Board of Finance 10/14/2014

Board of Finance (Tuesday, October 14, 2014)

Generated by Amy Bovee on Wednesday, October 15, 2014

Members present

Sharon Bushor, Jane Knodell, Karen Paul, Joan Shannon, Miro Weinberger, Bob Rusten

Also present: City Attorney Eileen Blackwood; Assistant CAOs Rich Goodwin and Scott Schrader; Brian Lowe, Mayor's Office; Lise Veronneau, Police; Guillermo Gomez, DPW; Peter Owens, Marcy Krumbine, CEDO; Susan Leonard, Julie Hulburd, HR; Neil Lunderville, Ken Nolan, Daryl Santerre, BED; Jon Guyette, GISC

Meeting called to order at 5:08 PM

1. Agenda

Action, Minutes, Procedural: 1.01 Adopt/Amend Agenda

Motion to adopt agenda.

Motion by Joan Shannon, second by Sharon Bushor.

Final Resolution: Motion Passes

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

2. Public Forum

No one came forward to speak.

3. Approval of the Board of Finance Minutes

Action, Minutes: 3.01 September 29, 2014

Approve the Minutes

Councilor Bushor stated that she had some suggestions that she would share with Rich Goodwin.

Motion by Joan Shannon, second by Sharon Bushor.

Final Resolution: Motion Passes

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

4. For Approval and Recommendation to City Council

Action, Resolution: 4.01 Authorization for FY15 Vehicle Purchase - Police

Lise Veronneau, Police, stated that one of the vendors, Imperial, was purchased by MHQ. However, MHQ said they would be willing to honor Imperial's price.

Councilor Bushor stated in the past they have talked about doing business with local companies. There was not much difference in money between the Vermont company and the out of State companies. Ms. Veronneau stated they worked with Gateway, the Vermont company, and they encountered problems. Since they have the option to work with MHQ for a better price they decided to recommend them.

The Board agreed to approve the expenditure so long as it does not exceed $129,231.

Approve not to exceed $129,231 and Recommend City Council Approval

Motion by Sharon Bushor, second by Joan Shannon.

Final Resolution: Motion Passes

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

Action, Resolution: 4.02 Authorization for Contract for Project STP 5000 (17) TCSE (017) - Burlington Wayfinding Improvements - DPW

Guillermo Gomez, DPW, stated the contractor will start working on design now and work will being in the Spring. He also stated that there was an error in the contract regarding the date, which will be rectified.

City Council President Shannon noted that the bids are vastly different. The company with the low bid is a sign company and the Vermont company that bid is a construction company. She inquired if there were any Vermont sign companies who were interested in doing this work. Mr. Gomez stated this kind of work is specialized which is why the sign company was able to bid the lowest.

Approve and Recommend City Council Approval

Motion by Karen Paul, second by Joan Shannon.

Final Resolution: Motion Passes

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

Action, Resolution: 4.03 Authorization for Office Lease to Capes and Powers Inc. - Airport

The Board addressed an item to allow the Airport to lease office space to Capes and Powers Inc. The space is located at 1252 Airport Drive and the annual rent will be $3,081.60. The lease has a one year term.

Approve and Recommend City Council Approval

Motion by Sharon Bushor, second by Karen Paul.

Final Resolution: Motion Passes

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

Action, Resolution: 4.04 Authorization to Contract with Group Insurance Service Center (GISC) for Health Insurance Administration - HR

Susan Leonard and Scott Schrader presented to the Board on the proposal to contract with GISC for Health Plan Third Party Administration.

Susan Leonard, HR, stated the City is currently contracted with Blue Cross Blue Shield. They have transitioned towards being self-funded, which means that the City will pay the plan up to a certain point. After that the stop loss insurance will cover additional costs like a traditional insurance carrier. They found an attractive deal for stop loss insurance that came bundled with a third party administrator. GISC was able to offer low cost insurance and their administrative fees are also slightly lower than Blue Cross Blue Shield. The deal is especially attractive because they have agreed that the insurance costs will not increase more than 15% and the administrative fees will remain locked for four years. There are potential savings based on the prescription drug claims and Cigna's network. Employees will receive insurance through Cigna.

CAO Rusten stated in the RFP they requested that any plan mirror their current plan, which this does. Blue Cross Blue Shield did not agree to lock the prices. With GISC they will pay less of an increase than they would by staying with Blue

Cross Blue Shield. GISC has been willing to work with the City to meet their needs. They City will have the capability to go out to bid at any time in the future. They have agreed to use a different stop loss insurance carrier if the City is able to locate one at a better price. There are two different prescription drug providers that they can use.

Councilor Bushor inquired how they will make determinations about whether patients can see doctors that are out of state. Susan Leonard, HR, stated it would be based on whether the doctor is in network or out of network. John Guyette, GISC, stated they have a national network that is extensive. If they utilized an out of state provider that was not in their network it would be considered an out of network claim. Ms. Leonard stated because they are self-insured they can override that and allow a patient to see an out of network doctor if they deem it necessary. She believes that this will be a good arrangement for everyone involved.

Councilor Knodell requested an explanation of the quotes that they received. Ms. Leonard explained that they received quotes from Blue Cross Blue Shield, Cigna directly, and GISC working with Cigna. They are proposing that GISC will process their claims while using Cigna's network and discounts. Councilor Knodell requested information about GISC as a company. A representative from GISC stated they are a third party administrator and have been in business since 1974. Ms. Leonard stated they are not the biggest company that GISC works with.

Approve and Recommend City Council Approval

Motion by Karen Paul, second by Joan Shannon.

Final Resolution: Motion Passes

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

Action, Resolution: 4.05 Authorization for Creation of Airport Financial Advisor Position - HR

The Board addressed an item to allow the Airport to create a financial advisor position in order to stabilize and strengthen the Airport's finances. The position will be funded through funds budgeted for currently vacant positions and will be included in future budgets. They also authorized a memorandum of understanding outlining the relationship between the Airport Director and Chief Administrative Officer in relation to the function of the Financial Advisor.

Approve and Recommend City Council Approval

Motion by Sharon Bushor, second by Karen Paul.

Final Resolution: Motion Passes

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

Action, Resolution: 4.06 Authorization for CEDO Reorganization - HR

Peter Owens, CEDO, stated they have worked to address their budgeting processes and ways to make the organization more effective. Their current organization chart is very flat and they felt that shifting that would create a greater team structure. They will put the project managers and the sustainability coordinator into the economic development team. They will also be increasing the sustainability coordinator position from 35 hours per week to a full time position. Finally, they will be broadening the scope of one of the Assistant Director positions to assist with administrative and management functions. All of the changes have been included in the FY15 budget. There is also a sustainability coordinator position that they will be eliminating.

Councilor Knodell inquired about the budget impact for 2016 and beyond. CAO Rusten responded that this is designed to address the long standing budget deficits into the future. In response to a question from Councilor Knodell, Susan Leonard, HR, informed the Board that this did not go to the Human Resources Committee. Councilor Knodell inquired and commented on the organizational structure of the new Assistant Director job description. Mr. Owens responded to this inquiry stating that this structure allows for time and attention to a need in upper level administration that is currently lacking. Ms. Leonard stated there are departments that have positions at managerial levels that are compensated at different grades because the position requires additional knowledge or skills.

Councilor Bushor expressed concerns over the organization chart and differences in compensation and responsibilities between the Assistant Directors positions. She believes that the Director’s job description should be updated to indicate what responsibilities are being removed from him. The revised Assistant Director position will not have anyone new report to them, but the job description says this position will oversee more people. Ms. Leonard stated this position will help the Department move forward but the other assistant directors will ultimately be responsible for making sure projects get completed.

Councilor Paul expressed her support for the department's proposal and stated it is important to play to people’s strengths. She requested that the department monitor how these changes and work to make additional changes as needed.

City Council President Shannon inquired why the sustainability coordinator position is falling under the Economic Development team rather than the Community Development team. Mr. Owens stated they believe that a sustainability strategy is embedded in the economic development for Burlington. They felt that having it in this area gave it the best chance at succeeding and would be a better fit. The reality is that there will be a lot of crossover.

Approve and Recommend City Council Approval

Motion by Karen Paul, second by Joan Shannon.

Councilor Bushor expressed concerns about the proposal. Councilor Knodell stated she is not supportive of this proposal. Mr. Owens explained why he believes these changes would be helpful and expressed a willingness to make further changes in the future if this arrangement does not work. Mayor Weinberger suggested that additional work can be done on the job description to address Councilor Knodell and Councilor Bushor's concerns. The Board will address this item again at a future meeting.

Postpone action until a future Board of Finance meeting.

Motion by Karen Paul, second by Joan Shannon.

Final Resolution: Motion Passes

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

Action, Resolution: 4.07 Approval of Memorandum of Understanding Regarding BED Overbilling Reimbursement to City and School

Neil Lunderville, BED, stated they have been working to resolve the billing issues, reviewing billing systems, and ensuring there are no additional customers who have been affected by billing issues. They have verified that their smart meter billing for residential and small business customers are accurate. They are now working on determining how to pay back the customers that were overbilled. They have determined that they will repay $1.496 million to the City and Schools. They chose to use a 1% annual interest rate to be consistent with all of their customers. State regulators require them to treat all customers, including the City, consistently.

Councilor Knodell stated she believes that the City should be repaid in full. She understands that they are required to be consistent, but the City is funded through property taxes. She believes this would result in property tax payers subsidizing an enterprise fund. Ken Nolan, BED, stated even though they are a department of the City they are State regulated. The Public Service Board considers the City a commercial customer just like any other. He is concerned that if they deviate from that in how they handle the City, the discussion will have to take place at the State level. It could open up a larger conversation about other interactions that they have with the City. Mayor Weinberger and CAO Rusten stated they believe that it is in the best interest of both the City and BED to treat the City the same as other customers. Councilor Knodell noted that this will be credited against the PILOT and inquired if there are penalties that will apply. CAO Rusten stated they did not discuss penalties but determined that they will pay interest which will be compounded annually.

Councilor Paul stated she believes this is a fair and equitable resolution.

City Council President Shannon noted that they expect this will postpone any improvement to BED's credit rating. Ultimately, this will be a good solution for the City as a whole, which includes both taxpayers and ratepayers.

Approve and Recommend City Council Approval

Motion by Karen Paul, second by Joan Shannon.

Final Resolution: Motion Passes

Aye: Sharon Bushor, Karen Paul, Joan Shannon, Miro Weinberger

Nay: Jane Knodell

5. For Board of Finance Approval

Action: 5.01 Housing First

The Board addressed an item to allow the Mayor’s Office to spend $500 from the City’s Regional Programs – Special Projects line to support an initiative that will collect data about homeless people in the City and help prioritize housing for the most vulnerable people.

Approve the Allocation

Motion by Sharon Bushor, second by Jane Knodell.

Final Resolution: Motion Passes

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

6. Expected Executive Session

Action, Resolution: 6.01 Authorization for IBEW FY14 Collective Bargaining Contract

Executive Session was held in the Attorney's Conference Room at 6:40 p.m.

Neil Lunderville, Daryl Santerre, BED, Brian Lowe, Mayor’s Office, CAO Rusten, and City Attorney Blackwood were invited to stay.

Motion to finding the premature disclosure of Collective Bargaining Terms would place the City at a disadvantage and enter executive session.

Motion by Jane Knodell, second by Joan Shannon.

Final Resolution: Motion Passes

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

The Board voted unanimously to leave executive session.

7. Adjournment

Action, Procedural: 7.01 Adjournment

Without objection, Mayor Weinberger adjourned the Board of Finance meeting at 6:06pm.

8. For Information Only

Communication, Information: 8.01 Street Sweeper Financing Update - DPW