



Board of Finance 5/4/2015

Board of Finance (Monday, May 4, 2015)

Generated by Amy Bovee on Wednesday, May 6, 2015

Members present

Sharon Bushor, Jane Knodell, Karen Paul, Kurt Wright, Miro Weinberger

Also present

Councilor Shannon, Councilor Hartnett, City Attorney Eileen Blackwood, CAO Bob Rusten, ACAO Rich Goodwin, Assistant City Attorney Richard Haesler, Mike Kanarick, Mayor's Office, Gene Richards, Marie Friedman, Nicolas Longo, DPW, Peter Owens, Nate Wildfire, CEDO, Stephen Barraclough, Dawn Monahan, BT, Jesse Bridges, Parks, Chapin Spencer, Martha Keenan, DPW; Jack Wallace, Chuck Deslauriers, Burlington Harbor Marina; Ken Braverman, Braverman and Associates.

Meeting called to order at 5:07 PM

1. Agenda

Action, Procedural: 1.01 Adopt/Amend Agenda

The Board agreed to address item 4.07 first. Item 4.06 was addressed after item 4.09.

Motion to adopt agenda.

Motion by Jane Knodell, second by Kurt Wright.

Final Resolution: Motion Passes

Aye: Sharon Bushor, Jane Knodell, Karen Paul, Kurt Wright, Miro Weinberger

2. Public Forum

Discussion, Information: 2.01 Public Forum

No one came forward to speak.





Board of Finance 5/4/2015

3. Approval Board of Finance Minutes

Action, Minutes: 3.01 April 20, 2015

Approve the Minutes

Motion by Sharon Bushor, second by Jane Knodell.

Final Resolution: Motion Passes

Aye: Sharon Bushor, Jane Knodell, Karen Paul, Kurt Wright, Miro Weinberger

4. For Approval and Recommendation to City Council

Action, Resolution: 4.01 Authorization for Contract for Cliff Street Sidewalk Improvements - DPW

The Board addressed an item to allow the Department of Public Works to execute a contract with Desroches Construction Services Inc. for a total of \$213,964.70 to construct a sidewalk on Cliff Street. The sidewalk will be on the north side of Cliff Street between South Prospect and South Willard streets. The project will be funded with a Local Transportation Facilities Grant, the Street Capital Budget, and the Capital Improvement New Projects budget.

Approve and Recommend City Council Approval

Motion by Karen Paul, second by Jane Knodell.

Final Resolution: Motion Passes

Aye: Sharon Bushor, Jane Knodell, Karen Paul, Kurt Wright, Miro Weinberger

Action, Resolution: 4.02 Authorization to Accept Grant and Award Contracts for Air Carrier Apron Reconstruction- Phase 2-Airport

The Board addressed an item to allow the Airport to accept a grant for the construction of Air Carrier Apron Phase 2. The grant will fund \$1,855,800 of a \$2,062,000 project. State and local funds will pay for the remainder of the project. They are also requesting authorization to execute a construction contract with S.D. Ireland in the amount of \$1,694,000. They are also requesting authorization to execute an engineering consultant contract in the amount of \$329,200 with Hole, Tanner, and Associates.

Approve and Recommend City Council Approval



Board of Finance 5/4/2015

Motion by Sharon Bushor, second by Kurt Wright.

Final Resolution: Motion Passes

Aye: Sharon Bushor, Jane Knodell, Karen Paul, Kurt Wright, Miro Weinberger

Action, Resolution: 4.03 Authorization to Accept Grant and Award Contracts for Land Acquisition (AIP-Land-2015) - Airport

The Board addressed an item to allow the Airport to accept a grant for the purchase of property. The grant will fund \$1,191,150 of a \$1,323,500 project. The remainder of the project will be paid with State and Local funds. They will also contract with three property owners for the purchase of four properties at their appraised values.

Councilor Bushor stated this is difficult for her to approve, although she understands they have already authorized these purchases. Mayor Weinberger noted that they have set a limit on this and it will only continue for four years. He agreed that it is difficult. Gene Richards, Airport, stated this will finish a process that they started.

Approve and Recommend City Council Approval

Motion by Sharon Bushor, second by Kurt Wright.

Final Resolution: Motion Passes

Aye: Sharon Bushor, Jane Knodell, Karen Paul, Kurt Wright, Miro Weinberger

Action, Resolution: 4.04 Authorization to Accept Grant and Award Contracts for Construction of Parallel Taxiway K - Airport

The Board addressed an item to allow the Airport to accept a grant for the construction of Parallel Taxiway K. The grant fund \$2,642,400 of a \$2,936,000 project. The remainder of the project will be paid with State and Local funds. They will also execute a \$2,274,512.50 construction contract with S.D. Ireland and a \$309,445 engineering contract with Stantec Engineering.

Councilor Bushor noted there is an error in the dollar amount of the resolution.

Approve and Recommend City Council Approval

Motion by Sharon Bushor, second by Kurt Wright.





Board of Finance 5/4/2015

Final Resolution: Motion Passes

Aye: Sharon Bushor, Jane Knodell, Karen Paul, Kurt Wright, Miro Weinberger

Action, Resolution: 4.05 Authorization to Submit 2015 Burlington One-Year Action Plan - CEDO

The Board addressed an item to allow CEDO to submit its 2015 Action Plan as required by the Department of Housing and Urban Development for its Community Development Block Grant. This will allow CEDO to spend money according to the 2015 plan. They also requested authorization for an amendment to the FY2014 Action Plan.

Approve and Recommend City Council Approval

Motion by Jane Knodell, second by Karen Paul.

Final Resolution: Motion Passes

Aye: Sharon Bushor, Jane Knodell, Karen Paul, Kurt Wright, Miro Weinberger

Action: 4.06 Approval of Fund Balance Policy - C/T

This item was addressed after item 4.09.

Mayor Weinberger stated they have been working towards this over the past year. They thought it would be prudent to set a goal showing how much of a reserve they should have for unexpected events. CAO Rusten stated they have identified that they have a \$72,000 unassigned fund balance. They believe that they should have a minimum of a 5% unassigned fund balance of the general fund operating costs. The target is 10% and the maximum is 15%. It also identifies what will happen if they achieve a certain figure and then diminish that number. They hope to increase the unassigned fund balance between now and FY2019 to grow that number. They are comfortable with the budgeting process and the contingency fund, which will allow them to grow this balance. They also believe there will be additional revenues coming in.

Mayor Weinberger stated they will keep this in mind as they consider the FY2016 capital plan. There is a gap in the capital plan. He hopes they will keep this policy in mind as they review the capital plan.

City Council President Knodell inquired if this needs to be approved by the City Council. CAO Rusten stated that policies are typically created internally, but because this will have an impact on the City's finances they felt at a minimum it should be presented to the Board of Finance. They will also send this to the City Council.





Board of Finance 5/4/2015

City Council President Knodell and Councilor Bushor requested the opportunity to discuss this further at a future meeting.

Action: 4.07 Review BT Quarterly Financial Report

This item was addressed after item 3.01.

Stephen Barraclough, BT, stated the report is an overview of the first 9 months and an outlook for the last 3 months. He noted they have come in meaningfully under budget in revenue this year because they were too optimistic about the timeline of the Settlement approval timeline. They were delayed in their rebranding and promotion efforts. They had their first major outage in October which was caused by the failure of a piece of equipment. They were able to correct the issue and believe they now have a more stable environment. They have had unprecedented cost increases with contract providers and faced doubled and tripled prices in contracts. They have also become a Tier 2 Internet Service Provider, which means that they have direct connections to major population centers. This means they buy at the same prices as other providers, which has substantially reduced costs. They have set up their own GL, AP, and AR and set up their own bank accounts with Merchant's Bank. Their financial results have been good, as they have kept costs under control. They hit a low subscriber point in 2012, and are now up to 5,055 subscribers. They have grown consistently. He reviewed the budget vs. actual numbers. They have managed to control costs to offset reduced revenues. Their debt service has been lower than expected, as they were previously paying a percentage of their cash flow to CitiBank. They expect that they will be within their margins by the end of the year and will continue to grow in future years.

Councilor Bushor stated she likes that BT is reporting to the Board of Finance.

Councilor Wright inquired if there are any red flags that they should be concerned about. Mr. Barraclough stated the red flags were the service outage and the content cost increases. They have broken the 30% residential market share for the first time. At some point, they will hit a ceiling and they need to prepare for that. They are focusing on customer service and increasing their efforts. He is more optimistic than at any time in the five years he has been associated with BT. Councilor Wright inquired if subscriptions have increased in the past year. Mr. Barraclough stated they have been increasing and have broken the 5,000 barrier and 30% of the market barrier. Councilor Wright inquired how they are doing on the commercial side. Mr. Barraclough stated they are getting more calls and continuing to grow the commercial side.

Councilor Bushor stated there was excitement about how BTV Ignite could benefit the City and BT. She requested that they be made aware of opportunities that are presented that can help them become more recognized and gain subscribers. Mayor Weinberger stated there will be more opportunities to discuss this in the coming weeks.

Action: 4.08 Review Monthly Financials for March, 2015 - C/T

CAO Rusten stated they are continuing to look at where they think they will end up with the General Fund. They have been concerned that DPW could have some problems with revenues and expenses, but they believe that DPW will end up at budget or slightly better than budget. They have also looked at the City Attorney's Office. They are over budget due to legal expenses for the BT Settlement. They are considering transferring funds from the sale of land to City Market to



Board of Finance 5/4/2015

address some of those costs.

Action: 4.09 Review Sweep Account Report as of April 16, 2015 - C/T

ACAO Goodwin stated their cash balance as of April 16 was \$1.9 million, which is on trend with last year. They expect their cash balance will drop over the next month and will rebound on June 12, the next property tax collection date. The Airport and Retirement funds still owe to the sweep account, and the funds will be repaid by the end of the year. CEDO and the Church Street Marketplace will still owe money by the end of the year. CAO Rusten stated they had an agreement with CEDO to address their deficit. The amount that the Church Street Marketplace owes the sweep account will be repaid by the end of FY2016.

Councilor Paul inquired what the Church Street Marketplace owes the sweep account for. Mayor Weinberger stated they had a \$200,000 deficit that they are working to repay. They are on track to correct this. CAO Rusten stated they are anticipating that their operating budget will come in at a surplus which will help address this issue. The deficit will not increase in FY15.

City Council President Knodell inquired if the Marketplace was operating with a deficit. Mayor Weinberger stated there was a capital project that went \$50,000 over budget and they were unable to address that..

5. Discussion

Discussion, Information: 5.01 Discussion of FY16 Capital Plan Recommended Needs and Revenues

Chapin Spencer, DPW, stated they have created a projected ten year capital plan and have also developed an FY2016 capital plan. Martha Keenan, DPW, stated in FY2015 there was a \$2.1 million shortfall in the capital plan. When they looked at it, they broke it into three categories. The categories were imminent failure or life safety, cost avoidance, and discretionary. The total of the imminent failure and life safety category was \$17 million of the \$20 million of needs. Their thinking is that many of the vehicles they are using are out of date and cost a lot to maintain. Their buildings have a number of items wrong with them and require major renovations. Their roads and sidewalks have street capital money coming in, but additional sidewalks and roads are needed. The need is much greater than what is included in the budget. They have included curbs and sidewalks for roads that they are already planning to work on. They need to replace all of the Police Department's tasers, as they have expired. The Parks Department has a number of items.

CAO Rusten inquired how much of the \$2,437,296 falls into the imminent failure category. Ms. Keenan stated the majority of it falls into that category. CAO Rusten stated they have considered which items they could push to FY2017. They also need to consider other revenue sources that can be used. They believe that they will have at least \$750,000 in surplus revenue from the payment they received from BED. In the past they have paid the Schools \$1.4 million of PILOT money, but will no longer be doing this. There are other costs associated with the Schools, but they believe at least \$1 million of that will be available to them. They also have the possibility of selling Browns Court, which will generate some revenue. They may have some money available from the sale of land to City Market after some of that is given to the City Attorney's budget. They can also consider new revenue sources.





Board of Finance 5/4/2015

Councilor Bushor stated she would like to know how much of the \$2.4 million is imminent failure. She wants to understand how this fits within the fund balance policy. Mayor Weinberger stated they will vote on this as part of the budget in the weeks ahead of them. Even some of the discretionary items would be painful to not do, such as the sidewalk investments. They are attempting to maintain normal sidewalk funding and then begin to address additional sidewalk needs. They have included bike path rehabilitation, which is something that they want to be able to continue to do. CAO Rusten stated their other goal was to determine what information the Board of Finance will need. They have also been soliciting feedback from Commissions and Boards to hear their recommendations for what should be done in FY2016.

Councilor Knodell inquired if they have asked Commissions and Boards if they agree that it is an imminent failure item. Ms. Keenan stated they have and will ask if they have other additions to the list. Councilor Knodell inquired about the cost of general fund capital expenditures. Ms. Keenan stated the number has changed because they have included TIF funding. Mayor Weinberger stated they have been struggling with how to incorporate TIF projects with the rest of the capital fund projects. Ms. Keenan stated there are projects that will be primarily funded through TIF but may have other funding sources associated with them.

The Board agreed to recess their meeting at 6:00pm. The meeting was reconvened at 6:06pm.

Mayor Weinberger stated about \$400,000 of the expenses are discretionary, but those are items like sidewalks and the bike path. On the revenue side, there is a variety of options. They would like to fund as much of this as possible while also beginning to build reserves in FY2015.

Councilor Bushor stated they will work to bridge the gap in funding while also working to create a 5% fund balance. CAO Rusten stated they will look for creative ways to address this. They could look at expenditures from FY2015 and have some portions done in the fall and other portions done in the spring. Depending on their revenue sources, they will determine if work can be done in the spring. He believes that they should identify these needs to be in a better financial position to address them.

Councilor Paul requested information about what the auditors and other municipalities suggested as a Fund Balance Policy.

Discussion, Information: 5.02 Discussion on Long Term Bike Path Plan and Funding

Councilor Knodell stated the Bike Path Task Force had a proposal for completing the rehabilitation of the Bike Path. Their plan included revenues that are not a part of this plan. Mayor Weinberger stated they are working to determine the right way to fund the bike path. He is optimistic that they will find a way to keep the momentum going in FY2016. They are moving as quickly as they can to build the expansion that they have contracted for. They have also been working on legislative changes to address the issues they have encountered while working on the Urban Reserve. The broader Capital Plan will come into focus with the work of other Commissions this fall. It is important to have an idea where they are going with the Bike Path because the major funding areas are gross receipts tax and bonding. He is reluctant to increase pressure



Board of Finance 5/4/2015

on those sources unless they have to. Those are potential sources for other capital needs. He does not want to increase those sources for the Bike Path until they have a sense of their other needs in the near future. He is hopeful that they have options to reduce the need for bonding.

Councilor Wright inquired what they will need to do to find the \$1 million. Mayor Weinberger stated he intends to present a budget that includes funding for the Bike Path. The Council would have to overrule him to change that. If the Council does not like the option that he presents in the budget it would bring construction to a halt in the Spring. Councilor Wright stated the Bike Path Task Force devised a plan which included funding from Gross Receipts and Bonds. He is open to other funding mechanisms if it makes sense. He wants to know that there is a commitment to completing the work in the near future. The other plan had certainty that the funding would be there. He would want to know what the plan means to tax payers. Mayor Weinberger stated he understands the desire for certainty on how they will fund the Bike Path. He believes they will have a comprehensive plan by the Fall, but does not feel ready to do that at this time.

6. Possible Executive Session

Action: 6.01 Discussion of Memorandum of Understanding for Burlington Harbor Marina - CEDO

Councilor Paul stated she will be recusing herself from this matter.

Nate Wildfire, CEDO, stated the Public Investment Action Plan kicked off in December of 2013 and they solicited proposals. They received many different proposals and they were reviewed by a Committee and this plan was advanced. The Mayor put forward a slate of projects that was approved. The Marina was included in the proposal. The voters approved this as a ballot item to use Tax Increment Financing. They have been working with the proposers of the approved projects and they have gone through significant changes. They have decided to move this project towards the South for engineering and financial reasons. Their breakwater ends by the Water Plant and Moran Plant. Wave and weather action from the North and West means it will be less protected. Putting this to the North will actually protect the entire harbor. The project also had an on land boat storage option. They have decided that might not be the best use for the limited land in the northern harbor. They did an analysis of urban marinas across the country to look at how they approach this question. They settled on a location where the current pavilion is today. It is between the Coast Guard and Water Plant. It is not the highest and best place for a pavilion because there are not a lot of eyes on that place. They believe they can build the feel and character of that area. It would be a good location for a marina because it has space for parking, loading and unloading. They will relocate the pavilion to the fishing pier parking lot. Once the location was finalized, they had a lot of concerns brought up by the Department of Public Works because they will be building a marina next to a Water Plant. They created a due diligence period of 90 days for the Water Plant and DPW to flesh out what issues will be created by adding a marina. This project scored very high in the Public Investment Team because of the demand for marina resources. They are a large economic driver and there is evidence that people who arrive by boat spend a lot of money in the City. This is the most highly sought after location for a marina on Lake Champlain, but it is only the 9th largest marina. They are also excited that there is a large waiting list for people who are seeking access to the marina. They are also having discussions about how this will function apart from the Water and more similarly to a park.

Jack Wallace, Burlington Harbor Marina, displayed a map of the Waterfront as it exists today and noted the revised location. The original proposal had a combination of slips and moorings. As the project has evolved, they have determined that it is better to do all slips because they have a smaller footprint. They have 160 slips and more than 40% of them would



Board of Finance 5/4/2015

remain open for transient dockage. The Marina can be accessed from the area where the pavilion currently is. They are proposing that they will use TIF funds to move the pavilion and create a Park. That Park will eliminate some parking, but Waterfront Access North will be creating additional parking. Their parking will be shared with the Water Department. It will be a nicer use of lakefront as a Park than as a parking area. The sailing center will be relocating so they will no longer need that parking. Some Handicap accessible spots and short term drop off spaces would remain for the fishing pier, marina, and pavilion. The rest of the access to the Waterfront will be subject to the terms of the MOU. He outlined where they will have parking, a landing area where there will be some services available. The area will be surrounded by an outer dock which will be a public access promenade. It will be open similar hours to other City parks. With this new proposal, they have determined that they will need an office and a small store. That will be located in a floating structure similar to the current boathouse. That will be their central hub and location.

Chuck Deslauriers, Burlington Harbor Marina, stated there are public amenities that will be retained as part of this. The wave attenuator is 15 feet wide and people will be able to walk on it. They will follow the City's recommendation on transient slips. All of their projects are high quality and they intend to set that standard on the Waterfront. This has taken longer than they anticipated but they have a comprehensive plan with the City. He is confident the terms that the City has negotiated are beneficial.

Councilor Bushor inquired how the fishing pier will be impacted by the wave attenuator and other structures. Jesse Bridges, Parks, stated they have not done a comprehensive study on that. The fishing pier is not necessarily used for fishing, it is more of a park that extends into the water. Councilor Bushor stated that is a nice little spot and she has seen some people fishing. She is supportive of the proposal, but wants to consider if this is compatible with the fishing pier. She knows that fish do not like a lot of activity. Mr. Bridges noted that it is directly adjacent to the sailing center now, so there is a fair amount of activity today.

Mr. Wildfire stated they have not yet embarked on a planning process for the Urban Reserve, so they do not know what will happen to the North. It seems likely that there will be some kind of public access to the shore along that area. The marina will require a lot of vehicle traffic, so putting this as far south as possible will prevent it from interfering with public access. Putting this close to the Coast Guard, which will not move, seemed like a prudent decision. The Waterfront Pavilion does not have a lot of better usage than by a marina facility.

A member of the audience, Councilor Shannon, inquired why they will have boats exiting to the South side. Mr. Wallace stated the thinking is that the wave attenuator needs to be placed first and access will be designed around that. There has been exchange with Parks and the Coast Guard to examine the navigation lanes in the harbor. The way the plan is drawn it may seem that there is not much room, but there is adequate space. Councilor Shannon inquired if it is possible to navigate out the north side. Mr. Wallace stated it is currently dependent on the waves. Mayor Weinberger stated one of the reasons they have a discovery period is to allow the Harbormaster to raise any concerns. Mr. Bridges stated they do need to look at that and how they can improve navigation lanes. One of the old plans was to improve harbor signs and wayfinding. The other issue they have is that boats will circle looking for space.

A member of the audience, Councilor Hartnett, noted that the area is heavily used by the public. He suggested they anticipate that there could be backlash. They will need to make sure that the public knows it is still available for them.





Board of Finance 5/4/2015

Parking is difficult in that area. Mr. Bridges stated that is what they are trying to do in relocating the pavilion to allow continued public use. They will work to improve pedestrian access to the area as well to make it more welcoming. Mr. Wallace stated they have tried to enhance the public amenities that are safer and will set a standard for the rest of the Northern waterfront. They will build a brand new pavilion and create a park with more green space on the water. The length of the attenuator will allow people to have more access to the fishing pier. The space the public will have access to will be enhanced significantly. Councilor Hartnett inquired how many slips there are. Mr. Wallace stated there will be 160 slips and 40% will be transient. Councilor Hartnett inquired if there will be parking for each boat. Mr. Wallace stated zoning requires that there be parking for 50% of the boat slips. Mr. Wildfire stated not every single boater will use their boat on the same day.

Premature knowledge of the MOU and other contract details with the harbor group and consideration of information exempt from the public records law because it contains trade secrets information would place the City or the harbor group at a substantial disadvantage.

Motion by Sharon Bushor, second by Jane Knodell.

Final Resolution: Motion Passes

Aye: Sharon Bushor, Jane Knodell, Kurt Wright, Miro Weinberger

Recuse: Karen Paul

Enter Executive Session

Motion by Sharon Bushor, second by Jane Knodell.

Motion Passes

Aye: Sharon Bushor, Jane Knodell, Kurt Wright, Miro Weinberger

Recuse : Karen Paul

Action: 6.02 Exit Executive Session

Exit Executive Session

Motion by Kurt Wright, second by Jane Knodell.

Final Resolution: Motion Passes

Aye: Sharon Bushor, Jane Knodell, Kurt Wright, Miro Weinberger





Board of Finance 5/4/2015

Recuse : Karen Paul

Action, Resolution: 6.03 Authorization for MOU with Burlington Harbor Marina - CEDO

Approve and Recommend City Council Approval

Motion by Kurt Wright, second by Jane Knodell.

Final Resolution: Motion Passes

Aye: Sharon Bushor, Jane Knodell, Kurt Wright, Miro Weinberger

Recuse: Karen Paul

7. Adjournment

Action, Procedural: 7.01 Adjournment

Without objection, Mayor Weinberger adjourned the meeting at 7:26pm.