Board of Finance
2/23/2015

Board of Finance (Monday, February 23, 2015)

Generated by Amy Bovee on Wednesday, February 25, 2015

Members present
Sharon Bushor, Jane Knodell, Karen Paul, Joan Shannon, Miro Weinberger

Also present

City Attorney Eileen Blackwood; CAO Bob Rusten; ACAO Rich Goodwin; Bill Ward, Code; Seth Lasker, Fire; Brian Lowe, Mayor's Office, Peter Owens, Nate Wildfire, CEDO; Mike Kanarick, Mayor's Office (arrived at 6:31pm).

Meeting called to order at 5:31pm

1. Agenda

Action, Discussion, Information, Minutes, Procedural, Resolution: 1.01 Adopt/Amend Agenda.

Motion to amend agenda to address item 5.01 at the beginning of the meeting.

Motion by Karen Paul, second by Jane Knodell.

Final Resolution: Motion Passes

Aye: Sharon Bushor, Jane Knodell, Karen Paul, Joan Shannon, Miro Weinberger

2. Public Forum

Discussion, Information: 2.01 Public Forum

No one came forward to speak.

3. Approval Board of Finance Minutes

Action, Minutes: 3.01 February 2, 2015

Postpone Action

Motion by Sharon Bushor, second by Karen Paul.

Final Resolution: Motion Passes

Aye: Sharon Bushor, Jane Knodell, Karen Paul, Joan Shannon, Miro Weinberger

Action, Minutes: 3.02 February 9, 2015

Approve the Minutes

Motion by Sharon Bushor, second by Jane Knodell.

Final Resolution: Motion Passes

Aye: Sharon Bushor, Jane Knodell, Karen Paul, Joan Shannon, Miro Weinberger

5. For Board Action

Action: 5.01 Authorization for Contract for Waterfront TIF PIAP/BTC Development Services - CEDO

Peter Owens, CEDO, stated this will move forward two groups of projects in the Waterfront TIF district. One is a PIAP project including the Moran Plant, the Marina, and the Sailing Center. The second is the Burlington Town Center project which will also involve TIF revenue. They will work with the City during the public process. They received four proposals back and have worked with this company before. They have given them a good very good rate and will help CEDO move this project forward.

CAO Rusten stated Department Heads have authority to execute contracts up to $50,000 but they wanted to insure the Board of Finance was informed in the event that they need to amend the contract in the future.

Councilor Bushor inquired if they are short changing both projects by having one company do all of this work. This is an important role. Mr. Owens stated they expect that this contract will cover work through June. They will need to have continuity over time. Nate Wildfire, CEDO, stated the split between the two projects is appropriate given the amount of work that will be going into the mall in the coming months and the fact that the PIAP projects have already been advanced quite a bit. This proposal was attractive because this person has already done some of the PIAP work. The mall is starting from scratch and will require more work. Councilor Bushor suggested they include something that will state attending public meetings will be included in the contract and not cost the City extra. She inquired if they will be returning to the Board of Finance if they plan to spend more. CAO Rusten stated the Department would have the authority to amend the contract if the money was budgeted and the amendment did not exceed $50,000. Councilor Bushor inquired if the Board of Finance would be informed of those incremental increases. CAO Rusten stated they would not be notified unless they specifically requested that.

Councilor Knodell stated she believes attending workshops would be very important. This person was very involved with New Moran. She inquired if this will be funded with money for Burlington Town Center and TIF money for the PIAP projects. Mr. Owens stated they have the ability to charge the TIF line item. Mr. Wildfire stated they have worked with one of the other bidders before. However, the person they selected has more experience doing larger projects.

Approve the Contract

Motion by Joan Shannon, second by Sharon Bushor.

Final Resolution: Motion Passes

Aye: Sharon Bushor, Jane Knodell, Karen Paul, Joan Shannon, Miro Weinberger

4. For Approval and Recommendation to City Council

Action, Resolution: 4.01 Authorization to Accept FEMA Assistance to Firefighters Grant - Fire

CAO Rusten clarified that the grant has already been accepted and they are requesting permission to execute the contract.

Councilor Bushor stated she is glad that they are confident in the safety of this company. Seth Lasker, Fire, stated this company came back at a good price and this is the company they felt most comfortable with.

Approve and Recommend City Council Approval

Motion by Joan Shannon, second by Karen Paul.

Final Resolution: Motion Passes

Aye: Sharon Bushor, Jane Knodell, Karen Paul, Joan Shannon, Miro Weinberger

Action, Resolution: 4.02 Authorization for PLC Upgrade for McNeil - BED

The Board addressed an item to allow BED to upgrade its programmable logic controller software and hardware at the McNeil Generating Station. The cost to BED will be $89,550 and the balance will be paid by the McNeil joint owners. They will contract with Hallam ICS, the only bidder who bid on both hardware and software.

Approve and Recommend City Council Approval

Motion by Sharon Bushor, second by Joan Shannon.

Final Resolution: Motion Passes

Aye: Sharon Bushor, Jane Knodell, Karen Paul, Joan Shannon, Miro Weinberger

Action, Resolution: 4.03 Authorization for BED Revenue Anticipation Note

City Council President Shannon inquired how this will be paid back. ACAO Goodwin stated it will be paid back through their operational cash flow. This is being renewed in March as opposed to June so that it works with their cash flow.

Councilor Knodell inquired about the interest rate. ACAO Goodwin stated it is a variable rate and has been trending just below 2.5%, which is very attractive. The rate is universally used in the banking industry.

Mayor Weinberger inquired if this is something that they always have in place. ACAO Goodwin stated this is the third year that they have renewed it. Prior to that they used a lump sum note, which was more costly. This has saved BED $150,000-$200,000 annually.

Approve and Recommend City Council Approval

Motion by Sharon Bushor, second by Joan Shannon.

Final Resolution: Motion Passes

Aye: Sharon Bushor, Jane Knodell, Karen Paul, Joan Shannon, Miro Weinberger

Action, Resolution: 4.04 Authorization for Irrevocable Letter of Credit for Workers Compensation - C/T

Councilor Bushor requested an explanation of why this is needed. ACAO Goodwin stated their worker's compensation claims have been running at $2 million per year. Based on the FY15 trend it appears that it will be under that amount. They will renew this line of credit for $2 million. CAO Rusten stated the $2 million serves as a cap on their expenses. Councilor Bushor inquired what would happen if they exceeded $2 million. ACAO Goodwin stated this is in place only if the City were unable to pay the claims. If they were to exceed that amount they would have to adjust their budget to accommodate the expense.

Approve and Recommend City Council Approval

Motion by Joan Shannon, second by Sharon Bushor.

Final Resolution: Motion Passes

Aye: Sharon Bushor, Jane Knodell, Karen Paul, Joan Shannon, Miro Weinberger

Action: 4.05 Review Monthly Financials as of January 2015 - C/T

CAO Rusten stated they have updated the notes in this report. They have reviewed the Police expenses and revenues. Their revenues are below what has been expected, so they have been reviewing areas where they can reduce expenditures. DPW was doing well until they had bad weather and had to purchase more salt. They have been doing well with fuel expenses. They have asked CEDO to report on the status of their budget.

Peter Owens, CEDO, stated they have been working to restructure their department. They have a budget gap and have developed a plan to cover that gap. Their assumptions appear to be holding. It appears that they will be doing well with gross receipts and should be receiving $100,000 of revenue from that. They appear to be on track. He reported on the status of their grant program. CAO Rusten stated the Gross Receipts tax has been running about 12% over last year. December was about 19% over the previous year because of aggressive collecting. If it continues to trend at 10% over the previous fiscal year, they will bring in $220,000 over what was budgeted. They expect a portion of that will go to CEDO and it will help cover their deficit.

Councilor Bushor stated they expected a decrease in parking revenue, but she has noted that there are less cars parking downtown. She inquired if there is a disincentive for charging for parking in the evening. She inquired how they will evaluate this pilot program. CAO Rusten stated they will look at data from the use of the parking meters and parking garages. They will also track when tickets are given out. It will take time to understand how that will work. They are not yet sure if behavior has changed. They will have to see how the changes will affect other areas. Gross receipts tax and local option taxes seem unaffected. They do not yet have enough data to understand the implications.

Action: 4.06 Review Sweep Account Report as of February 19, 2015 - C/T

ACAO Goodwin stated the cash balance is about $2 million, which is greater than what he anticipated. This is usually the lowest point in the year. The cash for the Airport is very low, but they are expecting a substantial reimbursement from the FAA in the next three weeks. The Airport owes the sweep account about $2.4 million. He mentioned this to the Airport Commission and emphasized they need to reduce that balance in the next 60-90 days.

Councilor Bushor inquired why the traffic depository amount had dropped. ACAO Goodwin stated that relates to when they send out their billings. It is typically done on a quarterly basis. That number is low now but will rebound in March. He noted that the balances change on a daily basis.

Councilor Knodell requested an explanation of the Airport account. ACAO Goodwin stated their revenues are low because of the season. They understand that they will have to make some adjustments in their spending to accommodate this. Enplanements are actually up 2% over the prior year, but that number would have been up 12% if they had not had a number of cancellations. They will adjust expenditures to ensure that they will hit their debt coverage score. Councilor Knodell inquired if they will be able to pay the City back. ACAO Goodwin stated they will make sure the money is in the City's bank account. CAO Rusten stated they are not allowed to carry a balance across fiscal years without City Council approval. Councilor Knodell stated she does not want that amount to get higher. ACAO Goodwin stated they refinanced the airport debt, which required them to spend money. However, they will not see the benefits of that until the next fiscal year. CAO Rusten stated the sweep account will be repaid by the end of the fiscal year. ACAO Goodwin stated they will take steps to ensure that the Airport will have money in the bank and they will eliminate the amount owed to the City. CAO Rusten stated they will develop a plan and will share that with the Council. They will also be looking at ways to increase revenue and decrease costs at the Airport. ACAO Goodwin stated debt payments are currently being paid November 1 and July 1, which takes a hit on their cash. They will be able to rebuild their cash between now and the end of the year.

6. Expected Executive Session

Discussion: 6.01 Discussion of 1 Year Extension of Contract with Auditor - C/T

Finding that a discussion about a contract negotiation would put the City at a disadvantage

Motion by Jane Knodell, Second by Karen Paul

Final Resolution: Motion Passes

Aye: Sharon Bushor, Jane Knodell, Karen Paul, Joan Shannon, Miro Weinberger

Enter Executive Session

Motion by Karen Paul, Second by Jane Knodell

Final Resolution: Motion Passes

Aye: Sharon Bushor, Jane Knodell, Karen Paul, Joan Shannon, Miro Weinberger

The Board exited executive session.

7. Adjournment

Action, Procedural: 7.01 Adjournment

Without objection, Mayor Weinberger adjourned the Board of Finance meeting.