINGTON, VERMONT

MINUTES OF MEETING

December 4, 2017

APPROVED – 1/8/18

MEMBERS PRESENT: Mayor Weinberger [left at 6:26 PM]

Jane Knodell

Kurt Wright [arrived 5:38 PM]

Sharon Bushor

Karen Paul

OTHERS PRESENT: Beth Anderson, Interim CAO, C/T

Rich Goodwin, DFO, C/T

Eileen Blackwood, City Attorney [arrived 5:40 PM]

Richard Haesler, Assistant City Attorney

Chapin Spencer, DPW

Martha Keenan, DPW

Patrick Mulligan, DPW

Megan Moir, DPW

Noelle MacKay, CEDO

Nina Safavi, Parks & Rec

Adam Roof, City Council

Rick Bove, citizen

1.0 CALL TO ORDER and AGENDA

Mayor Weinberger called the meeting to order at 5:33 PM on December 4, 2017.

1.01 Agenda

MOTION by Councilor Bushor, SECOND by Councilor Knodell, to approve the agenda with the addition of the tracking list as Item 6.02 under COMMUNICATIONS. 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 October 16, 2017

MOTION by Councilor Bushor, SECOND by Councilor Knodell, to approve the minutes of 10/16/17 as presented. VOTING: 3 ayes, one abstention (Councilor Paul) [Councilor Wright not present for vote]; motion carried.

4.0 BOARD OF FINANCE APPROVAL

4.01 Contract with Management Partners for City-Wide Fleet – DPW

Councilor Bushor observed one firm had fleet maintenance experience and one had municipal experience. Public Works Engineer, Martha Keenan, said Mercury was interviewed and it was found that Management Partners had as much if not equal experience.

Councilor Paul asked if the school district will share in the cost. DPW Engineer Keenan said the school district will share in best practices, any changes, reallocation of the fleet, and how fleet management can work better.

MOTION by Councilor Paul, SECOND by Councilor Bushor, to approve the contract with Management Partners for analysis of the city-wide fleet. VOTING: unanimous; motion carried.

4.02 Water and Waste Water Billing Issue – DPW

Assistant Director of Water Resources, Megan Moir, and DPW Director, Chapin Spencer, explained the billing error at the University Heights South housing complex on UVM campus that resulted in incorrectly charging the university since 2006 in excess of $2 million. The procedure with installation of compound meters has been adjusted to avoid reoccurrence of the problem. The request before the Board is to support the contract with KPMG auditing firm to do a third party assessment of the meter-to-bill policies and procedures as well as to review all 99 compound meters in the field, 25 of which are on UVM campus. KPMG has 20 years of experience in utility billing (meter-to-bill) and can start work immediately. KPMG handled the billing issue with BED in 2014. Director Spencer stressed DPW is committed to addressing and resolving all issues. Water Resources staff is commended for their work uncovering the issues and strengthening the policies and procedures.

Assistant Director Moir reviewed compound meters that allow calculation of all water use and explained how the meter readings were improperly recorded leading to the overcharge. KPMG will be asked to develop safeguards to cover water meters in new construction which lack historical data to assist in catching an error.

Councilor Bushor asked how UVM will be reimbursed. Director Spencer said a repayment plan will be discussed with UVM.

Councilor Paul observed a letter of engagement typically shows the date work begins and when the end report will be issued. Director Spencer said KPMG said they can start within the next month and complete the work within two months.

MOTION by Councilor Knodell, SECOND by Councilor Wright, to approve the contract with KPMG auditing firm to do a third party assessment of the meter-to-bill policies and procedures as well as review all compound meters in the field. VOTING: unanimous; motion carried.

4.03 Amend Proposed Budget Schedule for Bystander Intervention Training – Councilor Roof

MOTION by Councilor Knodell, SECOND by Councilor Paul, to amend the proposed budget schedule for bystander intervention training. VOTING: unanimous; motion carried.

5.0 APPROVE AND RECOMMEND TO CITY COUNCIL

5.01 Sale of 70 Pearl Street to 70 Pearl Street, LLC – CEDO

CEDO Director, Noelle MacKay, explained the proposed sale of the city parking lot at 70 Pearl Street behind Victoria Place and the former Bove's Restaurant. The parking lot with 30 spaces is on .3 acres and appraised at $500,000. The assessment is $328,000. The parking lot is within the confines of a private development and has limited visibility and utilization. Annual revenue generated is $23,000. Annual expenses are $8,000. Sale of the parking lot represents 33 years of revenue. Staff looked at leasing the parking lot, but felt the sale would be a better choice due to the location within a privately owned development. Rick Bove is proposing to build a mixed use development with 27 apartments, a 76 room hotel with one commercial space, and 95 parking spaces. Conditions of the sale of the parking lot include:

- Market rate appraisal of $500,000 with majority to go into the Parking Facilities Fund (former Traffic Fund), $100,000 to CEDO, and some to cover legal fees (Jeremy Farkus).
- Mr. Bove must construct and operate the hotel at the same level of quality and brand as Microtel Inn & Suites by

Wyndam, and help maintain the General Stannard House with applicable preservation standards.

- There will be annual inspection of all apartment units rather than every five years.
- The 20 new apartments in the new building will have rent at rates no higher than what the Burlington Housing Authority receives for Section 8 housing.
- Mr. Bove will participate in the future downtown and transportation management district and make 30 spaces available onsite at the same rate as the Lakeview garage (management and funds from the parking will go to Mr. Bove).
- If the project is sold and not yet under construction then Mr. Bove will keep the 30 spaces available for use.
- Mr. Bove will participate in good faith in negotiations and looking at expansion of the downtown improvement district.

Benefits of the sale include:

- Increased density on the edge of the downtown core
- Under PlanBTV this meets redevelopment goals for an underutilized site
- Activation of Pearl Street and the surrounding area
- Approximately 50 permanent jobs (service jobs with the Microtel brand hotel and Mr. Bove is looking into in-house recruitment and training)
- More housing, both affordable and market rate
- Increased parking
- Increased tax revenue from property, sales, and meals taxes.

The Public Works Commission approved the sale and recommends approval by City Council. There is a draft resolution for City Council.

MOTION by Councilor Wright, SECOND by Councilor Knodell, to approve and recommend to City Council for approval the sale of 70 Pearl Street to 70 Pearl Street, LLC.

DISCUSSION:

- **Councilor Bushor asked about inspections for new construction. Director MacKay explained there have been concerns in the past with some of the properties so inspections will be done.**
- **Councilor Bushor noted the DRB could approve fewer parking spaces than stated in the purchase agreement so it should be clear that there be 30 spaces. Director MacKay pointed out the city cannot direct the actions of the DRB which is an independent body. The agreement states 30 spaces, but staff did not want the requirement to delay the entire project.**
- **Councilor Bushor asked for clarification of the seller's closing condition 4.f. Director MacKay explained Mr. Bove must have all past permits and approvals up to date and meet all related laws. Any agreement for fees or expenses owed to the city must be addressed.**
- **Councilor Bushor asked about the Microtel Inn & Suites by Wyndam brand of hotel. Rick Bove said the hotel will be a themed hotel on the history of Burlington. Director MacKay said Microtel is an economy brand for Wyndam hotels.**
- **Councilor Bushor commented on other developments in other places incorporating the original restaurant into the new development, and asked about having some green space around historic structures. Rick Bove**

pointed out there is grass on three sides of the Stannard House. The house will be restored under the scrutiny of federal historic preservation standards.

- **Councilor Wright said the development is a good use of an underutilized site and the housing is needed.**
- **Councilor Paul asked what has been done with engagement of the neighbors for the dramatic change planned in the neighborhood. Rick Bove said the planning has been ongoing for years. The latest NPA meeting was October 2017. People are asking for places to stay and want a hotel. All residents are invited to the meetings. There have not been negative comments. Director MacKay said CEDO is not involved in advocating for the project. Mr. Bove must go through the permitting process. The sale will not go through until Mr. Bove can show construction financing.**
- **Councilor Paul asked why the 20 units of housing are outside the inclusionary zoning requirement. Director MacKay said whatever the percentage is will be inclusionary zoning and the remainder will be what the market will bear. Mr. Bove agreed to have the same rate that Burlington Housing Authority receives from HUD for Section 8 housing which is not what is paid with a Section 8 voucher. Fair market rent is less than fair market housing. Rick Bove said a one bedroom will rent for $1,100 and a two bedroom with all utilities will rent for $1,464. A two bedroom unit in Winooski is renting for up to $2,600.**
- **Councilor Bushor said it would be advantageous for CEDO to do direct information pieces so people in the neighborhood are aware of the project. Director MacKay said direct contact of neighbors is a best practice recommended to developers.**
- **Councilor Paul urged making sure the 50 jobs are good paying jobs. Rick Bove said the hotel said they have a career path for the jobs in place.**
- **Councilor Knodell asked about next steps. Director MacKay said City Council approval of the sale is needed then Mr. Bove must go through the public process for local and state permitting. Not until all conditions are met and the project is ready to go will the sale go through and Mr. Bove must do due diligence in terms of sampling or looking at the site.**

There were no further comments.

VOTING: unanimous; motion carried.

Mayor Weinberger left the meeting and Interim CAO Anderson facilitated.

5.02 Contract with Graphic House, Inc. – Parks & Rec

MOTION by Councilor Knodell, SECOND by Councilor Bushor, to approve and recommend to City Council for approval the contract with Graphic House, Inc. for fabrication and installation of signage in parks throughout Burlington.

DISCUSSION:

- **Parks & Rec Planner, Nina Safavi, explained per the master plan better signage is needed. New signs are being installed.**
- **Types of signs and the locations were described.**

VOTING: unanimous [Mayor Weinberger not present for vote]; motion carried.

5.03 Contract with ESRI for ArcGIS Software – IT

Interim CAO Anderson explained the purchase is for the feature to allow tracking snowplows and online reporting.

MOTION by Councilor Bushor, SECOND by Councilor Paul, to approve and recommend to City Council for approval the contract with ESRI for ArcGIS software. VOTING: unanimous [Mayor Weinberger not present for vote]; motion carried.

5.04 October Financials – C/T

Interim CAO Anderson reported the financials are on track. A more detailed study of revenues will be done. Some revenues are slightly different from last year.

Councilor Bushor asked for an explanation of retirement revenues and expenditures and capital fund infrastructure revenue at the next meeting.

6.0 COMMUNICATION

6.01 Emerging Needs Allocation – Parent University

No comments.

6.02 Tracking/Accountability List

Councilor Bushor requested that the Board of Finance have a tracking list which would include council member requests and a timeline for feedback from the Administration to consideration by the Board of Finance or Administration to implement or not.

7.0 ADJOURNMENT

MOTION by Councilor Knodell, SECOND by Councilor Wright, to adjourn the meeting. VOTING: unanimous [Mayor Weinberger not present for vote]; motion carried.

The meeting was adjourned at 6:36 PM.

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