Board of Finance - Monday, January 29, 2018 at 5:30 p.m.
Conference Room 12, City Hall
1/29/2018

BURLINGTON BOARD OF FINANCE

CITY HALL

BURLINGTON, VERMONT

MINUTES OF MEETING

January 29, 2018

APPROVED – 2/26/18

MEMBERS PRESENT: Mayor Weinberger [arrived 5:44 PM]

Kurt Wright [arrived 5:45 PM]

Sharon Bushor

Karen Paul

MEMBERS ABSENT: Jane Knodell

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

Rich Goodwin, DFO

Eileen Blackwood, City Attorney

Brian Lowe, Mayor's Office

Chapin Spencer, DPW

Martha Keenan, DPW

Norm Baldwin, DPW

Cindi Wight, Parks & Rec

Scott McIntyre, Melanson Heath

Alina Konsak, Melanson Heath

1.0 CALL TO ORDER and AGENDA

Until the arrival of Mayor Weinberger, Interim CAO Anderson facilitated the meeting and called to order at 5:35 PM on January 29, 2018.

1.01 Agenda

MOTION by Councilor Paul, SECOND by Councilor Bushor, to approve the agenda as presented. VOTING: unanimous [Councilor Wright not present for vote]; motion carried.

2.0 PUBLIC FORUM

There were no comments from the public.

3.0 MINUTES

3.01 December 18, 2017

MOTION by Councilor Bushor, SECOND by Councilor Paul, to approve the 12/18/17 minutes as written. VOTING: unanimous [Councilor Wright not present for vote]; motion carried.

3.02 October 2, 2017

MOTION by Councilor Bushor, SECOND by Councilor Paul, to approve the 10/2/17 minutes with correction of the date in Item 4.02 to “2017”. VOTING: 3 ayes, one abstention (Councilor Bushor); motion carried.

3.03 June 26, 2017

MOTION by Councilor Paul, SECOND by Councilor Bushor, to approve the 6/26/17 minutes as written. VOTING: unanimous; motion carried.

4.0 APPROVE AND RECOMMEND TO CITY COUNCIL

4.01 Dragonheart Vermont Contract – Parks, Rec & Waterfront

MOTION by Councilor Bushor, SECOND by Councilor Paul, to approve and recommend to City Council for approval authorization for the Director of Parks and Recreation to enter into a contract with Dragonheart Vermont for a period of ten years from which the city will receive $60,000 payable either in annual payments of $6,000 or of dock value at its waterfront launch ramp and increased accessibility to Lake Champlain for the community through improved infrastructure and quality programming.

<u>DISCUSSION</u>:

- **Councilor Bushor commented positively on the great purpose of Dragonheart Vermont and the ADA small craft launch.**

VOTING: unanimous; motion carried.

4.02 FY17 Management Letter and Consolidated Audited Financial Report – C/T

MOTION by Councilor Paul, SECOND by Councilor Bushor, to approve and recommend to City Council for approval acceptance of the January 5, 2018 Fiscal Health Report and approval of the FY17 Management Letter and CAFR.

DISCUSSION:

- **Interim CAO Anderson said the school district audit is not finalized yet. No material changes are anticipated, but the CAFR will not be final until the school numbers are received. Approval is requested with the understanding the documents will be brought back to the Board of Finance and City Council if there is any material change.**
- **Scott McIntyre and Alina Konsak with Melanson Heath accounting firm mentioned the summarization provided in mid-December on the General Fund and Unassigned Fund Balance (showed an increase of $2 million) and the schedule of changes that started the beginning of the year on budgeted surplus, revenues greater than expected and expenditures less than budgeted. The city received a Certificate of Achievement for Excellence in Financial Reporting from the Government Finance Officers Association due to the city's financial statements being beyond basic accounting.**
- **Councilor Paul said the city has been waiting for this type of management letter for a long time. The report shows what best practices can do and the relentless work by many people. Congratulations are extended to all for this huge milestone.**
- **Councilor Bushor asked about data to the actuary relative to the pension plan not reconciling with the records maintained by the plan. DFO Goodwin explained the records are maintained by the Retirement Administrator and the DFO. The city has a new retirement system implemented in the last four months which has made a difference in the data being entered. Staff is working with BED and the school district to import data on a quarterly basis at a minimum rather than at the end of the year. The retirement and active employee portal are being looked at to elevate customer service. All calculations for retirement are being automated which will decrease the workload by about 30%. Paper documents have been eliminated. The census data to the actuary is automated and the actuary is doing a better job of management of the data. With the new retirement system "what if" scenarios can be done to determine future pension liabilities by modifying agreements with the bargaining units.**
- **Councilor Bushor asked if the portal will allow employee access specific to the program. DFO Goodwin said presently there are 26 different retirement plans in the city that require calculations. Each individual is assigned a particular program and has a record of where employed, quarterly earnings, and future benefits. The calculation is specific to the employee. Scott McIntyre added to determine net pension liability the actuary uses a discount rate (expected rate of return). Burlington has consistently been using 8%. The trend on the rate is downward so the city should consider lowering the rate. Councilor Bushor said this was considered, but other changes were made at the time that were collectively supported.**
- **Scott McIntyre said Burlington pension system has two valuations, one to fund the plan and one as the accounting aspect. There have been instances when a different rate is used for funding and a different rate for accounting. This is being suggested because for the past several years actual investment earnings have been less than projected and that is creating an impact on the pension expense in future years (pension expense from an accounting standpoint). The difference between projected and actual has risen substantially which is why the city should consider a lower discount rate.**
- **Mayor Weinberger said a case can be made for keeping the same rate or lowering the rate modestly. If a change is made that should be on the table during negotiation of contracts.**
- **DFO Goodwin noted the plan had been losing money on the investment portfolio for the prior three years, but in 2017 there were double digit investment returns. Mayor Weinberger added FY18 is looking good as**

well.

There were no further comments.

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

4.03 Issuance of General Obligation Bonds for Capital Improvements – C/T

Mayor Weinberger noted this is the last Board of Finance meeting for a vote to put this item on the ballot. UVM and Champlain College have agreed to contribute to capital improvements. The bonding will be a substantial infusion of dollars to be able to meet the capital project goals. The information will be out for public review and comment before voting on town meeting day.

Councilor Bushor said the Champlain College agreement and resolution are fine, but there are concerns with the UVM agreement including:

- The agreement supersedes the master agreement in 2000 relating to student housing, student conduct, parking, and traffic.
- The agreement says the city cannot make any changes to the capital plan without prior written consent from the university.
- The agreement favors UVM and will have a long lasting impact on decisions the city can or cannot make, and there are other items that are not from the city's perspective.
- The Main Street median was a shared responsibility between the city and UVM to protect the students when crossing Main Street, but this is not included now.

Mayor Weinberger noted Champlain College will not agree to contribute if UVM does not contribute and the city is going to bond with the expectation of the contributions. UVM is not required or obligated by law to agree to any of the items in the plan. The city is asking UVM to pay $386,000 over 20 years in additional payments (nearly $8 million over 20 years).

Mayor Weinberger explained 'deemed consent' as it relates to University Place. UVM wants substantial upgrade to University Place. To ensure the city's interests are met and protected is by going through the design and public engagement process together and hopefully having a meeting of the minds on design. If that is not possible then the 'deemed consent' concept can be used. Eileen Blackwood added UVM wants assurance that if the money is paid to the city then University Place will happen. Deemed consent is saying if the minimum standards are met then the plan is done to those standards. Deemed consent says what must be in the design and if an agreement is not reached by March 1, 2020 then the project will go forward.

Councilor Bushor spoke in support of University Place getting improvements and being made safer for pedestrians and access for emergency vehicles, but there is concern about the city getting backed into a corner with deemed consent. Mayor Weinberger reiterated UVM wants assurance if $8 million in payments is on the table that $630,000 will go to improving University Place. If the agreement is not approved it is not certain when improvements will be done to University

Place. Deemed consent was seen as a way to get there if there was a potential deal breaker. Attachment A includes six projects covering drainage work, sidewalk, curbing, and fencing, improving the crossing on Main Street by University Heights, reinvesting in University Place, repair and paving trip hazards and the bike path, and Colchester Avenue improvements. All the projects have been in the capital plan under discussion for some time. The city does not find the list of project onerous. DPW Director Spencer said Martha Keenan has been working with VUM for some time on the list of projects outside the formal agreement. The projects are line items in the capital plan or included under a larger project. None of the projects is budget breaking. UVM does want a level of confirmation. Some of the projects are priorities for the city (i.e. crosswalks, iron fence/railing at the entrance to the city).

Mayor Weinberger said it is untenable for UVM to stop payments if UVM disagrees with a change to the city's 10 year capital plan because the city is going to bond assuming payments so following further discussion with UVM there was agreement if UVM is paying into the infrastructure plan then they should have a voice at the table. DPW Director Spencer added if there is a change to the plan UVM has 30 days to object or the change is deemed approved.

Councilor Bushor mentioned long standing requests for projects that are not moving forward, such as the path on Mansfield Avenue. DPW Director Spencer said the shared use path on Mansfield Avenue is under design and advancing. DPW Capital Projects Manager Keenan said sidewalks were part of the plan already so the plan was not changed to add sidewalks.

Regarding items in the 2000 agreement being addressed in the current agreement such as student conduct and the Main Street median, DPW Director Spencer said nearly all items in the 2000 agreement are in the current agreement. The city is in alignment with UVM on the parking facility so it was not necessary to carry this item forward in the agreement. There are other sections dealing with parking and traffic that are addressed (plowing, approving insurance, University Place).

Councilor Paul observed UVM wants the capital projects done in 2018 which is not fair to other long awaited projects, but the city is getting an important milestone for the overall plan ($8 million in projects) that will benefit everyone. Per Schedule A some projects will be done over a long period of time so there would be some allowance over the next year to allow other non-UVM related projects to be addressed. Mayor Weinberger said University Place is the largest item and will take a couple of years of planning (construction is anticipated in 2021). DPW Director Spencer pointed out five of the 12 items that are proposed in 2018 are existing priorities for the city and already in the capital plan.

Councilor Wright shared the concern about timing of the materials. Mayor Weinberger assured staff worked diligently through the weekend to get the information to the Board of Finance as soon as possible. If the agreements are not approved by the city and UVM then the deal will unravel and the city will lose the money from UVM for the projects.

Councilor Bushor said she feels betrayed and lacks trust in UVM and the less than transparent reasons for asking for a commitment to the improvements and then having some other unrevealed activity appear. University Place is fine, but UVM's involvement in dictating what gets done in the city's capital plan is troubling and over-reaching. UVM should not have the right to dictate whether the city can or cannot address an emergent project. Following further consideration

Councilor Bushor said she will accept the good faith and good work of the Administration on the agreement, but continues to worry about student conduct being adequately addressed and UVM's involvement in the city's capital plan.

Councilor Paul asked how many projects in Schedule A would be done without the agreement with UVM. DPW Director Spencer said the city would do the lion's share of the projects in the timeline outlined in Schedule A. There are a few projects that are low cost items (painting the iron rail) and are aesthetic, but most of the projects are safety issues. Councilor Paul asked the value of the projects that would not be done this year or if there was an emergent need. DPW Capital Projects Manager Keenan calculated $6,800 for the UVM pipe painting, retiming of the signal (cost of staff time), trip hazard (safety issue on shared use path), crosswalk at University Heights (trip hazard/safety issue), and widening the crosswalk. DPW Director Spencer said UVM wanted to include non-General Fund activities such as repainting the water tower, but the city defined the agreement as a General Fund Capital Plan Agreement. DPW Capital Projects Manager Keenan added UVM wanted power over all the capital projects, but the city objected and developed a discreet list of projects (Schedule A).

Mayor Weinberger noted if there is an emergent need project and the city cannot follow through with Schedule A there is a 'reasonable test' so UVM is not being given authority over the city's capital projects.

Councilor Bushor said the 2000 agreement favored UVM and it is hoped that is not the case with the 2018 agreement.

MOTION by Councilor Paul, SECOND by Councilor Wright, to approve and recommend to City Council for approval the agreements and related ballot item for the issuance of general obligation bonds for capital improvements. VOTING: unanimous; motion carried.

5.0 ADJOURNMENT

With no further business and without objection the meeting was adjourned at 6:53 PM.

RScty by tape: MERiordan