Board of Finance - Monday, October 24, 2016 at 5:45 p.m.
Conference Room 12, City Hall
10/24/2016

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

October 24, 2016

DRAFT

MEMBERS PRESENT: Mayor Miro Weinberger [arrived 5:46 PM]

Jane Knodell

Karen Paul

MEMBERS ABSENT: Sharon Bushor

Kurt Wright

OTHERS PRESENT: Bob Rusten, CAO

Rich Goodwin, DFO

Richard Haesler, Assistant City Attorney

Stephanie Reed, HR

Martha Keenan, DPW

Jesse Bridges, Parks Recreation

Lise Veroneau, Police

Noelle MacKay, CEDO

Neale Lunderville, BED

1.0 CALL TO ORDER and AGENDA

Prior to the arrival of Mayor Weinberger, Bob Rusten called the Board of Finance meeting to order at 5:45 PM on 10/24/16.

1.01 Agenda

MOTION by Councilor Knodell, SECOND by Councilor Paul, to approve the agenda as presented. VOTING: unanimous; motion carried.

2.0 PUBLIC FORUM

There were no comments from the public.

3.0 MINUTES

3.01 September 19, 2016

MOTION by Councilor Paul, SECOND by Councilor Knodell, to approve the minutes of September 19, 2016 as written. VOTING: unanimous; motion carried.

4.0 APPROVE AND RECOMMEND TO CITY COUNCIL

4.01 Contract with CBORD for Equipment and Software Licensing for Door Access to City Facilities and Buildings

Martha Keenan, DPW, explained the collaboration with UVM to have them manage the city's door access. The software system is CBORD. Some of the door locks have internal software with licensing fees so the city is buying directly from the company for up to $165,000 for the hardware which will save money in annual licensing fees. Two more contracts are forthcoming.

MOTION by Councilor Knodell, SECOND by Councilor Paul, to approve and recommend to City Council for approval authorization to execute a contract with CBORD for equipment and software licensing for door access to city facilities and buildings. VOTING: unanimous; motion carried.

4.02 Contract with Preferred Construction, Inc. for Upgrade to Leddy Refrigeration System

MOTION by Councilor Paul, SECOND by Councilor Knodell, to approve and recommend to City Council to authorize the contract with Preferred Construction, Inc. for upgrade of the Leddy refrigeration system. VOTING: unanimous; motion carried.

4.03 Create HVAC Technician Position, Buildings & Events Maintenance Worker Position, and Re-Title the Parks Building Maintenance Worker Position

MOTION by Councilor Paul, SECOND by Councilor Knodell, to approve and recommend to City Council for approval the creation of an HVAC Technician position, a Buildings & Events Maintenance Worker position, and re-titling the Parks Building Maintenance Worker position. VOTING: unanimous; motion carried.

4.04 Purchase of Oversubscription Offering of $150,700

Neale Lunderville explained as part owner of VELCO when VELCO has an equity call BED participates. The current fiscal year has $2.9 million budgeted so BED is looking to buy additional equity shares of VELCO at $150,700. The investment is at 12.5% return. The money is used to keep rates down and as an offset to interest that must be paid each year. When the equity round is done BED will receive approximately $3.6 million per year in investment.

Councilor Knodell asked about VELCO maintaining an equity percentage of 50% to 60%. Neale Lunderville said the debt to equity ratio is moving toward 60%. Many transmission operators have more equity which is not in the customers' best interest. Regulators try to move back closer to 55% or 60:40. Some are as high as 65%. BED will not go that high. Councilor Knodell asked how VELCO can pay dividends. Neale Lunderville said by billing all the utilities in the northeast that take transmission services under the independent operator model.

Neale Lunderville noted the Electric Commission unanimously supported the purchase for the value that is returned.

MOTION by Councilor Paul, SECOND by Councilor Knodell, to approve and recommend to City Council for approval to proceed with the purchase of the oversubscription offering of $150,700. VOTING: unanimous; motion carried.

4.05 MOU Between BED and Corix for District Energy System Technical and Financial Viability Review

MOTION by Councilor Paul, SECOND by Councilor Knodell, to approve and recommend to City Council for approval the MOU between BED and Corix for district energy system technical and financial viability review.

<u>DISCUSSION</u>: The following was discussed:

- **Councilor Knodell asked about the link to the town center. Neale Lunderville said the link is in the sense that Corix and district energy system partners of which BTC is one will be studying the entire city for district energy. BTC does provide a new opportunity for the energy given the size of the load. The load creates critical mass in the downtown district which up to a year ago was not part of the investigation. Corix has experience running 14 district energy systems in North America and feels that BTC changes the equation. Without it the city would be stuck at the dead-end it has been at for the last two decade.**

VOTING: unanimous; motion carried.

4.06 Reclassify Fire & Police Office Assistant II

MOTION by Councilor Knodell, SECOND by Councilor Paul, to approve and recommend to City Council for approval the reclassification of the Fire & Police Office Assistant II position. VOTING: unanimous; motion carried.

4.07 MOU Between City of Burlington and Community Health Centers of Burlington with FY17 Payments

Bob Rusten explained this is the second request from the school related to programs they want funded that are not directly educational and can be funded by municipal funds.

MOTION by Councilor Knodell, SECOND by Councilor Paul, to approve and recommend to City Council for approval the MOU between the City of Burlington and Community Health Centers of Burlington with FY17 payments. VOTING: unanimous; motion carried.

4.08 Contract with Pension Technology Group (PTG)

MOTION by Councilor Paul, SECOND by Councilor Knodell, to approve and recommend to City Council for approval the contract with Pension Technology Group.

DISCUSSION: The following was noted:

- **Rich Goodwin said a formal RFP was done and a number of attractive bids were received at significantly less than what was seen before for the actual costs. Following analysis of the bids there was agreement PTG offered the best product. This was confirmed independently with LRWR who also recommended using PTG.**
- **The city may engage LRWR for project oversight.**
- **The implementation will be multi-year. The cost and hosting fees will be on the master lease of $2.5 million at a rate of 1.66% so the cost is spread over the first five years. Year 6 is the breakeven year.**
- **The system will streamline the process in use now and provide a higher level of service to active and retired employees.**
- **There will be opportunity to do an RFP for actuary services in 2018. There is opportunity for a minimum of $60,000 up to $100,000 in annual savings in actuary costs as a result of the implementation of the new system.**
- **Bob Rusten added the system fixes problems with the current system and provides greater opportunities for employees to have access to information around their retirement. The new system will save staff time which will allow staff to focus in other areas such as liability insurance.**
- **Rich Goodwin said the software is Windows based and very user friendly. Reporting is robust and easy to learn. A formal RFP will be done for an oversight project manager to work with PTG and ensure everything stays on track and there is training and reporting to the city's specifications.**
- **The software addresses automating and streamlining the systems as was recommended by the auditors.**
- **The CIO is recommending the product.**

VOTING: unanimous; motion carried.

4.09 September Sweep Report

Rich Goodwin reported cash balance as of 9/30/16 was $13.3 million which is on par with last year or perhaps a bit stronger. The airport's cash balance was low, but is exactly where the airport was during this period of time last year due to bond payments and reserves that are required to be paid out. Cash will continue to improve through the fiscal year as planned. The airport owes the city about $300,000. CEDO owes the city $360,000 as of 9/30/16 and BT owes the city $507,000, but confirmation was received that the city will receive money in October.

Councilor Paul requested seeing information on cash on hand at the year benchmark and asked why September cash on hand was greater than June cash on hand. Bob Rusten explained tax payments are received in June and in August, but by the end of the summer the city is on the downside of a lot of expense. There is another tax payment upcoming. Councilor Paul asked if there is any effort to get a quicker turnaround on sales tax. Bob Rusten the figures for the state sales tax were received and compared to the city's gross receipts tax. The amount of overdue was reduced which means penalty payments decreased.

5.0 ADJOURNMENT

With no further business and without objection the meeting was adjourned at 6:17 PM.

RScty: MERiordan