



Board of Finance - Monday, May 7, 2018 at 5:30 p.m. Conference Room 12, City Hall 5/7/2018

BURLINGTON BOARD OF FINANCE

CITY HALL

BURLINGTON, VERMONT

MINUTES OF MEETING

May 7, 2018

Approved 6/4/18

MEMBERS PRESENT: Mayor Weinberger

Kurt Wright [arrived 5:37 PM]

Jane Knodell [arrived 5:40 PM]

Sharon Bushor

Karen Paul

OTHERS PRESENT: Beth Anderson, Interim CAO, C/T

Rich Goodwin, DFO

Eileen Blackwood, City Attorney

Jordan Redell, Mayor's Office

Katie Vane, Mayor's Office [arrived 5:50 PM]

Susan Leonard, HR

Noelle MacKay, CEDO

Lise Veronneau, BPD

1.0 CALL TO ORDER and AGENDA

Mayor Weinberger called the meeting to order at 5:33 PM on May 7, 2018.

1.01 Agenda

MOTION by Councilor Paul, SECOND by Councilor Bushor, to approve the agenda as presented. VOTING:



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unanimous [Councilor Wright and Councilor Knodell not present for vote]; motion carried.

2.0 PUBLIC FORUM

There were no comments from the public.

3.0 BOARD OF FINANCE APPROVAL

3.01 Refund to Genesis Administrative Services – C/T

MOTION by Councilor Bushor, SECOND by Councilor Paul, to approve the refund of overage for property tax payments to Genesis Administrative Services, 101 E. State Street, Kennett Square, PA 19348-3109 in the amounts of \$45,872.45 for 300 Pearl Street and \$5,012.98 for 308 Pearl Street for a total of \$50,885.43. VOTING: unanimous [Councilor Knodell not present for vote]; motion carried.

4.0 APPROVE AND RECOMMEND TO CITY COUNCIL

4.01 Increase to Police Deputy Chief Pay Scale – BPD, HR

MOTION by Councilor Paul, SECOND by Councilor Bushor, to approve and recommend to City Council for approval the adjustment for the Deputy Chief of Police positions and place the incumbents at their respective steps within the new range.

DISCUSSION:

- **Councilor Bushor said it was key to be reminded about what happened with the Fire Department and Deputy Chief scale, and it is good for the Chief to look at this in a more comprehensive manner.**

VOTING: unanimous [Councilor Knodell not present for vote]; motion carried.

4.02 Reclassify Senior Assistant City Attorney Position – City Attorney, HR

City Attorney Blackwood explained the organic evolution of the Senior Assistant City Attorney position over time. The City Attorney's Office feels there is a good working team in place now. It is not necessary to search outside of the organization to fill the position. Councilor Bushor said there is a mix of people in the office, but none with a broad overview as was the situation in the past. It would be odd to fill the position with someone from the outside so the suggestion is to hold the position open.

Councilor Paul observed it appears the majority of the oversight and management duties fall on City Attorney Blackwood. City Attorney Blackwood said the group of five attorneys, an executive secretary, and a paralegal is a manageable supervision group.





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MOTION by Councilor Paul, SECOND by Councilor Wright, to approve and recommend to City Council for approval the reclassification of the Senior Assistant City Attorney position to Assistant City Attorney as a regular, fulltime, non-union, exempt, Grade 24 position. VOTING: unanimous; motion carried.

4.03 Use City Councilor Initiative Funds to Hire Facilitator

Council President Wright suggested a facilitator be hired for the City Council retreat to allow all members of the council including himself to fully participate. Diane Mayerhoff with Third Party Sector Associates is recommended at a cost of \$1,000 to facilitate the retreat, take notes, and issue a report.

MOTION by Councilor Bushor, SECOND by Councilor Paul, to approve and recommend to City Council for approval expenditure of \$1,000 from the City Council Initiative Fund in FY18 to hire Diane Mayerhoff with Third Party Sector Associates to serve as facilitator of the City Council retreat. VOTING: unanimous; motion carried.

5.0 COMMUNICATION

5.01 Response to Phase Out of Business Personal Property Tax – C/T

Councilor Bushor asked the Administration's position on the matter. Mayor Weinberger said there is not a formal position. More exploration of the issue would be good. Phase out over a 10 year period would be manageable. Five years and not fully phasing out the tax does not work. There are unfinished business with the number of revenue sources in the Capital Plan that include philanthropy, institutional agreements with UVM and Champlain College, voter approval, increase in the gross receipts tax. Restaurants and bars feel the tax is high relative to other states, but the hotel tax is not high comparatively. Further public and stakeholder input should be gathered and staff can bring a more specific proposal forward.

Councilor Bushor expressed concern about the gross receipts tax and hotel tax in the city actually helping surrounding locales. A better understanding of the options to divide up the burden of the tax on businesses, the city, and the taxpayers would be good. It is a juggling act on where the burden falls.

Council President Wright spoke in favor of phasing out the business personal property tax. Mayor Weinberger urged thinking about in 2026 the TIF districts expire and there is over \$1 million in revenue that could interact with the phase out of the tax. Councilor Knodell confirmed the scenarios include the new revenue from the expiration of the TIF. Mayor Weinberger pointed out that there could be substantial developments in the next six years however. Also, Burlington residential rates have gone up faster than commercial rates in Burlington's education finance system.

Councilor Paul asked about the commercial factor in South Burlington. Mayor Weinberger said the commercial factor is unique to Burlington.



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Interim CAO Anderson said the business personal property tax unfairly targets businesses that are asset or machinery heavy. Mayor Weinberger added the business community dislikes the tax so much they prefer another tax that is more fair to them. Councilor Paul observed a machinery intensive business needs more space, but a people intensive business needs space as well so it evens out in terms of the commercial factor relative to space to tax.

Council President Wright said a proposal for the business community to see and discuss together with the Board of Finance would be good. Councilor Bushor suggested the Board of Finance review a couple of options before meeting with the business community. Councilor Paul said there is data on businesses leaving Burlington due to the tax, but there is no data on more businesses being willing to locate in Burlington if there were no business personal property tax. Mayor Weinberger said there are some businesses looking at whether to invest in equipment or R&D in Burlington or outside the city due to the tax. The concern for the tax has persisted for years.

5.02 FY2019 Budget

Interim CAO Anderson highlighted the following with the FY2019 budget:

- Modest surplus projected
- Projecting 1% cost of living adjustment (COLA)
- Some potential increase in marketing
- Retirement information is forthcoming
- Funding maintained in the Trust Fund, Councilor Initiative Fund, Low Barrier Shelter Fund, Early Learning Initiative (ELI), Street Outreach Program, Champlain Senior Center
- No new staffing positions except police positions previously approved
- 2% increase in Salaries & Benefits
- Modest increase in property tax and local options sales tax
- Increase in revenues projected in Building Trades permits and Rental Administration fees
- Decrease in development review fees from Planning & Zoning
- Some fund balance will be used
- Increase in liability insurance projected

Mayor Weinberger said the surplus that will be used is the difference between the target fund balance of \$6.4 million and the actual fund balance of \$8.4 million.

The Board of Finance requested a narrative or overview and explanation of the budget documents. Councilor Bushor requested the number of employees, fulltime and part-time, in March 2017 and 2018 and July 2018 (positions filled or unfilled, but not positions the city does not intend to fill).

Councilor Knodell asked about the carry forward amount. Interim CAO Anderson said the carry forward for FY19 is \$609,000 along with the \$415,000 drawdown for a total of about \$1 million (it is hoped to create a dedicated fund for ELI). Revenues from FY18 and FY19 will be used to balance the budget.



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Councilor Knodell expressed frustration about having continued discussion of the overview and not knowing what has been decided with departments to get to this point. Councilor Paul and Councilor Bushor suggested a meeting dedicated to answering questions and discussing what can be done differently to alleviate the frustration with the budget.

6.0 ADJOURNMENT

With no further business and without objection the meeting was adjourned at 6:18 PM.

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