Special Board of Finance Meeting, Thursday, January 20, 2021, 5:00 pm **Bushor Conference Room, Room 102, 1st Floor, City Hall OR remotely via ZOOM**Members of the public are strongly encouraged to join remotely**

BURLINGTON BOARD OF FINANCE

SPECIAL MEETING

BUSHOR CONF. ROOM, 1ST FLOOR, CITY HALL

BURLINGTON, VERMONT

MINUTES OF MEETING

January 20, 2022

MEMBERS PRESENT: Max Tracy

Karen Paul

Ali Dieng

Zoraya Hightower

Miro Weinberger

OTHERS PRESENT: Katherine Schad

Rich Goodwin

Dan Richardson

Jordan Redell

Chapin Spencer

Norm Baldwin

Cindi Wight

Steven Locke

Mark Barlow

Brian Pine

1.0 CALL TO ORDER and AGENDA

Mayor Weinberger called the Board of Finance meeting to order at 5:08 PM.

1.
    i. Motion to amend/adopt agenda

MOTION by City Council President Tracy, SECOND by Councilor Dieng, to adopt the agenda as presented.

VOTING: unanimous; motion carries.

2.0 PUBLIC FORUM (VERBAL)

2.01 Verbal Comments

None at this time.

3.0 CAPITAL BOND – CAPITAL COMMITTEE

3.01 Capital Bond – Capital Committee

Mayor Weinberger said that at the prior Board of Finance Meeting, Councilor Dieng had asked if staff could determine if further reductions could be made. Mayor Weinberger said that there continues to be work conducted at the federal and State level about municipal infrastructure funding, and that the amount of funding for Burlington is not yet known.

Director Spencer outlined the changes to the proposed General Obligation Bond Capital Plan investments. He said that since this was last discussed, changes were made that include a reduction in the fire and police emergency radio systems line item, the local match for grants line item, the transportation safety improvements line item, and the civic buildings line item. He said that these changes brought the total bond amount down to $23.8 million.

Councilor Paul asked what the monthly implication for taxpayers with a median-value home would be for the previous proposed bond amount ($25.9 million). Chief Administration Officer Schad replied that on a median home the tax would be an additional $35.17 for the first year which is around $3 per month, and that it would peak in 2025 at $7 additional per month). She said that the further reduction of the bond amount proposed above would have an impact of pennies per month. Councilor Paul asked about the other sources of funding for some of the uncertain items and how realistic it would be to get them. Mayor Weinberger replied that there will be federal funding available for bridges and that the City is optimistic that there will be new programs created to help with transportation safety. Director Spencer said that Department of Public Works (DPW) has reached out to State agencies to obtain additional information, and that plans and guidance are still being developed at the State level.

City Council President Tracy said it would be helpful to know how much more expensive it would be if the City does not act on this bond. Director Wight said that from the facility side, the costs of not replacing roofs, for example, would be difficult to determine. Director Spencer added that it is also difficult to determine some costs related to sidewalks and paving, but that costs for other elements of the capital plan will be easier to determine. Chief Locke noted that the Fire Department is already using its one spare truck consistently. He also added that its communications system is antiquated and needs replacing as a life/safety issue. He said that both of these components of the capital plan are necessary for inclusion. Mayor Weinberger said that there are some non-bonding methods of obtaining some of these elements, such as leasing, but that they would ultimately be costlier to the City.

Councilor Barlow asked why funding would be put into Memorial Hall when the City is not yet sure what it wants to do with it. Mayor Weinberger noted that the Memorial Hall line item was reduced from $10 million to $1 million, and that funding would give the City the ability to continue to maintain the building (heating it, for example) until future plans for the building are solidified. Much of the money is also for assessments to help the community to decide what to do with it (environmental assessment that is needed no matter what course of action is decided, a detailed assessment to demolish and a detailed assessment to save).

4.0 FY23 BUDGET UPDATE – MAYOR/CAO

4.01 FY23 Budget Update – Mayor/CAO

Chief Administration Officer Schad reviewed the FY22 budget at a high level. She noted that the City slowed the implementation of previously-approved tax increases in FY22, that the year’s budget was balanced using $5 million of ARPA funds, that the FY22 budget included $1.9 million of significant new investments for ongoing expenses, and that there would likely be a property tax increase for FY23. She said that the three main challenges for the FY23 budget are substantial inflation (a rate of over 7% in 2021), incorporating $1.9 million of new equity investments into the structural budget, and continued pandemic-impacted revenue shortfalls. She noted a $7 million budget gap for FY23, and then outlined potential solutions. These include a projected increase of departmental revenue streams, additional ARPA funding to create a Revenue Replacement Reserve Fund, using $1.2M of ARPA funds to help fund equity investments in FY23, and a proposed $0.04 tax increase. Chief Administration Officer Schad noted that even with that proposed increase, the total property tax will decrease for FY23 due to decreases in the school district tax rate. She noted that if the tax increase does not pass, there will be a $2.2 million shortfall in the general fund budget.

Councilor Hightower and City Council President Tracy asked about the use of ARPA funding. Mayor Weinberger said that the City has $27 million in ARPA funding in total and that $15 million of it remains uncommitted. He said that they are proposing to use some of that authority to pursue revenue replacement and phase-in of the equity investments. He said that if the $2M of ARPA funding proposed for the revenue replacement fund is not needed, it could be designated elsewhere. Councilor Hightower asked how much of the ARPA funding could cover costs of the REIB department. Mayor Weinberger replied that they believe that the REIB funds are ARPA-qualifying and that they could use ARPA dollars to cover those costs. He said he is concerned that that strategy does not incorporate those costs into the structural budget and that steps in that direction need to be taken in order to ensure sustainability.

Councilor Paul noted that the tax increase would be well below the rate of inflation. She said that the $5.2 million allocated for wages seemed low, given the high rate of inflation. She asked what it is based on and how it was calculated. Chief Administration Officer Schad replied that that line item includes estimates for cost of living allowances and step progression for positions for both FY22 and projected FY23, but not other non-labor costs that would be impacted by inflation. Councilor Paul asked about the rate reduction for schools and how it was calculated. Chief Administration Officer Schad replied that the information was taken from what would go on the ballot pertaining the school budget.

Councilor Paul noted that the Retirement Fund will be level-funded for FY23. She said that inflation doesn't usually benefit retirement funds and asked if the annual required contribution has already been determined. Chief Administration Officer Schad replied that the final actuarial valuation of the retirement fund showed that the return on its investment portfolio was the best it has ever been (35%), hence the level-funding.

City Council President Tracy asked about the creation of a number of new positions currently, given the projected potential budget shortfall. Mayor Weinberger replied that it is the City's intent to reach a successful budget, though it will resort to some austerity measures if it faces challenges in this arena. City Council President Tracy also asked for the results of the ARPA survey. Mayor Weinberger replied that they will reach out with more information.

5.0 DOWNTOWN TIF DISTRICT BOND – CEDO/DPW

5.01 Downtown TIF District Bond – CEDO/DPW

Mayor Weinberger provided a summary of the Great Streets Main Street concept, noting that it would entail protected bike lanes, rain gardens, stormwater upgrades, and would create a new tree belt that would allow the City to restore the tree canopy on Main Street.

Director Pine spoke about the presentations on the TIF District Bond at the NPAs as well as other public forums and public engagement.

City Council President Tracy asked about the $1 million in administration costs and what those entail. Director Pine replied that the City is not allowed to borrow funds to pay for those costs (and must use the tax increment to fund it). He said that there is a large burden on the City in terms of monitoring, oversight, and reporting requirements for the district, and those costs help to fund staff time for those activities.

Councilor Dieng noted that most constituent concerns he has heard are around financing the district and a fear of gentrification on Main Street, to the detriment of current residents and businesses. Director Pine replied that there are mechanisms in this proposal to minimize the risk as much as possible. He noted that external economists review the project's financial assumptions to determine whether they are sound. He also noted that there are safeguards in place to prevent gentrification and detrimental effects to current residents and businesses.

6.0 ADJOURNMENT

6.01 Motion to Adjourn

With no further business and without objection the meeting was adjourned at 7:02 PM.

RScty: AACoonradt