Board of Finance - Monday, March 7, 2016 at 5:30 p.m.
Conference Room 12, City Hall
3/7/2016

MINUTES SUBJECT TO CORRECTION BY BURLINGTON BOARD OF FINANCE. CHANGES, IF ANY, WILL BE RECORDED IN THE MINUTES OF THE NEXT MEETING OF THE BOARD.

BURLINGTON BOARD OF FINANCE

CITY HALL

BURLINGTON, VERMONT

MINUTES OF MEETING

March 7, 2016

APPROVED – 3/21/16

MEMBERS PRESENT: Mayor Miro Weinberger

Jane Knodell

Karen Paul

Sharon Bushor

Kurt Wright

OTHERS PRESENT: Bob Rusten, CAO

Rich Goodwin, Assistant CAO

Eileen Blackwood, City Attorney

Richard Haesler, Assistant City Attorney

Jennifer Kaulius, Mayor's Office

Ben Pacy, HR

Jesse Bridges, Parks & Rec

Norm Baldwin, BPW

Peter Owens, CEDO

Stephen Baraclough, BT

Mark Naud, Lake Champlain Community Sailing Center

1.0 CALL TO ORDER and AGENDA

Mayor Weinberger called the meeting of the Board of Finance to order at 5:34 PM.

1.01 Agenda

MOTION Sharon Bushor, SECOND by Jane Knodell, to approve the agenda. VOTING: unanimous; motion carried.

2.0 PUBLIC FORUM

There were no comments from the public.

3.0 APPROVAL OF BOARD OF FINANCE MINUTES

3.01 February 8, 2016

MOTION by Sharon Bushor, SECOND by Kurt Wright, to approve the 2/8/16 Board of Finance minutes with clarification that Jane Knodell and Karen Paul both recused for Item 4.02 (allocation of the Conservation Legacy Fund) did not return to the meeting. VOTING: unanimous; motion carried.

4.0 APPROVAL AND RECOMMENDATION TO CITY COUNCIL

4.01 Amend FY16 Capital Budget re: Use of Funds from FY15 Surplus

Bob Rusten recalled there was agreement to use some of the unassigned fund balance after the audit to cover $1.2 million in capital projects that need to get started this spring. There is $4.2 million in unassigned fund balance and using $1.2 million will leave a balance of $3 million. Moody's is aware of the plan. Mayor Weinberger added more discussion is envisioned with the Board of Finance and City Council on what to do with the remaining unassigned fund balance during discussion of the FY17 budget.

There was discussion of possible other priorities for the funds and looking at the entire unassigned fund balance at once. Staff noted delay will impact getting optimal bids and work on spring projects that include sidewalk, street paving, bike path rehab, and Manhattan Drive slope work. Following further discussion there was agreement staff will generate a list of projects that need to be accelerated and those that can be deferred.

MOTION by Jane Knodell, SECOND by Kurt Wright, to postpone action on use of the FY15 surplus to March 14, 2016 with the request for a shorter more tightly prioritized list of capital projects for approval.

<u>DISCUSSION</u>: Mayor Weinberger spoke against the delay because a prioritized list has already been generated and indicated in the budget if the money is available. Jane Knodell clarified the request is for more information on other possible uses of the unassigned fund balance. Sharon Bushor suggested using the $600,000 to do the street, curb, and Manhattan Drive slope work now and postponing the bike path

rehab work. Staff pointed out the bike path work will be bid late March/early April, but all the work cannot be bid if the funding is not in place. Karen Paul expressed concern that delay of three weeks which is significant will stretch to a month and the city will lose out on ideal bids.

FRIENDLY AMENDMENT by Sharon Bushor to fund $525,000 to allow the following to go out to bid:

- **Additional street maintenance work**
- **Curb ties to street work**
- **Manhattan Drive West slope failure work**

And further, to request the Administration to advance discussion on the total dollar amount to bring closure.

<u>DISCUSSION ON AMENDMENT</u>: Staff noted the bike path is an important project. There are consequences from a bid standpoint and charges standpoint to delay. Construction projects that need to be bid for spring work need a timely decision. Others can be suspended. Mayor Weinberger reiterated staff will compile a list. There were no further comments.

VOTING ON MOTION WITH FRIENDLY AMENDMENT: unanimous; motion carried.

4.02 Execute Corrected Development Agreement and Ground Lease with Lake Champlain Community Sailing Center

Richard Haesler explained the development agreement with the sailing center was timed to capture synergy between the land contract project. The $271,000 contracted amount is now $76,000 for materials. The development agreement has been corrected and the changes incorporated into the ground lease.

MOTION by Sharon Bushor, SECOND by Kurt Wright, to approve and recommend to City Council for approval authorization to use the corrected Development Agreement and Ground Lease between the City of Burlington and Lake Champlain Community Sailing Center. VOTING: unanimous; motion carried.

4.03 Authorization to Sell up to $25 Million of General Obligation Refunding Bonds, Refunding of Series 2000 COPs (DPW Facility, Fishing Pier) and Refunding Series 2005 and 1999A COPs (Lakeview Garage)

Rich Goodwin explained the existing debt is being refinanced to lock into better rates than what the city is paying presently. Maturity dates are not extended. The debt load will be decreased by $1.8 million. Bob Rusten added the savings is over the length of the term and will benefit the city general fund, the school district, Burlington Electric, and the traffic fund.

MOTION by Jane Knodell, SECOND by Karen Paul, to approve and recommend to City Council for approval authorization to sell up to $25 million of General Obligation Refunding Bonds, Refunding Series of 2000 COPs (DPW Facility, Fishing Pier), and Refunding Series 2005 and 1999A COPs (Lakeview Garage). VOTING: unanimous; motion carried.

4.04 Review Sweep Account Report as of January 31, 2016

Rich Goodwin reported there are no material changes. Cash balance as of 1/31/16 was approximately $7 million. Cash on hand was 46 days. Cash available and restricted was $31.2 million.

4.05 Monthly Financials as of January 2016

Bob Rusten reported the budget is on track. Revenues are ahead of last year. Expenses are below the same point last year. Staff is predicting a surplus in the FY16 General Fund.

4.06 Reorganize Outside Plant Section, Create Network Planning and Construction Engineer, Eliminate Senior Outside Plant Technician, and Create Outside Plant Technician Position

Stephen Baraclough, BT, explained the reorganization will allow the long time foreman with deep institutional knowledge of the network layout of Burlington Telecom to focus on areas of the city not built-out and innovative ways to build-out and employ newer technology, allow internal promotions to replace the foreman, and allow the temporary installer to move to full time.

Sharon Bushor noted the work “manager” needs to be changed to “engineer” in lines 5 & 16 of the resolution.

MOTION by Karen Paul, SECOND by Sharon Bushor, to approve and recommend to City Council for approval authorization to reorganize the Outside Plant Section, create the position of Network Planning and Construction Engineer, eliminate the Senior Outside Plant Technician position and create an Outside Plant Technician position. VOTING: unanimous; motion carried.

4.07 Authorize Increase in FY16 Budget Capital Expenditures from $1.2 Million to $1.5 Million

Stephen Baraclough explained Burlington Telecom budgeted in FY16 to add a net 650 new subscribers, but is on track to add a net 900 new subscribers. BT is also in the process of swapping out old equipment with new equipment, but is short on capital expenditure for the swap out. Operating results this year are meaningfully ahead of last year ($300,000 greater than budgeted and a half million greater than last year). Staff is recommending reinvesting the additional cash into the business to continue the work. There is opportunity to partner with Burlington Electric to replace the conduit in Red Rocks (there are no funds budgeted for this). Also, two new vehicles are needed in the department. BTAB and Blue Water support reinvestment of the money.

MOTION by Sharon Bushor, SECOND by Karen Paul, to approve and recommend to City Council for approval authorization to increase the FY16 budget capital expenditures from $1.2 million to $1.5 million. VOTING: unanimous; motion carried.

5.0 DISCUSSION

5.01 FY15 Surplus Analysis

Bob Rusten reviewed the analysis showing trends in budget versus actual figures from FY13, FY14, FY15, FY16 across departments (City Council, Mayor's Office, Clerk/Treasurer Office, City Attorney, Planning & Zoning, City Assessor, HR, Fire, Police, Public Works, Code Enforcement, Library, Parks & Rec, Burlington City Arts, CEDO, IT) to help improve budgeting going forward. The following was highlighted:

· The analysis was done to explain the unanticipated operating surplus in FY15 of $2.8 million.

· Key areas include wages with $24.8 million budgeted and $24.2 million spent in FY13, $25 million budgeted and $24.6 million spent in FY14, and $25.8 million budgeted and $24.9 million spent in FY15.

· The surplus is likely due to a combination of over budgeting for actual positions and the cost of staff turnover.

· Contracts/Consulting Services, Specialized Equipment/Tools, Utilities, and Training were also analyzed. The total across the five sections is $1.5 million underspent of the $2 million budget.

· Direction will be given that if a department is consistently under budget after three years then the budget amount should be modified. Spending increase for cost of living and benefits will be accommodated by adjusting these line items.

· The Contingency Fund will be reviewed to determine if the amount needed is as much as is in the General Fund.

· In FY15 there was $600,000 actual revenue versus budgeted due to gross receipts being more than anticipated and planning and zoning fees being more than anticipated. On the revenue side, it is hard to predict gross receipts. The city has consistently brought in more revenue than budgeted due to pursuit of receipts that are due or overdue. On the expense side with personnel costs being over budgeted, once the work force is fully in place then wages for overtime and temporary/seasonal positions will reduce.

· The goal is to use the trend data to more accurately reflect revenue and expenses so budgets are tight without significant surplus.

Sharon Bushor noted the budget for training is underspent and expressed concern departments are using this money as a contingency fund to balance their budget. Bob Rusten said the issue is more one of finding the time to do the training. Departments need to budget to the bottom line and if a department is consistently under/over budget this needs to be addressed.

Jane Knodell summarized of the $2.8 million $600,000 is from revenue higher than projected in ongoing revenues and the remainder is spending less than projected in ongoing expenses. Bob Rusten concurred, adding staff is looking at reoccurring under-expense and over-revenue. Jane Knodell recalled two years ago the city increased the general property tax and in retrospect could have gone without the increase. Bob Rusten explained the projections were based on the information at the time. There will be some pressure on the FY17 budget that can be addressed without increasing the property tax.

5.02 FY15 Budget Review Process and Timeframes

The following was noted:

· VNA is meeting with the Board of Finance on March 14, 2016.

· General Fund and other budgets as well as the 10 Year Capital Plan will be reviewed by the Board of Finance on April 25, 2016.

· Review of the budgets with any changes from the April 25th meeting incorporated and review/approval of City Council initiatives will be done by the Board of Finance on May 9, 2016.

· City Council budget work session by departments will be held the weeks of May 16, 2016 and May 22, 2016.

· Final Board of Finance budget review is June 6, 2016.

· Action from City Council on the budget resolution is June 13, 2016.

6.0 ADJOURNMENT

With no further business and without objection the meeting was adjourned at 6:50 PM.

RScty: MERiordan