FY23 Budget Presentations, Wednesday, May 11, 2022, 5:00 pm **Bushor Conference Room, Room 102, 1st Floor, City Hall OR remotely via ZOOM
5/11/2022

BURLINGTON BOARD OF FINANCE

REMOTE MEETING WITH CALL-IN NUMBER

SPECIAL MEETING: FY23 BUDGET PRESENTATIONS

BURLINGTON, VERMONT

MINUTES OF MEETING

May 11, 2022

MEMBERS PRESENT: Karen Paul

Zoraya Hightower

Joe Magee

Miro Weinberger

OTHERS PRESENT: Katherine Schad

Rich Goodwin

Jordan Redell

Kerin Durfee

Steven Locke

Michael Lachance

Derek Libby

John Vickery

Mark Barlow

Sarah E Carpenter

1.0 CALL TO ORDER and AGENDA

Chief Administration Officer Schad called the Board of Finance meeting to order at 5:00 PM.

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 began by walking through the non-departmental budget. She said that this budget includes the Big Five revenues (property taxes—which includes 13 different individual rates, payment in lieu of taxes [PILOT], franchise fees, gross receipts, and the local option tax). She walked through each of these categories in more detail, showing the last 5 fiscal years' budgets for each. She noted that prior to reappraisal, PILOT line items were relatively stable, but have been impacted by reappraisal. She noted that gross receipts decreased as a result of the pandemic, but has recovered in FY22 and is projected to remain stable in FY23. She noted that the local option tax has remained stable over the last five years. She noted that franchise fees have remained at $2.1 million over the last five years, but will be budgeted to increase to $2.9 million in FY23.

Chief Administration Officer Schad then spoke about the expenses included in the non-departmental budget. These include interfund transfers (TIF, street capital, penny for parks), debt services, and other categories (security, utilities, data charges, and bank fees).

Councilor Barlow asked for an explanation of franchise fees, and asked whether PILOT is being handled differently for wastewater and BED due to the franchise fees. Chief Administration Officer Schad replied that franchise fees come from companies that need to use the City's streets to provide services—such as telecommunications, gas, and electric, and fees are paid for using the streets. She said that it is a percentage of the company's gross revenues. She said that the administration will be coming to the BOF and Council with a changed franchise fee and said that it would apply to all utilities.

4.0 CLERK/TREASURER

4.01 Clerk/Treasurer – Katherine Schad

Chief Administration Officer Schad began by speaking about the functions of the Clerk/Treasurer's Office. She spoke about their activities in FY22, which included implementing a project accounting engagement with consultants to update all capital projects life to date, responding to the State Auditor's Office regarding an audit on the Waterfront TIF, overseeing three elections, managing all ARPA revenue, expenses, and reporting requirements. She provided an overview of personnel expenses, operating expenses, and revenue. She noted that increased personnel expenses and revenue of around $450,000 are coming from ARPA, the assigned fund balance, retirement administration, and capital. She noted that there were no audit findings for the C/T Office over the last year, though there were three recommendations that the department is working to address. She spoke about FY23 initiatives, which include completing the Waterfront TIF State Audit, onboarding a Grants Director, Grants Associate, Grants Accountant, and Capital Accountant, and integrate the Accounts Receivable and Customer Service Teams under the Operations Director.

City Council President Paul asked when the Retirement Administration position was moved from Human Resources to the Clerk/Treasurer's Office, and Chief Administration Officer Schad replied that it was when she arrived, in early 2020. City Council President Paul noted that the position has been vacant, and asked where people can go to ask questions regarding retirement. Chief Administration Officer Schad replied that several staff members have been filling in for those duties, but they are actively recruiting for that position currently.

Councilor Barlow asked if there is any ARPA funding that is being used to pay expenses in the structural budget. Chief Administration Officer Schad replied that yes, ARPA money is being used to pay for the Grants Accountant for the first year (and in later years, the Grants Accountant position will be funded by the grants that are obtained).

City Council President Paul asked about elections costs, noting that in the previous fiscal year there were three elections and a recount and that in this year there will be two elections. She asked what impact that has on costs. Chief Administration Officer Schad replied that there will be fewer elections but increased costs (and the State is bearing most of those).

5.0 HUMAN RESOURCES

5.01 Human Resources – Kerin Durfee

Director Durfee began by providing an overview of the Human Resources Department. She noted that the department has reorganized over the last year to expand services and provide more stability and that a new Assistant Director of Benefits and Risk Management position was created to help with this. She said that the proposed FY23 budget is $1,074,796, much of which falls into the salaries and budget category. She noted an increase in the centralized recruitment budget line, as in the last year several departments had exceeded their recruitment budgets. She provided an overview of recruitment spending for the last year, which varied by department. She said that allocating per department was not an ideal approach.

Councilor Carpenter asked about how enterprise the funds' recruitment activities interact with the recruitment budget. Chief of Staff Redell replied that enterprise funds pay a fee for those shared services. Mayor Weinberger added that the centralized HR team will bill enterprise funds for discreet costs, and that shared costs are allocated using a calculated methodology.

Director Durfee provided an overview of HR services and then spoke in more detail on its focus areas for FY23. She said that one of the primary goals is to improve HR capacity and services, and hopes to do that through more process digitizing, expanding the HR information systems, conducting a compensation study, reviewing job descriptions to remove bias, and bringing back in-person affinity and white accountability groups. She noted additional goals for FY23, which include training and support for employees and managers, a focus on employee wellness, and developing and implementing annual employee surveys.

6.0 FIRE

6.01 Fire – Steven Locke

Chief Locke began by providing an overview of the Fire Department. He noted that there are 93 personnel staffing 2 engines, 2 ladders, 1 tower, and 3 ambulances, operating from 5 stations. He said that the Department's response-time goal is no more than 6 minutes and 20 seconds from the time of call to the time of arrival. He noted that there was a 9.8% increase in incidents between 2020 and 2021 (8,289 calls for service), which is similar to pre-pandemic levels of calls. He noted that 95% of the Fire Department's budget is salaries and benefits. He said that revenues are anticipated to increase by about $400,000 between FY 22 and FY 23, and expenses are anticipated to increase by around $150,000 between FY 22 and FY 23. He said that the majority of the revenue increase will be in ambulance transports.

Chief Locke noted the Fire Department's accomplishments in FY 22. These include deploying a third ambulance with increased staffing, surviving staffing challenges due to COVID and injuries, supporting 3 employees going to paramedic school, and increasing wellness equipment and leadership training.

He noted that the FY23 budget will sustain the current deployment of personnel, resources, equipment and supplies. He said that they do not anticipate new investments in FY 23.

Chief Locke spoke about upcoming activity for FY 24, which will include new fire trucks and a new radio system (thanks to the capital bond) and recruitment and retention of firefighters. He noted that recruitment is currently a challenge, and that they have been unable to fill all of their open positions (which is the first time this has occurred). He noted that the attrition rate is high, at around 31%. He noted that deferred maintenance remains a concern, as some of the stations are aging and need to be upgraded. He additionally noted concerns around deploying trucks staffed with two people, when staffing with four people is the industry best practice.

Councilor Carpenter asked about station consolidation. Chief Locke replied that the City could be serviced by 4 stations instead of 5, but that it would entail relocating at least one station (which would likely be the downtown station). Mayor Weinberger added that the costs associated with opening a new station would be around $15 million, and that there would be a limited offset in savings if relocation occurred.

Councilor Hightower asked how the increase in revenue is affecting the Fire Department over the next year. She also asked about the deferred maintenance and timeline for addressing some of those concerns. Chief Locke said that they solved the Fire Department has solved its portion of the budget shortfall through increased revenue, but do not anticipate that kind of increased revenue going into future fiscal years. He noted that they are addressing maintenance concerns where they can but will need to put in more funding and work in future years.

City Council President Paul said that there are departments that are not revenue centers and said she was not aware that the directive instruction departments to look for cuts to their budget also allowed an increase in revenue instead of cuts. Chief Locke said that he was not able to make 2% reductions without cutting personnel. Mayor Weinberger added that the Fire Department does not have much discretionary spending. He noted that other departments will present budgets that increase revenue rather than cut expenses.

Councilor Carpenter asked if there are alternative ways of staffing and whether an external evaluation of the Fire Department has been conducted to date. Chief Locke replied that they have not looked at operations differently. He said that it would be great to change the deployment model for the ambulance component, noting that the Department encounters a number of high-frequency users in the City, which could be helped with further support for the City's mental health infrastructure, but that any changes wouldn't come quickly.

Councilor Barlow asked about the high attrition rate and what factors that could be attributed to. Chief Locke replied that a number of staff have left for other jobs because they have more opportunities or because the position is not what they envisioned, but that there are no one or two factors that can be pinpointed to account for attrition.

7.0 CITY ASSESSOR

7.01 City Assessor – John Vickery

City Assessor Vickery gave an overview of the City Assessor's Office and its budget for FY23. He spoke about the office's activities, which include valuation of real estate and business property and holding associated property value appeal hearings, conducting real estate market analysis, determining the level of appraisal for the State Education Fund formula, and maintaining the City's property database for public access. He spoke about assessor staffing in FY, noting that there are currently three staff: the City Assessor, a Deputy Assessor, and an Associate Assessor. He noted that there are limited service funds available for temporary appraisers, though those positions are currently vacant. He noted that the Grand List is around $30 million more than it had been in prior years. He spoke briefly about budget trends, noting no significant changes between FY22 and FY23. He noted the goals for the office for FY23, which included increasing the volume of property reviews and property inspections, inspect all properties that transfer, hire a real estate appraiser, and completing the 20 property appeals pending before the State of Vermont and court. He noted that the budget includes expenses for salaries and benefits for current staff as well as operating expenses, and that the revenue includes around $105,000 from the State for a reappraisal fund.

Council Carpenter said that she hopes the Assessor's department will look at different ways of conducting reappraisals, such as rolling appraisals. She asked about the reappraisal fund from the State and whether that is legislatively mandated and whether changes could be made to that to benefit Burlington. City Assessor Vickery replied that the reappraisal fund is calculated at $8.50 per parcel, though they would like it to be higher.

8.0 ADJOURNMENT

8.01 Motion to Adjourn

With no further business and without objection the meeting was adjourned at 7:00 PM.

RScty: AACoonradt