



Board of Finance Meeting, Tuesday, January 19, 2021, 5:30 pm
****VIRTUAL MEETING****
1/19/2021

BURLINGTON BOARD OF FINANCE

REMOTE MEETING WITH CALL-IN NUMBER

BURLINGTON, VERMONT

MINUTES OF MEETING

January 19, 2021

MEMBERS PRESENT: Max Tracy

Karen Paul

Brian Pine

Ali Dieng

Katherine Schad/Miro Weinberger

OTHERS PRESENT: Rich Goodwin

Jordan Redell

Gene Richards

Sarah E Carpenter

Larry Lackey

Nic Longo

Shelby Losier

Marie Friedman

Zoraya Hightower

Joan Shannon

Cindi Wight

Kara Alnasrawi

Emer Feney

Mary Danko



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1.0 CALL TO ORDER and AGENDA

Chief Administrative Officer Schad called the Board of Finance meeting to order at 5:37 PM. A moment of silence was held to honor the continued loss of American lives due to Covid-19.

1.
 - i. Motion to amend/adopt agenda

MOTION by Councilor Paul, SECOND by City Council President Tracy, to adopt the agenda.

VOTING: unanimous; motion carries (not present for vote: Councilor Dieng, Mayor Weinberger).

2.0 PUBLIC FORUM (VERBAL)

2.01 Verbal Comments

None at this time.

3.0 CONSENT AGENDA

3.01 motion to adopt the consent agenda and take the actions indicated

3.02 Draft Minutes of December 21, 2020 Board of Finance Meeting – approve the minutes.

3.03 Draft Minutes of January 4, 2021 Board of Finance Meeting – approve the minutes.

MOTION by Councilor Pine, SECOND by Councilor Paul, to adopt the consent agenda and take the actions indicated.

VOTING: unanimous; motion carries (not present for vote: Councilor Dieng, Mayor Weinberger).

4.0 PRESENTATION: FY2022 BUDGET UPDATE

4.01 Presentation Regarding Fiscal Year 2022 Budget Update





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Chief Administrative Officer Schad presented a first update on the Fiscal Year (FY) 2022 General Fund Budget, caveating that the facts and figures within are best estimates as of this date. She began with revenue assumptions, which include a breakdown of the Big Five (property taxes, payment in lieu of taxes, fee for service, gross receipts, and local option tax) which account for 69% of all revenue that the City collects. She noted that no significant changes in property tax were budgeted for (since reappraisals have not yet occurred), that payments in lieu of taxes (PILOT) and fee for service (FFS) have only been adjusted for inflation, that gross receipts were kept at FY21 budgeted levels, and that the local option tax has been restored back to FY20 levels due to increased consumer spending on state-taxable items.

Councilor Paul asked about reappraisals and why they need to be accounted for in the property tax bottom line, since it was her understanding that they are revenue-neutral. She also said that it would be good to understand what organizations are represented in the PILOT and FFS line, since some of them were eliminated or significantly reduced in FY21, and others were increased by much more than the rate of inflation. She said that, for example, it would be helpful to understand if the Memorandum of Understanding (MOU) with the University of Vermont is linked to inflation or if there is a set schedule for increases. Chief Administrative Officer Schad agreed that a deeper dive into the PILOT and FFS line would be helpful during the budgeting process, and clarified that there are no major adjustments anticipated for that line for the next fiscal year.

Councilor Pine noted that reappraisal is guided by charter language. He also suggested breaking out franchise fees. Chief Administrative Officer Schad agreed and will break franchise fees out from the fee for service line.

Chief Administrative Officer Schad continued summarizing additional revenue assumptions, which also include a breakdown of the Sly Six (Department of Public Works, Burlington Parks, Recreation, and Waterfront, Permitting and Inspections, Burlington Fire Department, Burlington Police Department, and Burlington City Arts), which account for 20% of the City's revenue. She said that current assumptions are: DPW would be kept at FY21 levels, that BPRW has a modest bounce back projected for FY22, that P&I is being budgeted conservatively for FY22, that BFD would be budgeted at the FY20 actual level, that there are no changes to BPD other than moving parking enforcement to DPW, and that BCA is being kept at the FY21 level.

Chief Administrative Officer Schad reviewed expense assumptions. She said that staffing would be kept at current levels, meaning no layoffs or cuts in jobs and that the City does plan to issue planned cost-of-living adjustments and step increases. She said that temporary and seasonal staffing will be brought up to FY20 levels. She said that operational budgets would be held to the constricted FY21 levels, and noted that new firefighter positions are included in these assumptions.

Chief Administrative Officer Schad said that with these assumptions taken into account, the City is projecting a \$6 million deficit. She said that the deficit will be partly offset by implementing the tax increases that were approved by the voters in March of 2020 (a public safety tax of around \$1.2 million, and a dedicated housing trust tax of \$200,000, the latter of which isn't taken into account in the deficit), which would mean a projected deficit of \$4.8 million assuming no additional expense cuts or revenue increases.



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Chief Administrative Officer Schad ended by walking through the City's proposal to deliver a balanced budget, which would include no additional tax increases, reviewing and revising conservative revenue projections as appropriate, working closely with state and federal governments to secure financial assistance (such as President Biden's proposed additional stimulus package for municipalities), strict limits on discretionary spending, being creative with funds such as Fund 150 and how they could impact the general fund, and using unassigned fund balance as a last resort to cover shortfall. She stressed that none of the projections or proposals entail layoffs or other employee actions such as furloughs at this time. She outlined the timeline into the spring and early summer for FY22 budget development and approval.

City Council President Tracy asked how balancing would occur if federal stimulus doesn't come through, and whether the City would consider using unassigned fund balance or layoffs first. Chief Administrative Officer Schad said that the City would consider utilizing the unassigned fund balance before layoffs. Mayor Weinberger added that they are bringing forth a proposal that continues non-personnel austerity and restrictions in anticipation of another lean budget year. He expressed confidence that they will be able to avoid personnel actions like furloughs and layoffs. He added that he is hopeful that federal stimulus funding would come through, but that the administration would come back to the Board of Finance if that funding is not secured.

City Council President Tracy asked if there would be further service cuts on top of FY21, or if the budget would maintain what was cut in FY21. Chief Administrative Officer Schad said the budget was built on a model of maintaining current levels.

City Council President Tracy asked about capital spending and implications for capital budgets. Mayor Weinberger said this presentation was focused on the operating budget. He said that staff are planning for the upcoming year's capital budget, and that it will be modestly reduced from previous years. He said that in past years the City has had a higher budget due to sustainable infrastructure bond and investment, but that next year will be the last year of that plan and they will see modestly less spending than the prior four years of it. He noted that the City will need to start talking about a subsequent capital bond to continue the level of investment, adding that there is capacity in debt policy for another bond.

Councilor Pine asked about the liquidity fund, saying that rates are incredibly low and that it is worth looking at whether there is a benefit to spreading out payments when the City anticipates things improving rather than using its rainy-day fund. Mayor Weinberger said that they had looked at this for FY21 budget, and the challenge is that by charter, this option would need to go to voters for approval. Finance Director Goodwin added that the City is exploring some refinancing without extending the length of its existing debt.

Mayor Weinberger asked if Board of Finance members agreed with this general approach and strategy for the FY22 budget. Councilor Pine said that several departments were constrained by not being able to rely on seasonal and temporary labor and that the City needs to be mindful of being transparent and up front about cutting back on services if it looks like that will occur. Mayor Weinberger said that he anticipates activity and services being restored or increased and that it is a high priority to restore these services.



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Councilor Dieng asked about the federal stimulus package, and whether components around COVID-19 relief and infrastructure would be made available to the City together or separately. Mayor Weinberger replied that he would also consider a third bucket of funding around revenue replacement. He noted that the City has been extremely proactive and aggressive in obtaining federal reimbursement for COVID-19 related expenses. He said he is hopeful about the prospect of a Biden stimulus package providing relief in form of revenue replacement, which would go straight to the bottom line and would allow the City to restore the parts of the budget that it has had to cut back on until now.

Councilor Dieng commented on refinancing and said it would be good to pursue that. He added that he would like an update on debt and expressed a preference for using the unassigned fund balance to cover shortfalls instead of raising taxes.

5.0 FOR APPROVAL AND RECOMMENDATION TO CITY COUNCIL

5.01 Authorization to Approve an Engineering Design, Bidding, Coordination and Construction Contract for the Airfield Hot Spot Mitigation Project - Airport

MOTION by Councilor Pine, SECOND by Councilor Paul to 1. approve and recommend that the City Council authorize the Director of Aviation to execute a contract with CHA for up to \$317,761.16, plus an additional contingency amount of \$47,664.17 (15%), totaling up to \$365,425.33 for the preparation of design and construction bidding documents related services for the Hot Spot Mitigation Project, subject to final review and approval by the City Attorney's Office; and 2. To approve and recommend that the City Council approve a budget amendment to the Fiscal Year 2021 Burlington International Airport budget for the Hot Spot Mitigation Project, by increasing the accounts as set forth above.

DISCUSSION:

- **Deputy Director Longo said that the airport continuously looks at safety improvements and that it works with the Federal Aviation Administration (FAA) air traffic control division, airlines, and others, to identify specific hot spots or areas that have come up as safety issues, or areas of confusion for pilots. He said that they have identified three hotspots at BTV Airport as a result of this review. He said that the airport would like to hire CHA to help mitigate some of these hot spots, provide design services, bidding, and construction services. He noted that most of the work entails additional lighting or signs on the airfield as well as additional paint markings or removal of excess pavement. He added that this would help mitigate those hot spots and prioritize funding. He finally noted that the airport would return to the Board of Finance and City Council to seek grant authorization as a result of this work.**

VOTING: unanimous; motion carries.

5.02 Request to Approve Acceptance of a Grant with the FAA and Design/Inspection/Construction Related Contracts for the Terminal Integration Project (TIP) – Airport



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Director Richards provided a summary of the grant and the work the airport has done around securing it. He said that they have been working to obtain this grant for around ten years, and that they were finally able to procure it and that the majority of the funding for it is from the FAA. He said that the City is very fortunate to have been able to receive the grant and that it provides significant opportunities for airport improvements. Deputy Director Longo added that the airport administration has worked hard to push the FAA for funding to right-size the airport. He described some of the proposed working, saying that it would realize greater efficiencies from a passenger, operations, and energy perspective.

Councilor Pine noted that the FAA is funding about 90% of the grant, and asked who is responsible for the other 10% of it. Deputy Director Longo replied that the remainder would be funded through passenger facility charges, which are authorized through the FAA and airline companies and remitted to Burlington when a passenger purchases a ticket.

Councilor Pine asked about operating budget reductions. Director Richards said that the changes would reduce Transportation Security Administration (TSA) costs by 30%, realized through efficiencies.

Councilor Dieng asked how the Airport Commission approved the grant and whether the approval was unanimous. Deputy Director Longo replied that it was approved unanimously. Councilor Dieng asked about how the airport would be combating climate change and making efforts to be more sustainable. Director Richards replied that the airport would be upgraded with LED lighting, two electric vehicles, and doing everything it can to develop and approve electric aircraft.

City Council President Tracy asked if this project is related to any future expansion of the airport. He additionally asked about accessibility enhancements and whether everyone would be able to use the same facilities to access both terminals. Director Richards replied that the airport will be discontinuing the escalators and stairs in the middle of the airport. He also said that this project would be the beginning of future growth, would set up for successful future growth. City Council President Tracy said that he is against expansion in general for climate change reasons, but approves of these current proposed changes, which would make the airport more efficient.

MOTION by Councilor Paul, SECOND by Councilor Dieng, to 1. approve and recommend that the City Council authorize the Director of Aviation to execute an Airport Improvement Program grant with the Federal Aviation Administration and accept up to \$14,498,480.70, plus an additional contingency amount of \$2,147,772.11 (15%), totaling up to \$16,646,252.81, which could be issued in multiple grants, for the Terminal Integration Project, subject to the final review and approval by the City Attorney's Office, and 2. approve and recommend that the City Council authorize the Director of Aviation to execute a contract with Jacobs Engineering Group for up to \$1,375,622.00, plus an additional contingency amount of \$206,343.30 (15%), totaling up to \$1,581,965.30, for design assistance and construction inspection related services for the Terminal Integration Project, subject to final review and approval by the City Attorney's Office, and 3. approve and recommend that the City Council authorize the Director of Aviation to execute a contract with Engelberth Construction Inc. for up to \$14,091,303.00, plus an additional contingency amount of \$2,113,695.45 (15%), totaling up to \$16,204,998.45 for design and construction services for the Terminal Integration Project, subject to final review and approval by the City Attorney's Office.

VOTING: unanimous; motion carries.



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6.0 COMMUNICATION

6.01 Communication: Updated Debt Load Projections

No discussion at this time.

7.0 ADJOURNMENT

7.01 Motion to Adjourn

MOTION by Mayor Weinberger, SECOND by Mayor Weinberger, to adjourn the Board of Finance meeting.

With no further business and without objection the meeting was adjourned at 6:52 PM.

RScty: AACoonrad