



# OFFICE OF THE CLERK/TREASURER

City of Burlington

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## BOARD OF FINANCE

SEPTEMBER 12, 2011

### MINUTES

**PRESENT:** Mayor Kiss; City Council President Keogh; Councilors Mulvaney-Stanak, Wright, and Paul; Interim CAO Schrader

**ALSO PRESENT:** Councilor Bushor; ACAO Goodwin; Bob McEwing, Airport; Larry Kupferman, CEDO; Ken Nolan, BED; Scott McIntire, Melanson & Heath

#### 1. Agenda

There being no changes to the agenda, the agenda was adopted as presented.

#### 2. C/T: Meet with Auditors Melanson & Heath

Scott McIntire, the new City Auditor, thanked the Board of Finance for awarding Melanson & Heath the City contract and offered to answer any questions.

City Council President Keogh inquired what standards the auditors would be using, as Burlington is a municipality and not a private entity. Scott McIntire stated there were regulations regarding municipal auditing and AICPA and Yellow Book standards will be followed. City Council President Keogh stated AICPA regulations note the importance of communication. Mr. McIntire stated there was a standard regarding communication called communication for those charged with government. It could be challenging to establish who the governmental organization was, as there were administrative individuals, elected officials, and an Audit Committee. Since it would be difficult to communicate with each person, he stated he would look to the Board of Finance to help designate communication points. Melanson & Heath would ensure that reports and presentations keep the Financial Board and City Council informed.

City Council President Keogh inquired what they would expect of the City. Mr. McIntire stated Burlington is responsible for its own financial statements, federal expenditures, and internal controls in accordance with generally accepted accounting principles. The audited financial statements would monitor how effective the City was in these carrying out these practices and procedures and would provide recommendations.

Councilor Wright stated he did not believe the auditor should be required to answer questions from fourteen City Councilors. Information that needed to be shared should go through the Board or full Council. Mr. McIntire agreed that separate Councilors communicating with him would be difficult. How information was communicated was up to the City.

A member of the audience addressed the matter of communication. Mayor Kiss stated the Audit Committee was created to provide expertise and communicate with the Council and Board of

Finance. Mr. McIntire stated it may be valuable for his firm to speak to the Audit Committee about risk assessment. His firm will seek input from Council and Board as to who to speak with.

Mayor Kiss inquired about the prior auditing firm. Mr. McIntire stated he had worked with Sullivan and Powers to learn more and to look at their work.

Councilor Paul stated there was a resolution which separated the School Audit and the City Audit. She explained that the City Council could make requests of Schools but not enforce them. There had also been discussions regarding a separate audit being done for the Airport and Burlington Telecom.

ACAO Goodwin stated Melanson & Heath is the largest municipal audit firm in New England with a large staff. Within a week, they will submit a work plan for the entire audit and were on track to get the audit done accurately and timely.

Councilor Paul stated there had been a resolution passed which requested that department heads respond to issues in the management letter, either in writing or in person. ACAO Goodwin stated the Finance team was reviewing the management letter and would provide an update by the 15<sup>th</sup> with feedback. Councilor Paul stated she wanted to see these issues addressed.

Scott McIntire stated he appreciated clients submitting written responses. In accordance with auditing standards responses to the Management Letter needed to be issued within a 60 day period after the financial statements were issued. He stated he would need help getting responses from departments.

### **3. AIRPORT: Federal Land Leases**

Bob McEwing, Interim Director at the Burlington International Airport, addressed the Board. He stated the Airport had three leases with the federal government, two with the Federal Aviation Administration and one with the Vermont National Guard. The first with the FAA would put a walkway between the flight service basin and the air traffic control tower. The Airport wanted to bring that lease in sync with their lease for the main building. Both would expire on September 30, 2012.

The second would lease a portion of the former flight service basin building to the FAA. The FAA currently used the building for free, but they would release the building to the Airport and the Airport would then lease a portion back and receive rent for it. The FAA would use 3,500 square feet and would pay approximately \$29,000 a year. The third lease had to do with the Guard expanding one of the taxiways. These areas now occupy land they do not have a lease for. This agreement would allow the Airport to lease the FAA 2.9 acres.

Mayor Kiss inquired about the area the Airport would be getting back and if any of that \$29,000 would be profit earning. Bob McEwing stated it was not intended to be, but the number was probably liberal. This also left 3,000 square feet of the building to lease out. Negotiations for this space have begun with the TSA. That lease will represent revenue.

City Council President Keogh and Councilor Mulvaney-Stanak made a motion to approve the federal land leases. The motion passed unanimously.

#### **4. AIRPORT: Land Acquisitions**

Bob McEwing, Interim Director of the Burlington International Airport, stated under AIP-88, a federal grant, \$3 million was available for land acquisitions. Approval of this item would allow for the purchase of four properties.

Mayor Kiss inquired what happened to the houses after they were purchased. Bob McEwing stated the properties were purchased with federal funds and the house could be sold and moved or demolished, depending on the condition of the home. He stated the FAA allows the homes to be given to anyone who wanted to move them, which one contractor did several years ago. Of the 57 affected homes, 10 were in good shape and could be moved. The FAA would not allow them to be used for short term housing, for instance to house flood victims, because the former owners had been moved because residing there was considered to be a negative environment.

Councilor Paul inquired about the number of homes. Bob McEwing stated there were four on the list currently and there would be more in the future. Councilor Paul inquired about taxes on the building. Bob McEwing stated the Airport would pay about \$2,200 per property per year. Councilor Paul inquired how much the Airport was currently paying in property taxes on homes they had purchased. Mr. McEwing stated approximately \$120,000.

Councilor Paul inquired if the money could be used for noise mitigation. Mr. McEwing stated this money was strictly for purchasing homes. Noise mitigation was a separate project. One option would be to retrofit the homes above the 65 DNL level, but this confined people to their homes and would require FAA approval. Councilor Paul stated she did not like the idea of spending upwards of \$100,000 in property taxes for homes that were vacant. Bob McEwing stated the issue will be revisited.

City Council President Keogh and Councilor Mulvaney-Stanak made a motion to approve the land acquisitions. The motion passed unanimously.

#### **5. AIRPORT: Professional Service Contract**

Mr. McEwing, Interim Director for the Burlington International Airport, stated this request was for professional services needed to remove the homes. These include environmental assessments, preparation of plans and specifications for removal of the homes and inspections of impacts on neighboring residents.

In response to an inquiry, Bob McEwing stated it would cost approximately \$20,000 and most of the homes had asbestos and fuel tanks that would need to be removed. Most of the money being used was federal grant money.

Interim CAO Schrader inquired what was done to the land after the building was removed. Bob McEwing stated they remove the foundation and fill the basement, then plant grass and trees. Interim CAO Schrader inquired if the trees provide a noise barrier. Bob McEwing agreed and stated it was also done to improve the character of the property.

Councilor Paul and Councilor Mulvaney-Stanak made a motion to approve the contract. The motion passed unanimously.

## **6. BED: Purchase Power Agreement**

Ken Nolan of Burlington Electric Department explained to the Board that this project involved working with private developers to put solar panels on school properties. The Electric Commission approved the project in 2010, but the developer could not finance it. Encore Redevelopment purchased the rights to the project and were able to get grant funding. BED would be taking the output for 20 years and allowing them to take the tax incentives and pay a lease to the school. All parties would benefit from the arrangement. The grants would expire if the project were not operational by years end.

Mayor Kiss inquired about language in the contract and resolution. Ken Nolan stated they added the names of the schools as an attachment so the terms of the agreement will remain the same if financing forces properties to be subtracted. Mayor Kiss inquired how much energy this would produce. Ken Nolan stated there was a cap of a megawatt and a half. They were considering the age of school roofs so as not to put panels on roofs that would need renovations in the near future.

Councilor Mulvaney-Stanak inquired if the Sustainability Academy was one of the properties. Ken Nolan stated it would not work at that location at the present time but would be under consideration for future projects.

City Council President Keogh and Councilor Mulvaney-Stanak made a motion to approve the agreement. The motion passed unanimously.

The meeting was adjourned at 5:43pm.