Board of Finance
7/7/2014

Board of Finance (Monday, July 7, 2014)

Generated by Amy Bovee on Thursday, July 10, 2014

Members present
Sharon Bushor, Jane Knodell, Miro Weinberger, CAO Bob Rusten

Absent

Joan Shannon, Karen Paul

Also present: City Attorney Eileen Blackwood, ACAOs Rich Goodwin and Scott Schrader, Gene Richards, Airport; Brian Lowe, Mayor's Office; Nicole Losch, Martha Keenan, DPW; David White, Planning and Zoning, Stephen Barraclough, BT

Meeting called to order at 4:57 PM

1. Agenda

Action, Procedural: 1.01 Adopt/Amend Agenda

Motion to amend the agenda to move item 4.04 to 5.05 and add item 6.02.

Motion by Sharon Bushor, second by Jane Knodell.

Final Resolution: Motion Passes

Aye: Sharon Bushor, Jane Knodell, Miro Weinberger

2. Public Forum

No one came forward to speak.

3. Approval of the Board of Finance Minutes

Minutes: 3.01 June 16, 2014

Councilor Bushor requested postponing action on the minutes.

Minutes: 3.02 June 23, 2014

Move to approve with a change to Vermont Workers Center Item to allow for separation between the accountability monitor and the advocacy activities of the Center.

Motion by Sharon Bushor, second by Jane Knodell.

Final Resolution: Motion Passes

Aye: Sharon Bushor, Jane Knodell, Miro Weinberger

4. For Approval and Recommendation to City Council

Action, Resolution: 4.01 Authorization for Creation of Regular Full Time Burlington Telecom Controller Position - HR

Councilor Bushor inquired if the money for this position was budgeted for FY15 and noted it was not included on the personnel listing. Stephen Barraclough, BT, stated it was budgeted, although it was not on the personnel listing. Councilor Bushor inquired if all new positions at BT are limited service. Mr. Barraclough stated at this point in time they are creating all positions as limited service because BT's future is unknown.

Approve and Recommend City Council Approval

Motion by Sharon Bushor, second by Jane Knodell.

Final Resolution: Motion Passes

Aye: Sharon Bushor, Jane Knodell, Miro Weinberger

Action, Resolution: 4.02 Authorization for Creation and Elimination of BED Metering Services Positions - HR

The Board addressed an item to allow the Burlington Electric Department to a regular, full time metering services technician, a regular full time administrator of metering services position, and eliminate a regular, full time troubleshooter position and a regular full time electrician 1st class A metering position.

Approve and Recommend City Council Approval

Motion by Sharon Bushor, second by Jane Knodell.

Final Resolution: Motion Passes

Aye: Sharon Bushor, Jane Knodell, Miro Weinberger

Action, Resolution: 4.03 Authorization for Reclassification of Airport Director of Operations, Operations Foreman and Operation Specialists – HR

The Board addressed an item to allow the Airport to reclassify its director of operations, operations foreman, and six operations specialists by increasing them one pay grade.

Approve and Recommend City Council Approval

Motion by Sharon Bushor, second by Jane Knodell.

Final Resolution: Motion Passes

Aye: Sharon Bushor, Jane Knodell, Miro Weinberger

Action, Resolution: 4.05 Authorization for General Obligation Bonds from the Vermont Municipal Bank - C/T

Councilor Bushor stated she feels that this is circumventing what they should be doing. She understands that they say that the Vermont Municipal Bond Bank has the best rate, but she does not know that for sure without seeing any other information. She understands that there is a cap on the interest rate before they have to come back for approval, but she is uncomfortable with this measure. She is not opposed to what they are doing, but she believes they are responsible for financial oversight. In the past, they would go over what interest rates were available and why they chose the one they did. This feels very different to her. Mayor Weinberger stated that working with the Vermont Municipal Bond Bank is much different than our going out for public offerings. With Public Offerings, the City has more flexibility over what we choose. ACAO Goodwin stated in the past, Burlington would go out and negotiate the sale and take the lowest bid. We have been working with Muni Bank because they have a much better credit rating which results in better interest rates. If we were to go out to the market and borrow with the City’s credit rating, they would likely receive an interest rate of 6.25%. With the Muni Bank, they expect to pay 4.25% or less. This saves the City of Burlington taxpayers hundreds of thousands of dollars. They borrow on behalf of the City and other municipalities. Councilor Bushor stated she brought forward the idea that the Retirement System should be managed by the State to save money. They have heard since then that there may be other ways to do it with less cost. She appreciates that they have made these actions and have found that it is not always the best way. She would like them to look for comparatives to ensure what they are doing is actually saving them money. Mayor Weinberger stated they should and will continue to explore other options as their credit rating improves. Right now, they can be pretty confident that their rating will cause them to pay much more. CAO Rusten stated in his experience, it is advantageous to go through the Bond Bank because there are multiple bonds being sold and there is economies of scale. In this case, they are also benefiting from their better credit rating.

Councilor Knodell inquired how they selected the 5% threshold. ACAO Goodwin stated that was a recommendation from their Bond Counsel. He is confident that the interest rate will be under 5% and expects it will be between 4-4.25%. They added a cushion to try to avoid having to come back to the Board of Finance. A 5% rate would still be very good for them.

Approve and Recommend City Council Approval

Motion by Jane Knodell, second by Sharon Bushor.

Final Resolution: Motion Passes

Aye: Sharon Bushor, Jane Knodell, Miro Weinberger

Action, Resolution: 4.06 Authorization for TIF Bonds from the Vermont Municipal Bank re March 2014 Ballot Item - C/T

The Board addressed an item to allow the City to borrow an amount not to exceed $1,800,000 for Waterfront TIF District improvements.

Approve and Recommend City Council Approval

Motion by Jane Knodell, second by Sharon Bushor.

Final Resolution: Motion Passes

Aye: Sharon Bushor, Jane Knodell, Miro Weinberger

Action, Resolution: 4.07 Authorization for TIF Bonds from the Vermont Municipal Bank re November 2012 Ballot Item - C/T

The Board addressed an item to allow the City to borrow an amount not to exceed $6,000,000 for Waterfront TIF District improvements.

Approve and Recommend City Council Approval

Motion by Jane Knodell, second by Sharon Bushor.

Final Resolution: Motion Passes

Aye: Sharon Bushor, Jane Knodell, Miro Weinberger

Action: 4.08 Award Proposal and Authorize an Agreement for Copy/Print Management Services

Councilor Bushor inquired who else submitted proposals. ACAO Schrader stated they received five proposals, all of which do business with the City currently. The businesses were Canon, Conway, Exterus, Ricoh, and Symquest. The contract is an estimate at this time because they have not yet decided what to place where. Upon analysis, it appears that Symquest is the lowest cost over time. They have the ability to show a user what the additional cost of printing is when they change the default settings on the machinery. They will be cognizant of what they are costing the City when they are printing. Councilor Bushor inquired if they can change their printers. ACAO Schrader stated they can, but they will be aware of this.

Approve and Recommend Approval by the City Council

Motion by Jane Knodell, second by Sharon Bushor.

Final Resolution: Motion Passes

Aye: Sharon Bushor, Jane Knodell, Miro Weinberger

Action, Resolution: 4.09 Authorization to Adopt FY15 Fee Schedule and Amend Budget - P/Z

Councilor Bushor stated the memo references the elimination of permit fees from the City's general fund with the exception of the impact fees. She requested further explanation of this. David White, Planning and Zoning, stated this applies to another City Department using general fund dollars to pay permit fees. They are being paid out of and paid into the same fund of the City. This will eliminate that practice. Councilor Bushor inquired if this only applies to City owned property. Mr. White stated it applies when a City Department is paying the application fees out of general fund dollars.

Approve and Recommend City Council Approval

Motion by Sharon Bushor, second by Jane Knodell.

Final Resolution: Motion Passes

Aye: Sharon Bushor, Jane Knodell, Miro Weinberger

5. For Board Action

Action: 5.01 Authorization for planBTV South End - Phase 1 - Real Estate Market Analysis - P/Z

David White, Planning and Zoning, noted that the budget amendment was incorrectly listed as a part of the previous item, but it really belongs with this item.

Councilor Knodell inquired if this will be paid from the Capital Improvement Program, and EPA grant, and the Housing Trust Fund. Mr. White stated that is correct. Councilor Knodell inquired if that fund is earmarked for affordable housing. Mayor Weinberger stated the language allows it to be used for broad housing work.

Councilor Bushor stated she thought there were restrictions on that fund. Mayor Weinberger stated there are several restrictions, but there is a long list of eligible uses. This falls within those eligible uses. Councilor Bushor stated she believes this is important for the South End and likes what this is about. Mr. White stated this will be a push. A lot of the data collection has already been done in the Downtown. They will need to supplement that by interviewing people relative to this geographic area. They are committed to getting the work done in that timeframe. Councilor Bushor inquired if this advisory company has done work with CEDO. Mr. White stated they did the Downtown Housing study for CEDO.

CAO Rusten stated the Board of Finance will be approving the contract, but the Council will need to approve the budget amendment.

Approve the Contract and Recommend Approval of Budget Amendment by the City Council

Motion by Sharon Bushor, second by Jane Knodell.

Final Resolution: Motion Passes

Aye: Sharon Bushor, Jane Knodell, Miro Weinberger

Action, Resolution: 5.02 Authorization for Contract for Replacement of Miller Center Roof - DPW

The Board addressed an item to allow the Department of Public Works to execute a contract with Evergreen Roofing for $53,845 to replace the roof on the Miller Center.

Approve the Contract

Motion by Jane Knodell, second by Sharon Bushor.

Final Resolution: Motion Passes

Aye: Sharon Bushor, Jane Knodell, Miro Weinberger

Action, Resolution: 5.03 Authorization for Contract for Replacement of Fire Station #2 Roof - DPW

The Board of addressed an item to allow the Department of Public Works to execute a contract with Consumer Construction to replace the roof on Fire Station #2.

Approve the Contract

Motion by Sharon Bushor, second by Jane Knodell.

Final Resolution: Motion Passes

Aye: Sharon Bushor, Jane Knodell, Miro Weinberger

Action: 5.04 Authorization for Design Contract for Champlain Elementary Pedestrian Project - DPW

Councilor Bushor stated this has a two year timeline for design, which seems excessive. She inquired if this has been presented at the Ward 5 NPAs and if residents involved with that School are supportive. Nicole Losch, DPW, stated they worked with Ward 5 and the Champlain School Community through the feasibility study. They will go back to them when they have a design. The two year contract is a long time period. Their contract with the State requires them to complete the entire project within three years.

Approve the Contract

Motion by Sharon Bushor, second by Jane Knodell.

Final Resolution: Motion Passes

Aye: Sharon Bushor, Jane Knodell, Miro Weinberger

Action, Resolution: 5.05 Authorization for Contract for Facility Condition Assessments - DPW (previously item 4.04)

Councilor Knodell inquired if they should include the Enterprise Funds in this. Martha Keenan, DPW, stated she did talk to BED and the Airport and they felt that they have good capital plans in place already. She did talk to BED about what buildings were included in their plan. CAO Rusten stated they should go ahead with the contract that is proposed and continue conversations with BED and other enterprise funds.

Councilor Bushor inquired who did the ratings. Ms. Keenan stated the State did. Councilor Bushor noted that one of the people working on this project has limited experience and inquired what role this person will be playing. Ms. Keenan stated she will talk to the State more about this. She is unsure if the people listed are the ones that will actually end up helping them. Councilor Bushor inquired if they check the references or if that is the State's responsibility. She wants to ensure they have a strong team. She inquired who will review the draft report when it is released. She would like the Board of Finance to be made aware of the report. Ms. Keenan stated she has spoken to some other municipalities that have worked with this company before.

Approve the Contract

Motion by Jane Knodell, second by Sharon Bushor.

Final Resolution: Motion Passes

Aye: Sharon Bushor, Jane Knodell, Miro Weinberger

6. Discussion

Discussion: 6.01 Discussion of Internal Control Self-Assessment Checklist - C/T

Councilor Bushor requested that they postpone action on this item until the full Board is present. CAO Rusten inquired about the timeline. ACAO Goodwin stated the timeline is based on how they distribute the COSO checklist. It would be inappropriate for the Clerk/Treasurer's Office to send that out before it is reviewed. Councilor Bushor inquired who developed the checklist. ACAO Goodwin stated it is a combination of a boilerplate checklist and his own thoughts. CAO Rusten stated they have talked about COSO and using a more extensive checklist than what was provided by the State Auditor. Councilor Bushor stated on the Ordinance Committee, she was made aware of the fact that there are things on the book that are outdated. She inquired if there is something in this checklist that talks about laws and regulations. She feels that is an important piece. ACAO Goodwin stated he agrees. They key point is that this is a draft checklist. They will distribute it to different people within the organization to strengthen it. CAO Rusten stated he believes they should focus on targeted financial aspects. Councilor Knodell inquired if this is used to self-assess. ACAO Goodwin stated that is correct. They will identify areas where they need to improve through this study. Councilor Bushor stated this process is helpful for staff to understand regulations and why they are being asked to do things. It makes everyone stronger. It helps people do their jobs better. ACAO Goodwin stated this will be a cultural change and it will need to be done from the top. They will make this happen. Councilor Knodell inquired if this is one of the findings from the management letter. ACAO Goodwin stated it was. The auditors recommended they implement a COSO model. Through implementing the COSO model, they will address another recommendation, which was improving internal controls. Councilor Knodell inquired what section internal financial controls would fall under. ACAO Goodwin stated all of the areas that they need to improve upon are included in this. They need to demonstrate that they have controls, communication and monitoring. Councilor Knodell stated they should be sure to draw the connection between this exercise and the audit findings.

Discussion: 6.02 PSB Regulatory Proceeding and Potential Witnesses

Councilor Knodell stated she has been reading the documents on the Public Service Board proceedings. Based on their comments, it seems that they are not yet fully convinced and still have questions. She inquired how they will address those questions. City Attorney Blackwood stated the Public Service Board operates differently from other Court proceedings. Normally, they would ask questions at the proceedings. In this instance, they ask them ahead of time because they want to make sure the information is in the testimony. It does not necessarily mean they are not convinced, they just ask the questions to have them on the record. They just received these questions today and have just begun to figure out how they will answer them. Councilor Knodell inquired how they will answer the questions. City Attorney Blackwood stated they have directed the questions to specific witnesses to supplement their testimony. They could bring in other experts, but based on the questions she does not feel there are any questions they do not have the expertise to answer themselves. They envision that the CAOs will work with the bond counsel and their financial advisors to prepare answers about the financing. Councilor Knodell stated when she reads these questions, she feels they are looking at the proposed lease and wondering if there is a way for taxpayers to get more. If they do revenue bonds instead of what they do so far, they would have an advantage. That may not be feasible for various reasons, but they should show a willingness to explore all options even though they feel the option they are presenting is the best at this time. Mayor Weinberger stated this is an evolution of a question that the PSB initially asked, which is why they are doing it in this way. Councilor Knodell stated one questions asks Dorman and Fawcett about whether the Council has been presented alternatives. She wants them to make sure the PSB has access to all information available and they know that the Council did not discuss this. She would like to have some time on the July 14 Council agenda with their draft answers on the agenda as a communication. Mayor Weinberger stated they intend to have the final financing documents to the Council. Their hope is that the Council will be comfortable approving those terms at their next meeting. They hope to have draft answers in the coming week.

Councilor Bushor inquired why the Council would move forward with this if the Public Service Board is asking them to present other options and have not yet approved this. City Attorney Blackwood stated the Public Service Board is trying to look at all of the questions the public might have and asking them for answers. They want everything on the record. It does not mean that they don't think they should be doing this. Councilor Bushor stated she has heard this question about bonding a while ago. City Attorney Blackwood stated that was a different question about pledging the general obligation of the City. Councilor Bushor stated the City has decided on a course and part of that is seeking Public Service Board approval. The Public Service Board is asking for answers to questions, and she wants to know why they are acting before those questions have been answered and the Public Service Board has been satisfied. A few years ago, it would not have been ok to act without their approval. Mayor Weinberger stated the transaction will not go through without Public Service Board approval. City Attorney Blackwood stated they want the Council to approve this document before the Public Service Board does because the Public Service Board will be looking for an indication that the Council is supportive of the action. Councilor Knodell stated they have a resolution stating they are supportive of the strategy. She would rather see how it goes with the Public Service Board before approving final terms. City Attorney Blackwood stated her understanding is that the Public Service Board will want to know that the Council has approved the terms. Mayor Weinberger stated normally, he agrees that they would not flesh out every detail to get the closing documents prepared before they are ready to close. However, the Public Service Board usually wants them to do that before they issue their approval. They usually want the final version of the financing documents. Councilor Bushor stated they will have a public hearing tomorrow night. They will answer one of the questions that they did not obtain a revenue bond. City Attorney Blackwood stated they will tell them that and give them all of the reasons why a revenue bond is not an acceptable option. While they were negotiating the settlement they considered all of the options. Councilor Knodell stated she wants to make it clear that the Council never discussed the option of a revenue bond. Councilor Bushor stated she understands what they are saying, but she still feels it is a little out of sync. Mayor Weinberger stated they will get the answers to these questions before they ask the Council to act. City Attorney Blackwood stated she understands the concern, but they are following the process that they need to. Councilor Knodell stated she wants to have a full understanding of why they cannot do revenue bonds. City Attorney Blackwood stated they have good answers to that question and they will provide them to the Council. Councilor Knodell stated she would like to see how the Public Service Board reacts before the Council fully commits.

Mayor Weinberger stated they will be asking the Council to approve the financing documents and approving a change to the makeup of the BTAB from three Council members to five. They are doing this because there have been issues with quorum and because they are moving into a different phase of BT's evolution. They want a body that is more similar to a Board of Directors. City Attorney Blackwood stated there is one appointed BTAB member that has a conflict of interest on this topic and is not able to participate. Councilor Knodell inquired if this is an agreement between the City Attorney and the Department that they hope the Council will approve. City Attorney Blackwood stated that is correct. Councilor Knodell stated the agreement states that the City will maintain oversight through BTAB until they system is sold. She was hoping that the Council would be involved in determining the role of BTAB moving forward. She noted that it has been difficult to get agendas and minutes for BTAB, but this is very critical. This Board was responsible for finding a financial partner, and will be responsible for finding a buyer. They have a very important job and she wants to have access to that process. City Attorney Blackwood stated that has been BTAB's role for a long time. Councilor Knodell stated she would like to revisit their role and make sure it is adequate. She does not think the Board of Finance has been adequately involved in their financial decisions. She feels that was over-delegated. City Attorney Blackwood stated she is working on a document that specifically lays out the details. She hopes they will have that to the Council at their next meeting. They will develop a plan and the Council may or may not agree. Mayor Weinberger stated their intention is for BTAB to act as a Board of Directors. They have discussed this for some time but have not formalized it. He would like to approve the duties of BTAB and define their role at the same time. City Attorney Blackwood stated they have been using BED as a model. Councilor Bushor stated BED has a Commission, but that is different than a Board of Directors. As a Councilor, she does not feel any more informed now than she was a few years ago. There are huge gaps in what information is reported to them. There is a group of people that knows a lot, and they do report when they have a sufficient amount of information, but it is not always timely. They do not always appreciate the evolution of information when it is provided all at once. She wants to ensure the Council is made aware of developments in a timely manner. She understands that the information is confidential and that there was a leak previously, but there is a new Council and they need to understand the information. She has heard information in the media that she was not aware of. City Attorney Blackwood stated they will work to find a good balance of how much information to disclose. They will provide answers to the Public Service Board questions at the next Council meeting.

7. Adjournment

Procedural: 7.01 Adjourn the Meeting

Without objection, Mayor Weinberger adjourned the Board of Finance meeting at 6:20pm.