BURLINGTON BOARD OF FINANCE
BUSHOR CONF. ROOM, FIRST FLOOR, CITY HALL *OR*
REMOTE MEETING WITH CALL-IN NUMBER
BURLINGTON, VERMONT
MINUTES OF MEETING
DRAFT
January 8, 2024

MEMBERS PRESENT:	Ali Dieng Joe Magee (via Zoom) Mark Barlow Miro Weinberger
OTHERS PRESENT:	Katherine Schad Jared Pellerin Jordan Redell Darren Springer Emily Stebbins-Wheelock Erica Ferland Munir Kasti Joe Minicozzi Meagan Tuttle Joe Turner Gene Bergman Melo Grant

1.0 CALL TO ORDER and AGENDA

1.1 Motion to amend/adopt the agenda
Mayor Weinberger called the Board of Finance meeting to order at 5:34 PM.

MOTION by Councilor Magee, SECOND by Councilor Barlow, to adopt the agenda.

VOTING: unanimous; motion carries.

2.0 PUBLIC FORUM

2.1 Verbal Comments
Sharon Bushor asked for more information about the bids received for the contract for the User Fee Study. She also expressed support for making the Burlington Electric Department’s Energy Assistance Program permanent (rather than a pilot). Further, she noted that she

interpreted the Urban3 study as a mechanism for giving information to investors and developers, rather than looking at the diversity of possible housing across the City (but acknowledged that this is just an interpretation).

Councilor Bergman spoke about the User Fee Study, saying that he hopes that working class members of the community are taken into consideration when determining whether to increase user fees, as the City should not make fees so prohibitive that certain amenities and programs are inaccessible to portions of the population.

Chief Administrative Officer Schad noted that the decisions around user fees will still be in the hands of the City Council and administration, but the User Fee Study's purpose is to determine how much various classes, camps, programs and services cost the City, which will in turn inform whether user fees should be adjusted.

3.0 CONSENT AGENDA

3.1 Motion to adopt the consent agenda and take the actions indicated
3.2 December 18, 2023 Board of Finance Meeting Minutes, Draft – approve the minutes.
3.3 Contract for Juneteenth 2024 product and management – REIB – approve and authorize the Director of Racial Equity, Inclusion & Belonging to execute a contract with OKAY!!OKAY!! Marketing and Creative for production and management services in connection with Juneteenth 2024 in an amount not to exceed $65,000, subject to review by the City Attorney's Office.
3.4 Authorization for Contract with MGT Consulting for City of Burlington User Fee Study – C/T – approve and authorize the Chief Administrative Officer to execute a contract with MGT Consulting for a User Fee Study for the City of Burlington, with a maximum limiting amount of $79,500, subject to the final review and approval by the City Attorney's Office.
3.5 FY23 Recycling Trash & Plow Truck Purchase Cost Increase – DPW – approve and recommend that the City Council authorize the Department of Public Works to spend an additional $16,189.00, for a total of $222,722.00, for the FY23 plow truck, and additional $21,242.00, for a total of $285,242.00 for the FY23 recycling truck purchase; and to further authorize the Director of the Department of Public Works to execute a purchase agreement and other associated documents necessary to effect such purchase with Allegiance Trucks for a total purchase price not to exceed $222,722.00 for the FY23 plow truck, and $285,242.00 for the FY23 recycling truck, subject to the review of the City Attorney's Office.

MOTION by Councilor Barlow, SECOND by Councilor Dieng, to adopt the consent agenda and take the actions indicated for items 3.1-3.5.

VOTING: unanimous; motion carries.

4.0 FOR APPROVAL AND RECOMMENDATION TO THE CITY COUNCIL

4.1 Position Elimination and Creation – BED/HR
General Manager Springer said that with every vacancy, the department determines whether to backfill it. He said that in this instance, a position became vacant that was kept for the incumbent but that it was obsolete once the incumbent departed. He said that they determined the need for cybersecurity expertise that would be of better use for the vacancy. He noted that this is a tiered position and that they are planning to hire at a lower tier, which would not affect the FY24 budget.

Councilor Barlow asked about how the department decided to convert this to a cybersecurity position. Chief Financial Officer Stebbins-Wheelock noted that cybersecurity has been a concern of the department's IT team for decades and that it has grown into more of a risk in the last number of years, and that it is a best practice to have this type of dedicated expertise.

Councilor Dieng asked about cybersecurity breaches at BED. General Manager Springer replied that in 2016 there were a set of news articles alleging (incorrectly) that there was Russian intrusion into BED's infrastructure. He noted that since then, there hasn't been any high-profile activity since then. He spoke about ongoing training. IT Director Ferland spoke about BED's team approach to cybersecurity, saying that increasing cybersecurity awareness is a collaborative effort, noting that this position would have expertise that the entirety of the department can rely on.

MOTION by Councilor Dieng, SECOND by Councilor Barlow, to approve and recommend that the City Council eliminate an Enterprise Data & Integration Specialist, a Regular, Full-Time, Exempt, Union, Grade A2, A4, and A6 (depending on tiered level) position and create a Cybersecurity Engineer, a Regular, Full-Time, Exempt, Union, Grade A4 and A6 (depending on tiered level) position within the Burlington Electric Department.

VOTING: unanimous; motion carries.

4.2 BED Advanced Distribution Management System Project – BED
General Manager Springer noted that there were four qualifying and one non-qualifying bids for this work, saying that BED has selected the lowest qualifying bid (in terms of cost). Chief Operating Officer Kasti spoke in more detail about the system that is being replaced through this purchase, noting that the current system is over ten years old, is past its end of life, and that vendor support for the current system will end on March 31, 2024. He spoke about the bid review process for this system and the criteria through which the current apparently successful bidder was selected. He said that this replacement system would be more automated and would allow for better communication with customers.

MOTION by Councilor Magee, SECOND by Councilor Barlow, to approve and recommend that the City Council approve and authorize the General Manager of BED to execute with Survalent a Software License Agreement, an Implementation Services Agreement, and a Support & Maintenance Agreement to purchase and receive associated implementation, support, and maintenance services for an Advanced Distribution Management System at fixed, not-to-exceed prices, subject to review and approval of the City Attorney's Office and subject to appropriations for each relevant fiscal year.

VOTING: unanimous; motion carries.

4.3 Conversion of BED Energy Assistance Program from a Pilot to a Permanent Rate – BED
General Manager Springer began by noting that BED developed an energy assistance program pilot during the COVID-19 pandemic and that it is now coming due to either discontinue the pilot or make the program permanent. He said that BED would like to make this a permanent offering, which would give income-qualified customers a 12.5% discount on their electric rates. He said that staff are currently working on how to enroll more customers in this program, and are conducting outreach to customers to determine eligibility.

Councilor Magee spoke in support of making this program permanent, additionally speaking positively about efforts to auto-enroll customers into the program.

Councilor Grant asked where information about this program is available translated into other languages, for the City's non-English-speaking residents. General Manager Springer replied that they had been using translated materials as part of outreach events, but could work with the C/T Department to make the materials available at City Hall.

Councilor Dieng asked about the costs of this program, particularly if eligibility and enrollment are expanding. Chief Financial Officer Stebbins-Wheelock replied that if the number of enrolled customers increases from 200 to 800, then the projected costs would increase by around $100,000. General Manager Springer spoke in more detail about outreach activities and collaborating with other entities (such as the Champlain Valley Office of Economic Development) to get the word out about this program.

MOTION by Councilor Dieng, SECOND by Councilor Magee, to approve and recommend that the City Council approve BED seeking approval from the Vermont Public Utility Commission of the Energy Assistance Program tariff provided with this memo as a permanent BED tariff offering to its customers.

VOTING: unanimous; motion carries.

5.0 DISCUSSION OF STATE AUDIT OF DOWNTOWN TIF DISTRICT **EXPECTED EXECUTIVE SESSION**

5.1 Discussion of State Audit of Downtown TIF District **expected executive session**
Mayor Weinberger noted that this pertains to the audit that the State is statutorily required to conduct on the TIF District. He said that an initial draft of the audit report has been shared with the City and the City is in the process of responding to the draft, noting that the details of the initial report have been shared with the Council. He said that this item serves as an opportunity to have discussion in executive session based on that privileged communication to Councilors about the draft audit.

There was no further discussion.

6.0 PRESENTATION FROM URBAN3: THE ECONOMICS OF COMMUNITY DESIGN IN BURLINGTON

6.1 Presentation from Urban3: The Economics of Community Design in Burlington
Mayor Weinberger said that this relates to work conducted by consultants related to property tax revenue and community design. Director Tuttle noted that this contractor work was approved by the Board of Finance and Council in 2022, and pertains specifically to an analysis on how the City's property tax revenue impacts its budget and how policy decisions impact overall taxable value of the City, saying that the intent is to obtain more information to understand potential outcomes of policy decisions in future.

Mr. Minicozzi began by speaking about urban development and reinvigoration of downtown Asheville, North Carolina. He spoke about alternative ways of viewing value for land, showing analyses of taxable value per acre.

He then spoke briefly about property taxes and the City's revenue and expenditures at a basic level. He spoke about how property taxes work in Vermont, noting the three main buckets of properties (residential homestead, residential non-homestead, and commercial properties), and the three main types of applied tax rates (education, municipal, and local agreement taxes). He then spoke about the City's buckets of revenue and expenditure, using 2021 as an example. He spoke about how each state is different in terms of its local tax revenue sources and composition, noting that some states' revenues rely more on sales and other taxes than on property taxes, but that Vermont relies heavily on property taxes as a source of local revenue.

Mr. Minicozzi then spoke about Burlington's value specifically. He spoke about the total appraised value of Burlington, noting that the highest appraised value parcels are in the New North End. He then spoke about the appraised value per acre in Burlington, noting that Church Street has the highest value per acre, given density. He noted that Burlington is unique in its amount of non-taxable (exempt) land, noting that 55% of the City's land isn't generating value (such as its parks and the University of Vermont). He noted that focusing on the downtown, 61% of the City's land is non-taxable. He noted that the City's downtown's physical footprint is about 3.1% of the City's total area, while its taxable value is around 12.8% of the City's total taxable value. He said that a good downtown has a high ratio. He said that the New North End's ratio is 0.5, which could represent an opportunity to push a corridor that could be more productive. He noted that a single-family average property value is around $2 million per acre, and that duplexes are around $2.6 million. He then walked through examples of this value analysis for the commercial property and mixed use sectors as well.

Mr. Minicozzi then spoke about equity in assessment, or analyzing uniformity in property assessment. He began by noting an analysis by the New York Times in 2021 around how lower-income neighborhoods tend to be overvalued for tax purposes (and vice versa for wealthier neighborhoods' properties). He walked through an analysis of Burlington's 2022 residential sales ratio, noting deciles of sales that were over, under, and fairly appraised. He also walked through an appeals analysis, noting a $20 million drop in value post-appeals, and that higher-value homes have more successful appeals than lower-value homes.

Mr. Minicozzi then spoke about recommendations for Burlington in the future. He said that they are recommending more frequent reappraisals, incorporation of vertical equity in the sales ratios analyses, overhaul the appeals process and fund more appeals with third party organizations, consider partnering with neighboring municipalities or states to share information collectively, create a uniform tax abatement based on equitable remediation (for example, at $75,000), and continue commitment toward transparency and integrity in the appeals process.

Councilor Dieng asked when this work was conducted, and Director Tuttle replied that it has been occurring for about a year. Mayor Weinberger spoke about how the City's current initiatives, such as the South End Innovation District, the neighborhood code work, and other projects are implementing some of what Mr. Minicozzi has recommended. He noted that there are many parts of the country that have far greater disparity and less fairness in appraising than Burlington does. Director Tuttle added that the non-taxable areas of Burlington are really a reflection of Burlington's values for open and green spaces. Councilor Dieng expressed support for this out-of-the-box thinking and analysis and exploring how it can fit into Burlington's work moving forward.

Councilor Barlow spoke about commercial spaces with productive first-floor uses but that have less productive second and third-floor uses, which caused those properties to be undervalued in some instances, saying that the City needs to figure out a way to realize the potential value of those commercial properties. He also noted a large amount of interaction between the State and City on property tax revenue, given that much of it goes toward the education fund at the State level. Mr. Minicozzi noted that he has been interacting with several State legislators about exploring a land value tax system.

Councilor Bergman said he would like more granularity on the lower-income houses in Burlington, in terms of house values and locations. He said that he was struck about the numbers presented for the Old North End versus the New North End. He said he would like to see other progressive alternatives (like uniform tax abatement and land value tax systems), such as income-sensitive municipal taxes. Mayor Weinberger noted that the comparisons between the Old North End and New North End were a function of density, rather than fairness. He said that the neighborhood code policies, if implemented, could make other areas of the City look more like the Old North End, in terms of density and infill.

Councilor Grant spoke about how problematic the reappraisal appeals process was and expressed grave concern about the process. She said that a focus on fairness and how the City handles appraisals in future is extremely important.

Director Tuttle said that she and her team have been working with Mr. Minicozzi and his team on how to use this analysis to inform future policy development. Councilor Dieng asked about the role of the CCRPC in this conversation. Director Tuttle replied that the CCRPC has been a good partner in helping share information across municipalities.

7.0 ADJOURNMENT

7.1 Motion to Adjourn

With no further business and without objection the meeting was adjourned at 7:31 PM.

RScty: AACoonradt