Board of Finance
11/16/2015

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

November 16, 2015

MEMBERS PRESENT: Mayor Miro Weinberger

Jane Knodell

Karen Paul

Sharon Bushor

Kurt Wright [arrived 5:51 PM]

OTHERS PRESENT: Bob Rusten, CAO

Rich Goodwin, Assistant CAO

Eileen Blackwood, City Attorney

Brian Lowe, Mayor's Office

Jennifer Kaulius, Mayor's Office

Chapin Spencer, DPW

Laura Wheelock, DPW

Neale Lunderville, BED

Ken Nolan, BED

Stephanie Reed, HR

Julie Hulburd, HR

Doreen Kraft, City Arts

Laurie Adams, Waste Water

Jesse Bridge, Parks & Rec

Tom Ayres, City Council

Sara Gianonni, City Council

David Hartnett, City Council

[Note: Minutes reflect the order of the published agenda.]

1.0 CALL TO ORDER and AGENDA

Mayor Weinberger called the meeting of the Board of Finance to order at 5:20 PM.

1.01 Agenda

MOTION Karen Paul, SECOND by Jane Knodell, to approve the agenda with the addition of the reorganization of the Parks & Rec Division as Item 3.07. VOTING: unanimous; motion carried.

2.0 PUBLIC FORUM

There were no comments from the public.

3.0 APPROVAL/RECOMMENDATION TO CITY COUNCIL

3.01 Authorize Hancock Wind Power Purchase Agreement Amendment and Lender Consents

MOTION by Jane Knodell, SECOND by Karen Paul, to approve and recommend to City Council for approval the Hancock Wind Power Purchase Agreement Amendment and Lender Consents. VOTING: unanimous; motion carried.

3.02 Authorize Removal of Soil Stockpile at Leddy Park

Jesse Bridges, Parks & Rec Director, gave an overview of the situation with the soil stockpile at Leddy Park, noting staff worked with DEC and the EPA on alternatives to dispose of the dirt. Inspections and encapsulation of the stockpile have been maintained. Though an official letter from the EPA has not been received saying the state (DEC) has jurisdiction on the soil disposal matter the city is anticipating the only solution DEC will approve is relocation of the soil to the landfill and wants to be proactive by having a contract in place for this. Staff will continue to look at other alternatives for the soil.

MOTION by Kurt Wright, SECOND by Jane Knodell, to authorize Waterfront Park TIF funding in the amount of $339,095.60 with $65,910 as contingency for removal of the soil pile.

DISCUSSION: There was mention of having the same problem with soils as work continues on the bike path. Jess Bridges stated pre-testing has been done for the next phase of work and a management plan is being drafted to be shared with DEC as was done with the existing stockpile of dirt. The soil is non-mobile lightly contaminated and can be dealt with in ways that would be safe. Kurt Wright asked if disposal is the only option with the existing stockpile. Mayor Weinberger said the city hired professionals who put forth responsible plans that would protect the health and safety of the public and which were not as expensive as the landfill option. The goals were to protect the health and safety of the public and be good stewards of taxpayer dollars. The Administration is not completely satisfied there is not another viable option to the state's disposal plan, and will further communicate with the state before accepting the landfill option as the only choice. Jesse Bridges added other options presented to the state included using the soil as a base to raise the path to a higher elevation, but the state rejected the idea due to the presence of PCBs at any level. Jane Knodell asked about adjustments that may be necessary due to use of Waterfront Park TIF funds for the soil disposal. Jesse Bridges said electrical and lighting improvements at Waterfront Park will be on hold. There were no further comments.

VOTING: unanimous; motion carried.

3.03 Authorize Burlington City Arts Reorganization

MOTION by Karen Paul, SECOND by Jane Knodell, to approve and recommend to City Council for approval the reorganization of Burlington City Arts.

DISCUSSION: Doreen Kraft explained the position is from a grant for three years so a relationship with UVM Medical Center can be built. The reorganization structure is right for Burlington City Arts at this point in time. It was noted the position is 30 hours (not 40 hours) with the corresponding salary. There were no further comments.

VOTING: unanimous; motion carried.

3.04 Authorize Contract for Parking Garage Repairs

Chapin Spencer reported:

- The repairs are in alignment with the 10 year capital plan and focus on the marketplace garage, college street garage, and lakeview garage.
- The deferred capital repairs cost $9 million which is less than the cost to build new structures. The life of the repairs will be 15 to 20 years.
- Phase 1 includes repairs at the College Street and Marketplace garages plus design work for Phase 2. Cost of Phase 1 is $2.7 million. The FY2016 capital budget must be amended from $985,000 to $2.7 million
- The request is to borrow $2.2 million plus $200,000 inter-fund loan. If approval is grant then the bid will go out in the

spring and construction will start next season.

· The line of credit for $2.2 million is one of three funding tools for the $2.7 million cost.

MOTION by Sharon Bushor, SECOND by Karen Paul, to approve and recommend to City Council for approval the contract for the parking garage repairs.

DISCUSSION: It was noted the resolution is specific to the contract only.

VOTING: unanimous; motion carried.

3.05 Authorize Entering into Financing for the Parking Project

Jane Knodell noted improvements to last 15-20 years are being financed with short term financing, but the entire generation of beneficiaries should pay for the improvements so long term financing should be used. Bob Rusten explained the three stages of borrowing ($2.2 million for the calendar year when activated then within one year seeking funding for $5 million to pay off the principal of the $2.2 million loan and to fund the next year's work at a cost of approximately $3 million with a 20 year bond and then in the next year borrowing $9 million to pay off the principal of the $5 million and complete the work with a 20 year bond). Bob Rusten said it may be difficult due to the current condition of the garages to secure a loan for $9 million at this time. Rich Goodwin added an RFP for financers was put out to seven local banks and only three expressed interest. The banks view the loan as risky due to the multi-phased construction work and the cash flow does not work. Staff took a multi-year approach which decreased the interest rate to 2.75% in Year 1 on the $2.2 million. PFM (financial advisor) was clear the project was best suited for financing by a local bank and not by a bond which would require payment of principal and interest on the day of closing and where cash flow and debt coverage is inadequate based on the ask. Doing a multi- stage approach allows looking at additional options and demonstrating hitting good cash flow and debt coverage and building on the fund balance.

Jane Knodell suggested doing a bigger bond and having the project within the other components. Mayor Weinberger stressed the need to keep going with the work. The letter of credit is a financing vehicle that is available now at a reasonable cost. The plan is to take the $2.2 million letter of credit out with permanent debt and come back to amortize over the long term with $5 million in funding. At that time there will be discussion of long term general obligation bonding.

Sharon Bushor asked if there will be an impact on parking rates. Chapin Spencer said cash flow projections based on existing rates and hours show sufficient funding to repay the $2.2 million as long term debt without any rate increases. Some of the work to improve the parking system (i.e. better management of the garages) will drive increased revenues. TIF is another potential funding source.

Sharon Bushor said discussion of bonding versus other financing for improvements needs further discussion at some point.

MOTION by Jane Knodell, SECOND by Karen Paul, to approve and recommend to City Council for approval entering into financing for the parking project. VOTING: unanimous; motion carried.

3.06 Authorize Public Improvement Bonds

MOTION by Karen Paul, SECOND by Jane Knodell, to approve and recommend to City Council for approval the public improvement bonds. VOTING: unanimous; motion carried.

3.07 Authorize Parks & Rec Division Reorganization

Jesse Bridges explained the changes to the department:

· New position in the FY2016 budget funding through work for BED (tree team).

· Two existing employees are reorganized into new positions and the former positions are eliminated.

· Posting will be done for a limited service full time arborist technician and for a parks facilities representative.

· Benchmarks for the new positions will be line clearing and tree pruning cycles and how often trees and plantings in the city are addressed (the goal is to shorten the time by one year).

· There are over 12,000 trees in the tree inventory.

MOTION by Karen Paul, SECOND by Sharon Bushor, to approve and recommend to City Council for approval the reorganization of the Parks & Rec Division. VOTING: unanimous; motion carried.

4.0 BOARD ACTION

4.01 Authorize Contract for Waste Water 20 Year Evaluation, 10 Year Capital Plan, and Consulting Engineer Bond Report

Laurie Adams, DPW, explained there is a comprehensive effort to have an engineering consultant review the three waste water treatment plants, 25 pump stations, and the collection system and do a 20 year evaluation, prioritize for the 10 year capital plan, and provide an engineer bond report as required by the waste water bond.

MOTION by Sharon Bushor, SECOND by Jane Knodell, to approve the contract for the waste water 20 year evaluation, 10 year capital plan, and consulting engineer bond report.

<u>DISCUSSION</u>: There was explanation of the bid amount by Dubois & King. Laurie Adams explained the bid was lower based on the number of hours, hourly rates, and capacity to do work in-house. Sharon Bushor asked if the sewer odor at Main Street/South Winooski Avenue will be addressed. Ms. Adams said the scope of the study does not include addressing odors. The collection system work is to determine how to take care of the collection system for the future. There were no further comments.

VOTING: unanimous; motion carried.

5.0 EXECUTIVE SESSION

5.01 Update on Burlington College Negotiations

Jane Knodell and Karen Paul recused themselves.

MOTION by Sharon Bushor, SECOND by Kurt Wright, to find that premature disclosure of contract negotiations concerning Burlington College land acquisition will place the city and perhaps other parties at a substantial disadvantage. VOTING: unanimous; motion carried.

MOTION by Sharon Bushor, SECOND by Kurt Wright, to go into Executive Session to discuss Burlington College negotiations where premature public knowledge will place the city and perhaps other parties at a substantial disadvantage, and to invite Board of Finance members Bushor, Wright, Weinberger, City Councilors Gianonni, Ayres, and Hartnett, Mayor’s Office staffers Lowe and Kaulius, and City Attorney Blackwood.

Executive Session was convened at 6:47 PM

6.0 ADJOURNMENT

The regular meeting was adjourned at 6:47 PM.

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