Board of Finance
8/25/2014

Board of Finance (Monday, August 25, 2014)

Generated by Amy Bovee on Thursday, August 28, 2014

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

Also Present: ACAO Rich Goodwin; City Attorney Eileen Blackwood; Brian Lowe, Mayor's Office; Lise Veronneau, Police; Pat Buteau, Norm Baldwin, DPW; Stephen Barraclough, Amber Thibeault, BT; Jesse Bridges, Parks; Ben Pacy, HR

Start: 5:05pm

1. Agenda

Action, Minutes, Procedural: 1.01 Adopt/Amend Agenda

Approve the Agenda

Motion by: Karen Paul, Second by Jane Knodell

Final Resolution: Motion Passes

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

2. Public Forum

No speakers

3. Approval of the Board of Finance Minutes

Action, Minutes: 3.01 July 7, 2014

Approve the Minutes

Motion by Sharon Bushor, Second by Jane Knodell

Final Resolution: Motion Passes

Ayes: Miro Weinberger, Joan Shannon, Sharon Bushor, Jane Knodell

Abstention: Karen Paul

Action, Minutes: 3.02 July 14, 2014

Approve the Minutes

Motion by Sharon Bushor, Second by Jane Knodell

Final Resolution: Motion Passes

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

Action, Minutes: 3.03 August 4, 2014

Approve the Minutes

Motion by Sharon Bushor, Second by Jane Knodell

Final Resolution: Motion Passes

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

Action, Minutes: 3.04 August 20, 2014

Approve the Minutes

Motion by Sharon Bushor, Second by Jane Knodell

Final Resolution: Motion Passes

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

4. For Approval and Recommendation to City Council

Action, Resolution: 4.01 Authorization for Creation of BT Service Support Coordinator Position, Elimination of One Help Desk Technician Position and Re-titling of Help Desk Positions to Service Support Technicians - HR

The Board addressed an item to allow BT to eliminate one of its four Help Desk Technician positions and create a Limited Service, Full Time Support Specialist position. They also re-titled the remaining three Help Desk Technician Positions to Service Support Technicians. The change will cost an additional $3,500 which will be covered from other savings in the Help Desk budget.

Approve and Recommend City Council Approval

Motion by Karen Paul, Second by Sharon Bushor

Final Resolution: Motion Passes

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

Action, Resolution: 4.02 Authorization for Correction to Burlington Police Department Personnel Listing - HR

The Board addressed an item to make a correction to the FY15 Personnel Listing. The Application & Technology Support Specialist Position was listed in the budget as Grade 18 with a salary of $51,955. It should have been listed at Grade 15, Step 1 with a salary of $42,205. The Police Department is requesting that the Grade be corrected to Grade 15, but the appropriation remain at $51,955, as they expect to hire someone with this position with prior experience, and a step placement may be necessary.

Approve and Recommend City Council Approval

Motion by Karen Paul, Second by Jane Knodell

Final Resolution: Motion Passes

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

Action: 4.03 Renewal of Boiler/Machinery Insurance Policy - BED

Councilor Bushor stated because there was a process where this went out to bid, she believes that should be reflected. It sounds like they negotiated with the incumbents. This should reflect a process that the City adheres to.

Approve and Recommend City Council Approval

Motion by Jane Knodell, Second by Sharon Bushor

Final Resolution: Motion Passes

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

Action, Resolution: 4.04 Burlington Bike Path Rehabilitation: Phase 1a Construction Contract and Supporting Documents - Parks

Jesse Bridges, Parks, stated this contract is for construction and they were very successful in their bids. The bid came in under the engineer's estimate. They are on track to begin construction in October. There is also an update to the Vermont Rail lease agreement which allows them to use their land. There is also an easement from LCT for portions of the bike path that are on their land.

Councilor Knodell inquired about the project schedule. Mr. Bridges stated Phase 1a will take place this fall and Phase 1b will take place next spring. They will do surveying over the winter. They are awaiting information on a VTRANs grant they have applied for to complete this work. Councilor Knodell inquired if they need that grant to accomplish what they planned to do in Phase 1b. Mr. Bridges stated Phase 1 uses TIF money, but they split it based on the construction seasons. Phase 1a will be Perkins Pier through Waterfront Access North. Phase 1b will continue to the North. Councilor Knodell inquired if they will continue going if they get the grant. Mr. Bridges stated that is correct. Mayor Weinberger stated they are currently in good shape to be able to complete Phase 2.

Approve and Recommend City Council Approval

Motion by Karen Paul, Second by Sharon Bushor

Final Resolution: Motion Passes

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

Action, Resolution: 4.05 Authorization for Budget Amendment for Traffic Fund - DPW

Pat Buteau, DPW, stated this is a combination of all of their rate increases and revenue enhancements that were passed by the Public Works Commission. All of the revenues were based on a nine month period. The increased revenue will be used for parking initiatives and an outreach and education program. Councilor Knodell inquired if they will be extending parking fees until 10pm in the Downtown Core. Mr. Buteau stated that is correct. There will be enforcement until 10pm. The rates will increase to $1.50 per hour. The Marketplace Garage daily rate will go from $8 to $10. Monthly rentals will go from $75 per month to $100 per month. Councilor Knodell inquired if the new meters will take credit cards. Mr. Buteau stated they will. Councilor Knodell inquired if he believes their estimates are conservative. Mr. Buteau stated he believes they are.

Councilor Bushor stated she will support the budget amendment, but that does not reflect her support for some of the changes. She believes there needs to be a balancing act between bringing people downtown and competing with parking lots in South Burlington and Williston. She understands that there is a need for money for the structures, but she is concerned about the changes. She inquired what streets are encompassed in the Downtown Core. Mr. Buteau stated it will be between South Winooski Ave. and Pine Street and between Main Street and Cherry St.

Mayor Weinberger noted that the Public Works Commission reviewed the changes to parking thoroughly.

Councilor Paul inquired if they are expecting a personnel savings of $44,000 in the Marketplace Garage, but expect a cost increase in parking fees. Security will cost an additional $41,000. She inquired if this includes maintenance in the garage. Mr. Buteau stated that is correct. They have built additional maintenance into their operating budget for FY15 and will do some additional capital work this year. Councilor Paul stated they have heard that people are concerned about having to pay for street parking into the evenings while they are working. They want to make sure that the parking garage is safe late at night. She inquired if that security includes cleaning in the garages. Mr. Buteau stated they will not be able to make the garage look like it is brand new. However, they can try to brighten it up with lighting. That will be done as part of their maintenance. Councilor Paul inquired what is meant by signs at 100%. Mr. Buteau stated they will add signage so that people will know where they are supposed to go. There are people who currently drive down ramps the wrong way. Councilor Paul requested a report back in 6 months to hear how close their estimates have been.

Councilor Knodell stated the budget changes result to a net of $457,000. She inquired if that will be recurring. Mr. Buteau stated it will be. Councilor Knodell inquired if they will eliminate the operating deficit, they will rebuild the fund balance, and make some capital improvements in the garage. Councilor Knodell inquired if the deficit has been borne by the sweep account. Mr. Buteau stated that it has.

Approve and Recommend City Council Approval

Motion by Jane Knodell, Second by Karen Paul

Final Resolution: Motion Passes

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

Action, Resolution: 4.06 Authorization for Street Capital Budget Amendment – DPW

Councilor Knodell stated this looks like they are outsourcing. Norm Baldwin, DPW, stated they are spending more to have an outside firm do this work. CAO Rusten stated there are other items they will not be spending money on as a result of this.

Councilor Bushor inquired where they are at with filling the position. Mr. Baldwin stated he has worked with the person who previously held the position to develop the program. They have recruited a candidate who will be joining them in December. He is working out the transition with his current employer.

Approve and Recommend City Council Approval

Motion by Sharon Bushor, Second by Jane Knodell

Final Resolution: Motion Passes

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

Action, Resolution: 4.07 Authorization to Transfer Funds within Capital Improvements Project and Capital Projects Budgets

The Board addressed an item to allow the Department of Public Works to transfer funds across fiscal years within their general ledger account line items. Any transfer must be for non-general fund capital projects, be sufficiently funded, and does not change the total amount of the line item.

Approve and Recommend City Council Approval

Motion by Karen Paul, Second by Jane Knodell

Final Resolution: Motion Passes

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

Action, Resolution: 4.08 Audit Advisory Committee Appointment and Charge

Councilor Bushor inquired why the City Council will appoint the chair. She suggested that the Committee would select their own chair. CAO Rusten stated that is normal practice. Councilor Paul stated this particular committee should appoint their own chair. CAO Rusten stated he believes either way would be fine. Councilor Knodell stated she believes the committee should select their chair.

Councilor Paul stated when they previously had this committee, it was hard to find members who fit the guidelines in the resolution. She hopes they are not being too strict with their criteria. City Attorney Blackwood stated they are looking for people with a background in looking at audits, and they may be better off with a business person who is not a CPA. She suggested they could take the requirements that they by CPAs out. Councilor Bushor suggested they could remove the requirements listed in B. CAO Rusten stated they could eliminate the criteria and they would still have the ability to make their selection based on people's expertise and experience.

Councilor Paul inquired who the nominating committee that applications will be submitted to is. City Attorney Blackwood stated they will be submitted to the City Council. They may choose to do it differently. Councilor Paul stated she would prefer applications just be submitted to the Council. She suggested they lower the requirement for CPAs to two.

Councilor Knodell inquired if all auditors have CPAs. Councilor Paul stated they do. Councilor Knodell stated the main requirement should be that these people work with audits. She inquired if they are doing this because they feel that the Council needs assistance in executing their responsibilities in review of the audit. Mayor Weinberger stated that was the initial reason when it was first done. The Administration is supportive of this because of recent work with internal controls. Having a committee like this could be helpful in providing oversight. CAO Rusten stated their contract with their current auditor is ending, so this committee will be helpful in selecting an auditor. Councilor Knodell stated they will assess the value and impact of the committee. Councilor Paul stated the original idea was that this would be an advisory committee. They planned to reassess after three years to determine if they should do a Charter change to make it permanent. CAO Rusten stated they will look at the Committee itself and determine if it is serving a purpose. Councilor Knodell stated she hopes they will look at what other Cities are doing. She does believe they should pay more attention to the audit. She hopes this will result in deeper consideration of the audit.

Councilor Bushor stated they set this up as an advisory committee that would report back to the Board of Finance. They did not want to delegate and have no involvement in reviewing the audit. They will evaluate whether this model works or not.

CAO Rusten stated the Board of Finance should meet with the auditor without the administration at some point.

Councilor Knodell suggested adding a report back date to the resolution. Mayor Weinberger stated they will report back prior to the ending of the appointments.

Approve and Recommend City Council Approval with an amendment to line 37 to state that the Committee will select their chair, an amendment to line 29 to state that applications will be sent to the Council, and an amendment to line 23 to state that two members will be CPAs.

Motion by Karen Paul, Second by Sharon Bushor

Final Resolution: Motion Passes

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

Action, Communication: 4.09 Monthly Financials as of June 30, 2014 - C/T

CAO Rusten stated there is one week left in closing out the books and the numbers will be audited. He has updated numbers from what was sent out on Friday. They are showing that there will be a $1.2 million surplus based on the revenues they have received and encumbered expenditures. There are some encumbrances that may not actually be expensed, so the total could be closer to $1.5 million. They are thinking that there could be some additional revenues as well which could raise the surplus to $2 million or more. These numbers are unaudited, but they believe there will be a $1.2 -$1.3 million surplus. They budgeted the general fund with a small surplus. They identified cost savings and did not spend their contingency fund. There is over $300,000 of gross receipts over what was budgeted. The trend has been that it has increased about 16% over the previous year. They have seen a $300,000 increase in revenue for Planning and Zoning. There are two general fund departments who overspent. One was the City Attorney's Office because of legal work related to BT. The other was Code Enforcement because they were charged indirect costs. They have changed that for FY15. Looking at revenues versus expenditures, the City Attorney's Office had also budgeted for fines as a revenue source that they did not receive. That has been removed for FY15. Parks and Recreation is about $17,000 over budget. DPW was $100,000 over budget and BCA was $20,000 over budget. Fire had an excess of about $500,000 because of a mistake in their FY14 budget that they rectified for FY15 as well as some excess revenues. There was a $200,000 problem in their expenditures. The Police Department, Clerk/Treasurer's Office, and Planning and Zoning are all expected to come in with surpluses.

Councilor Bushor inquired about the Police budget. CAO Rusten stated they expect it will come in with about a $352,000 surplus. Part of this is because they have been more aggressive on revenues. They believe they will be close to their budgeted revenues for the general fund. They have had a significant amount of turnover in this department and have been doing less consulting work. They will come in under budget on their revenues because they did not receive all of their anticipated grant revenue. However, they also have not expensed any of that money. They think these are positive figures overall. The auditor said because they had a negative unassigned fund balance in FY13, they cannot put this money into a reserve fund. They had a $2 million negative unassigned fund balance, so this will reduce that number significantly. In the future they may be able to change that to a positive number. Councilor Bushor inquired where specifically this money will go. Mayor Weinberger stated their financial consultants that they rely on have recommended they work on establishing a reserve fund. The negative fund balance is not a bad thing, but something they will work to address as they get the BT situation behind them. They will have to work to determine exactly what their goals for a reserve will be.

Councilor Paul stated they will have to deal with eliminating the money owed from BT. She inquired if there is any advantage to using that excess to pay down the fiscal stability bond early. She appreciates that this is good news and it is unaudited, but she believes they should share this information with the Council. She suggested they provide more frequent updates to the Council. CAO Rusten stated they can provide an updated to the Council at a future meeting. They will have conversations with the auditors about how they can use the money. He expects that it cannot be used to pay down the stability bond. He inquired if there is a way to encourage conversations about the financials with the Council. They are typically placed on the consent agenda and not discussed. Councilor Paul suggested they could take it off the consent agenda on a quarterly basis and provide an overview.

Councilor Knodell inquired when they will have the audit complete. CAO Rusten stated they are pushing to have it done by December.

Councilors Knodell and Bushor spoke in favor of providing the Council with an update of the financials on a quarterly basis. CAO Rusten stated he believes they should do this sooner rather than later.

CAO Rusten stated they have corrected a number of the problems that they found with the FY14 budget. He expects they will be on track for the FY15 budget and will continue to see growth in gross receipts tax.

Councilor Paul inquired about payment of the local option tax. CAO Rusten stated the quarter will end in August. They will receive about $500,000. Last year they talked to the auditors and decided to apply it to the past year. That money will be applied to FY14 when they receive it. Councilor Paul stated the money is sent to the state and they then forward it to the City. She inquired if that time where they hold the money has gotten any better. CAO Rusten stated it has gotten worse. He has had conversations with them about it. Councilor Paul suggested the Vermont Mayors could take that issue on. They are holding that money collecting interest, but it belongs to the City. There are others who are probably in the same boat. CAO Rusten stated they seem to have done very well in FY14 but did have a tax increase. He reminded them that in January, when they looked at the budget, they had no idea how the year would end. Parks and Recreation had one of its best years for revenues. He would not expect to see a voter approved tax increase in FY16. ACAO Goodwin stated the winter and health insurance costs are big wild cards. CAO Rusten stated worker’s comp and liability have been big issues.

Provide to City Council

Motion by Karen Paul, Second by Sharon Bushor

Final Resolution: Motion Passes

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

Action, Communication: 4.10 Monthly Financials as of July 31, 2014 - C/T

Provide to City Council

Motion by Karen Paul, Second by Sharon Bushor

Final Resolution: Motion Passes

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

Action, Communication: 4.11 Sweep Account Report as of June 30, 2014 - C/T

ACAO Goodwin stated as of June 30, they had an excess of $30 million in the bank. This is stronger than the previous year. As of June 30, the School owed them no money. The total amount of money owed to the Sweep was at its lowest for the entire year at $9 million. CEDO still owes some money at the end of the year. The major driver on the amount owed to the Sweep Account is still Burlington Telecom. The total cash position on August 12, the day taxes are due, was $40 million. That is the best number he has seen since he began working with the City. On July 31, the amount owed to the Retirement account was under $1 million. This is an attractive number.

Councilor Knodell inquired why money is owed to the Retirement account. ACAO Goodwin stated the amount is owed to the sweep account. That is a healthy thing because money invested in the retirement fund receives a return. If they need to, the Retirement fund will borrow money from the sweep account to cover expenses. They try to keep that number as close to zero as possible. They do not want to pull money in and out of invested portfolios. Councilor Knodell inquired why they do not have a contingency with in the Retirement fund to cover these expenses. CAO Rusten stated one of the problems is that all administrative costs are paid outside of the retirement fund. Councilor Knodell stated they should determine what their optimal cash balance is. Councilor Knodell inquired if they are totally separate from the school. CAO Rusten stated they will be sending money they have collected from the August property tax payment to a School account.

Councilor Paul inquired about the cemetery perpetual care fund. ACAO Goodwin stated that was previously included with the sweep account. It should be separate from the sweep account, so he opened a separate, restricted account. The cash balance is about $1 million.

Provide to City Council

Motion by Karen Paul, Second by Sharon Bushor

Final Resolution: Motion Passes

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

Action, Communication: 4.12 Sweep Account Report as of August 12, 2014 - C/T

Provide to City Council

Motion by Karen Paul, Second by Sharon Bushor

Final Resolution: Motion Passes

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

Information: 4.13 2014 Fourth Quarter Budget Modification Report

Councilor Knodell inquired if these are all of the changes that the administration made. CAO Rusten stated there were many other changes, but these met the criteria to be included in the report. They are required if they are eliminating a program in a budget or a certain percentage of a line. They are hoping they will see less amendments in the FY15 budget.

Provide to City Council

Motion by Karen Paul, Second by Sharon Bushor

Final Resolution: Motion Passes

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

5. For Board Action

Action: 5.01 Authorization to Purchase Installation Vehicles - BT

Councilor Bushor inquired if they will be purchasing new or used equipment. Amber Thibeault, BT, stated all of the equipment will be new.

Approve the vehicle purchase

Motion by Karen Paul, Second by Sharon Bushor

Final Resolution: Motion Passes

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

6. Discussion

Discussion: 6.01 Creation of a Board of Finance Consent Agenda

Councilor Bushor stated they have used a consent agenda in the past. Councilor Knodell stated it would be more efficient than voting individually. CAO Rusten stated he could come up with suggestions for what the criteria would be. They have been trying to get memos submitted with more information to help answer questions in advance of the meeting.

Councilor Knodell requested a discussion about the Church Street Marketplace at a future meeting.

7. Adjournment

Action, Procedural: 7.01 Adjournment

Without objection, Mayor Weinberger adjourned the meeting at 6:30pm.