FY22 Budget Presentations - Wednesday, May 12, 2021, 5:00 pm **Virtual Meeting** 5/12/2021

BURLINGTON BOARD OF FINANCE

REMOTE MEETING WITH CALL-IN NUMBER

SPECIAL MEETING: FY22 BUDGET PRESENTATIONS

BURLINGTON, VERMONT

MINUTES OF MEETING

May 12, 2021

MEMBERS PRESENT: Max Tracy

Karen Paul

Ali Dieng

Miro Weinberger

OTHERS PRESENT: Katherine Schad

Eileen Blackwood

Rich Goodwin

Lynn Reagan

Jordan Redell

Gene Richards

Sarah E Carpenter

Jack Hanson

Brian Lowe

Marie Friedman

Nick Longo

1.0 CALL TO ORDER and AGENDA

Mayor Weinberger called the Board of Finance meeting to order at 5:00 PM.

Councilor Paul noted that all department heads are extremely approachable and knowledgeable about their budgets and that they are more than willing to spend time explaining them to City Councilors, should questions arise outside of budget hearings. She requested that department heads be made aware of any proposed changes to their budgets from City Councilors. Mayor Weinberger replied that staff will ensure that changes are circulated amongst City Councilors and departments.

2.0 PUBLIC FORUM (VERBAL)

2.01 Verbal Comments

None at this time.

3.0 BUDGET OVERVIEW/NON-DEPARTMENTAL

3.01 Budget overview/Non-Departmental - Katherine Schad

Chief Administration Officer Schad provided an overview of the non-departmental budget, which include the 2022 figures as requested. She noted the first several lines of the budget, which include property and other taxes, and noted that further detail around those will be presented at a future budget hearing. She called attention to the local option tax, where expectations have been exceeded, and that they are projecting around $2.7 million in local option tax for FY22. She additionally called attention to gross receipts, noting that the administration estimates around $3.5 million.

Chief Administrative Officer Schad then showed PILOT funds, where changes were made due to the reappraisal. Councilor Dieng asked for more detail around those funds. Chief Administration Officer Schad replied that these amounts show payment in lieu of taxes (PILOT), which are paid instead of property taxes. She said that due to how those agreements are tied to the property tax rate. Councilor Paul noted that the tax rate for police and fire departments are increasing for a specific, voter-approved reason, which should be noted in the presentation of the budget. She also said that further detail around the tax rate itself would be helpful for the public to understand the budget. Chief Administrative Officer Schad agreed that that detail would be helpful to include.

Councilor Carpenter said it would be helpful to see what percentage of total revenues the local option tax, gross receipts, and other non-departmental funds.

Chief Administrative Officer Schad then outlined the recommended general fund tax rate and revenue, which were broken out by year (2020-2022) into revenue neutral tax rates, the rates capped by voters, and the budget-driven tax rates. She noted that the total budget tax rates decreased for 2022 from $0.90 in 2021 to $0.67 in 2022.

4.0 CLERK/TREASURER

4.01 Clerk/Treasurer - Rich Goodwin

Finance Director Goodwin provided an overview of the Clerk Treasurer Department budget. He overviewed the department functions of the Clerk Treasurer Office, which include finance and accounting, budgeting, tax collections, licenses, elections, land records, vital records, payroll, purchasing, insurance administration, and retirement administration. He noted that the department has 24 FTEs, and has not grown in a decade. He noted that the office is only one of two in the general fund that generates revenues. He provided an overview of revenue streams (with a total of $2.9 million). He provided an overview of expenses (with a total of $2.7 million), noting that the majority of expenses (77%) are for payroll and fringe. He noted the major revenue drivers, such as purchasing savings, as well as the major expense drivers. He provided a summary of the FY21 audit findings, which include recommendations (but no findings) around improving capital project accounting, improving systems to identify federal awards, providing backup for pension plan reporting, and adhering to the formal closing schedule. He spoke about FY22 initiatives, noting that the department will be assuming responsibility for managing ARPA funds, the TIF state audit, and taking the lead on grant reporting, compliance, and oversight.

Councilor Dieng asked if there is any support that the City Council could give in order to achieve FY22 initiatives. Finance Director Goodwin replied that the Council has been extremely supportive of the Clerk Treasurer Department, citing the approval of an $100,000 for projects to improve fixed assets, centralization of grants, and review of CEDO, support for Municap to assist with TIF fund management, and the Council's approval of Senior Accountant position. Councilor Dieng asked how Covid-19 has impacted the department. Finance Director Goodwin replied that Covid-19 has created additional work in terms of tracking Covid-related-expenses, and that Covid has shown that the department is able to telework extremely effectively. Chief Administrative Officer Schad added that Covid showed the need to convert from a paper-based invoicing system to a purely electronic and paperless invoicing system.

City Council President Tracy said that Covid has also shown how virtual-only meetings have led to increased accessibility and increased participation from the public, and asked about budgeting for and implementing a hybrid virtual/in-person model for meetings when they are able to be held in-person again. Chief Administrative Officer Schad noted that the Airport team has been piloting hybrid-model technology and that there is money in the budget for adopting and scaling up some of these innovations. Councilor Paul noted that a number of municipalities have also seen the increased participation due to Covid and that Town Meeting TV has developed a plan for hybrid meetings in the form of equipment upgrades. Chief Innovation Officer Lowe added that Contois Auditorium presents its own set of challenges for implementation, given that it is still undergoing renovations and that it is unknown when it will open up again.

5.0 HUMAN RESOURCES

5.01 Human Resources - Katherine Schad and Lynn Reagan

Chief Administrative Officer Schad provided an overview of the Human Resources Department staff, noting one vacancy. She said that they anticipate a substantial amount of activity in the department as employees emerge from Covid and as new initiatives are implemented that may require additional staff resources. She summarized the services provided by the Human Resources Department, which include areas such as compensation and benefits, operations, compliance, labor and employee relations, talent management, recruiting, and equity and inclusion. She noted the next year’s focus for the department, such as improving capacity and service, enhancing process documentation, completing union negotiations, training and supporting employees and managers, ensuring adequate employee wellness (especially pandemic re-entry support for staff), continuing the review of the personnel & policy manual, as well as developing and implementing a new teleworking policy. She also provided an overview of the budget itself, the majority of which (55%) is devoted to employee salaries and wages as well as a significant portion (24%) devoted to employee benefits. Other budget areas include office supplies, legal notices, inclusive recruiting, travel and training, capital lease equipment, and professional/consulting services. Human Resources Manager Reagan noted that an additional FTE for human resources management would allow the department to be more proactive rather than reactive in City functions.

Councilor Dieng asked about data collection around staff turnover. Human Resources Manager Reagan replied that the department is interested in bringing in systems to collect that data going forward and collecting a better picture of the City’s workforce.

6.0 INNOVATION & TECHNOLOGY

6.01 Innovation & Technology - Brian Lowe

Chief Administrative Officer Lowe provided an overview of the department, saying that its goal is to be an incubator for new initiatives, such as the Early Learning Initiative, permit reform, health equity, and open data. He noted that the department is comprised of a technology team and an innovation team, and that the structure of the department will evolve over time. He additionally noted the team’s expanded role in the City’s Covid-19 response, including restructuring the City’s information management system for remote work, boosting the analytics team, leveraging community partner skills and local data (such as setting up and monitoring wastewater testing), collaborating at the state level, supporting human resources and employee health, and designing new communication protocols for the City during the pandemic. He noted that as the pandemic begins to wind down the department may shrink and positions may shift to other departments. He noted the numerous activities for the information and technology team beyond the Covid-19 response in FY21, and the department’s priorities and focus for FY22. He noted that the budget request for FY22 includes expenses of $1.6 million and an operating budget of around $744,000 (which represents a 15% reduction in the operating budget from FY20 (pre-pandemic).

Councilor Dieng asked about a status update on the Language Access Plan. Chief Innovation Officer Lowe said that a needs assessment is formally underway. He said that once it is finished, there will be an implementation plan developed based on learnings from the needs assessment. Chief Administrative Officer Schad added that budget requests for the Language Access Plan are within the CEDO budget.

7.0 AIRPORT

7.01 Airport - Gene Richards

Airport Finance Advisor Friedman provided an overview of the fiscal challenges for the FY22 budget for the Airport. She said that the budget reflects the current travel industry and is projecting moderate recovery assumptions, noting that passenger traffic is returning in alignment with vaccination administration rates and that they anticipate a full recovery to take 2-3 years to return to pre-Covid levels. She noted the FAA stimulus grant money, saying that it had been a lifeline for the Airport's operating costs. She noted that the Airport received an $8.7 million grant under the CARES Act in 2020, a $4.04 million grant from the CRRSA Act in April of 2021, and anticipates receiving a $7.6 million grant through ARPA funding once that money begins to flow. She said that the Airport saw 561,000 fewer outbound travelers (a decrease of 83%) between April of 2020 and March of 2021. She briefly outlined airport revenues, which include both fixed and variable streams. She said that when they built the budget, they assumed that passenger revenue will rebound to 55% of pre-Covid-19 traffic in FY22. She provided an overview of the revenues for FY2022 of approximately $21.6 million, comprised of $13.6 million in operating revenue, $2 million in non-operating revenue, and $5.8 million in federal grants. She provided an overview of expenses, noting an increase in operational expenses. She said that though the Airport will keep positions level funded, they will conduct some major repairs and maintenance that were deferred, they additionally have some unavoidable expenditures such as insurance, utilities, and police security services, and they also have debt service costs. She noted that a clearer picture of Covid-19 impacts will be realized in the coming months. Aviation Director Richards spoke briefly about the noise mitigation and insulation projects being worked on.

Councilor Dieng asked about the debt service amounts. Airport Finance Advisor Friedman replied that they were able to refinance their debt service in 2021 to push out the payback until 2029-2030. Aviation Director Richards noted that because the Airport is an enterprise fund, it had fewer options in terms of asking the City for assistance and chose to pursue the conservative option of refinancing.

Councilor Dieng asked about the Airport department's experience with Covid and what lessons have been learned. Airport Finance Advisor Friedman replied that the Airport cut back where it was feasible to do so in the short term (FY21), but that austerity is not feasible long-term. Aviation Director Richards said that the Airport was as frugal as it could be, recognizing that it must continue to invest and spend on safety measures. He added that the next large goal for the Airport is to reduce its carbon footprint.

8.0 MAYOR'S OFFICE

8.01 Mayor's Office - Jordan Redell

Mayor Weinberger provided an overview of the Mayor's office and budget. Mayor Weinberger said they are proposing to restore non-personnel budget lines to pre-pandemic levels, such as the travel and training budget for staff to pursue management training and professional development.

9.0 CITY COUNCIL

9.01 City Council

Chief of Staff Redell provided an overview of the City Council budget, noting the $5,000 salary for each City Councilor as well as $50,000 for the City Council Initiative Fund. She noted that one larger modification was to separate out regional programs from the City Council budget into its own separate category.

10.0 REGIONAL PROGRAMS

10.01 Regional Programs - Jordan Redell

Chief of Staff Redell noted that all program funding has been restored to FY20 levels after some reductions in the FY21 budget, and that additional funding has been added for new programs, including the Vermont City Marathon.

Councilor Carpenter asked how the Chittenden County Regional Planning Commission (CCRPC) and the Vermont League of Cities and Towns assess their dues. Mayor Weinberger replied that it is done on a population basis.

11.0 ADJOURNMENT

11.01 Motion to Adjourn

With no further business and without objection the meeting was adjourned at 7:12 PM.

RScty: AACoonradt