Board of Finance - Monday, September 19, 2016 at 5:30 p.m.
Conference Room 12, City Hall
9/19/2016

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

September 19, 2016

DRAFT

MEMBERS PRESENT: Mayor Miro Weinberger

Jane Knodell

Karen Paul

Sharon Bushor

Kurt Wright

OTHERS PRESENT: Bob Rusten, CAO

Rich Goodwin, DFO

Eileen Blackwood, City Attorney

Richard Haesler, Assistant City Attorney

Jesse Bridges, Parks & Rec

Chapin Spencer, DPW

Martha Keenan, DPW

Norm Baldwin, DPW

Megan Moir, DPW

Noele McKay, CEDO

Selene Colburn, City Council

Sara Gianonni, City Council

Tom Ayres, City Council

Adam Roof, City Council

Consultant from EcoNorthwest [via teleconference]

[Note: Minutes reflect order of published agenda.]

1.0 CALL TO ORDER and AGENDA

Mayor Weinberger called the Board of Finance meeting to order at 5:33 PM on 9/19/16.

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 APPROVAL OF BOARD OF FINANCE MINUTES

3.01 August 1, 2016

3.02 August 15, 2016

3.03 August 29, 2016

MOTION by Councilor Bushor, SECOND by Councilor Knodell, to approve the minutes of August 1, 15 and 29 with the following correction(s)/clarification(s):

- **August 15, 2016 minutes, Item 3.03 – change the header to "Tax Bills Sent to Albany".**
- **Globally in all sets of minutes show the Executive Session information (motion to convene Executive Session that includes the purpose and invitees, motion to adjourn Executive Session, start and end times).**

VOTING: unanimous; motion carried.

4.0 APPROVE AND RECOMMEND TO CITY COUNCIL

4.01 Consider General Obligation Bonds for Capital Projects

Mayor Weinberger summarized the action previously taken by City Council, noting action was not taken on the $27.5 million General Obligation Bonds.

MOTION by Councilor Knodell, SECOND by Councilor Paul, to approve and recommend to City Council for approval consideration of general obligations bonds for capital projects.

DISCUSSION: The following comments were made:

- **Councilor Bushor said she voted with hesitation to move this on for City Council consideration because while the plan is great and funding for each project has a well thought out mechanism for funding and use of contributions, the last piece is bonding. The schools have needs, the city has needs. It was thought there would be a component to address some school needs so both entities are not asking for money and one receiving money while the other does not. It is understood the school was not ready. The hard work that has increased the city's credit rating and the time being prime for borrowing is acknowledged but there is concern about the schools coming forward with a list of needs that must be addressed. The matter will be before the voters in November. The TIF money mechanism for payback is great, but it is uncertain what the voters will think when they see a request for $21 million and then a request for $27 million even though both requests are funded differently. So, timing, the school needs missing, and the rooms and alcohol tax increasing 2% when it was thought to be 1% are the struggle and many voters will find the bonds hard to afford.**
- **Mayor Weinberger agreed the amount is not minuscule and covers the comprehensive plan, plan if the water bond and general obligation bonds are added, and gross receipts. With respect to schools and affordability, the city has continued to engage with the school district throughout the process and has clarified projected needs. The school district is looking at a plan for a high school and for everything else ($20 million) over the next decade. The school district has not come forward because they have to figure out an appropriate plan for the high school. There is a big delta between the minimal plan to invest $30 million in the building versus building a new or substantially redeveloped project that would be multiples of that amount. The situation has been crafted in a way for the school to come forward in the near future. The city has developed other sources to pay for 40% of the plan knowing the school does not have that capacity so the property tax impact was kept as low as possible while still having a responsible plan for sustaining the city's infrastructure. There will be continued coordination and collaboration so there will be coordinated integration of savings. Regarding the TIF concern, Burlington voters seem to understand the issues before them. People understand TIF is not a property tax increase. There is communication with the NPAs and discussion about downtown infrastructure and new streets through the development of the mall property. It is hoped to make an investment in a wider area using TIF and the new incremental revenue otherwise the infrastructure would have to be added to the capital plan. Regarding the rooms and alcohol tax, the city does not necessarily like going from 2% to 4%, but visitors benefit from strong Burlington infrastructure. Businesses benefit from strong public infrastructure that is in good shape. Increasing the hotel tax is still within the national average and not out of whack with other metropolitan areas. The alcohol tax increase was less on restaurants than an increase in the meals tax, and 2% on alcohol has a lower impact than the initial proposal and is more affordable than the prior plan that included the meals tax.**
- **Bob Rusten stated this is the most fiscally prudent approach. The longer the delay in addressing issues, the more the cost. Buying a new vehicle for better gas mileage means the vehicle is more efficient and in service rather than in for repairs. Each year the fire truck purchase is delayed is added cost to do the federal regulations. There is nothing in the plan that people would think is not necessary so delay is an increase in cost and burden.**
- **Councilor Wright asked if the hotels know about the increase in tax. Mayor Weinberger said three or four**

meetings were held with stakeholders who have been engaged and responsive, and though not thrilled with the increase they are not opposing it. Peer cities have substantial investment in the promotion of their city to secure conferences and conventions, tour buses, and such. The city will invest $100,000 per year of the new $1.5 million of revenue into promotion for the tourist trade. The 10-Year Capital Plan has a line item with $100,000 in Year 2018. Councilor Wright stated everything in the plan is justified and the hard work is appreciated, but there will be significant impact for some people. The voters will decide. The vote should be held in March.

- **Councilor Paul spoke in support of having a contingency built into the plan, suggesting one or two of the needs could be delayed and replaced with the contingency. Bob Rusten pointed out what is being suggested is a contingency without creating an actual contingency fund. Councilor Paul said what is being treated as a contingency should not be bid. Councilor Paul commented positively on the plan as well thought out with funding sources and shared responsibility. A tremendous amount of work was done with prioritization by department heads and to bring many funding sources together.**
- **The resolution includes the timing of the vote.**

AMENDMENT by Councilor Knodell, SECOND by Councilor Paul, to approve and recommend to City Council for approval the proposed geo bonding for citywide consideration and public vote. VOTING ON AMENDMENT: unanimous; motion carried.

VOTING ON MOTION (general obligation bonds not specific to a date): unanimous; motion carried.

4.02 Authorize Execution of Champlain Parkway Design Consultant Contract Proposed Revised Amendment #9

MOTION by Councilor Bushor, SECOND by Councilor Paul, to approve and recommend to City Council for approval authorization to execute the Champlain Parkway design consultant contract proposed revised amendment #9. VOTING: unanimous; motion carried.

4.03 Authorize Purchase of 2017 Vactor Truck

MOTION by Councilor Bushor, SECOND by Councilor Wright, to approve and recommend to City Council for approval the purchase of a 2017 Vactor Truck from CN Wood in the amount of $297,195. VOTING: unanimous; motion carried.

4.04 Authorize Execution of AmeriCorps Formula Grant and All Necessary Documents

MOTION by Councilor Knodell, SECOND by Councilor Bushor, to approve and recommend to City Council for approval authorization to execute the AmeriCorps Formula Grant and all documents necessary to accept $38,204 from the Corporation for national and community service through SerVermont. VOTING: unanimous; motion carried.

4.05 Authorize Ballot Item on Public Improvements within the Waterfront TIF District

Mayor Weinberger explained the wording for Executive Session to discuss a business arrangement, proprietary information, and review of privileged confidential information compiled by the consultant, EcoNorthwest. Regarding the TIF bond resolution, the building cost estimation will be reviewed and the financial feasibility and analysis of the management capacity of Devenwood to get the project done will be discussed. City Council will receive the feasibility report reviewed by EcoNorthwest.

A presentation was viewed highlighting attributes that make Burlington a “great city” (small blocks and the additional connectivity). Renderings were shown of the removal of the existing mall, the remaining buildings, public infrastructure improvements and the new mall building from different perspectives. Noele McKay noted the cost estimates and menu of options for streets, soils, upgrade of sewer and water, and related costs are in line with the $21 million for the eight block area.

The consultant from EcoNorthwest after giving a brief overview of the services offered by EcoNorthwest noted some findings and numbers in the feasibility report are being reconciled with the developer. Per the vetting of Don Sinex and his team, it can be concluded they are capable and have the necessary experience to execute a project of this scale and complexity. The pro forma is conservative with enough sensitivity to be a viable project.

Councilor Paul said she expected to see line by line information on the background, financial history, projects done with the developer as the lead so the mall project is not the first as the lead. It is concerning that most of the information requested by EcoNorthwest was not provided by Mr. Sinex with no explanation. Councilor Knodell added while Mr. Sinex’s personal wealth is not guaranteeing the project, the city should see the numbers. It is important to see the Sinex pro forma or a third party version in order to understand the margins and the cushion if things go wrong. The consultant from EcoNorthwest explained Don Sinex provided the majority of the information requested, but not personal finances and taxes which is typical of high net worth individuals. The consultant felt Mr. Sinex was forthcoming with the materials requested and that Mr. Sinex was not able to release his pro forma because he wanted to confirm what can be released first.

Mayor Weinberger stated in the predevelopment agreement it was clear to find a way to work with the developer in a way to do what needed to be done and support the proprietary, confidential nature of some of the information. The agreement is not specific on how to do this so it is suggested to be discussed in Executive Session. Some additional feasibility analyses from the independent professional will be available to the public.

Councilor Knodell confirmed City Council will receive the third party feasibility study and the EcoNorthwest summary.

Councilor Bushor said she wants to know the benchmarks and criteria used to draw the conclusions. The consultant from EcoNorthwest said the Sinex project background has been successful. Buildings were repositioned successfully. Mr. Sinex has owned the Burlington Town Center for the past few years which helps the pro forma because of the experience and understanding of the mechanics of the building and the market. There has been follow up on references with previous projects and references can continue to be checked as needed.

Councilor Wright mentioned the receipt of the report just recently when it was expected by August 1st. Mayor Weinberger clarified the August 1st date. If the report was not done by August 1st the city had the additional provision to commission its own report. In consultation it was felt best to continue with the present course. Councilor Wright said if Mr. Sinex's personal financial capacity is not a concern for the city then why was it requested. The consultant from EcoNorthwest explained there are a number of different ways to finance development deals. Typically there are recourse and non-recourse deals when financial implications of a project falls back on personal finances. The way the Sinex deal is structure is the collateral is within the asset itself so the personal finances of Mr. Sinex are not relevant because the recourse falls on the asset.

MOTION by Councilor Knodell, SECOND by Councilor Wright, that discussion of proprietary information with a partner where premature disclosure will place the city at a disadvantage is appropriate for Executive Session. VOTING: unanimous; motion carried.

MOTION by Councilor Knodell, SECOND by Councilor Paul, based on the finding of premature disclosure placing the city at a disadvantage to go into Executive Session to discuss public improvements within the Waterfront TIF District and invite all members in attendance from City Council, the Mayor and Mayor's Office, CAO's Office, City Attorney's Office, CEDO Office, Ken Braverman and other consultants. VOTING: unanimous; motion carried.

Executive Session was convened at 6:45 PM and adjourned at 6:55 PM.

ACTION FOLLOWING EXECUTIVE SESSION

MOTION by Councilor Knodell, SECOND by Mayor Weinberger, to approve and recommend to City Council for approval authorization the final resolution for the public improvements within the Waterfront TIF District. VOTING: unanimous; motion carried.

5.0 ADJOURNMENT

With no further business and without objection the meeting was adjourned at 6:55 PM.

RScty: MERiordan