



OFFICE OF THE CLERK/TREASURER

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BOARD OF FINANCE

MAY 7, 2012

MINUTES

PRESENT: Mayor Weinberger; City Council President Shannon; Councilors Bushor, Decelles, and Paul

ALSO PRESENT: Interim CAO Sisson; ACAO Goodwin; ACAO Schrader; Mike Kanarick, Mayor's Office; Ken Schatz, City Attorney; Seth Lasker, Fire; Lise Veronneau, Police/Fire; Michael Schirling, Police.

1. Agenda

Councilor Bushor requested an update on Moran. This was added as item 7.

On a motion by Councilors Bushor and Decelles, the agenda was adopted unanimously as amended.

2. Public Forum

No one came forward.

3. Approval of Board of Finance Minutes

a. February 13, 2012

Councilors Bushor and Decelles made a motion to approve the minutes. The motion passed unanimously.

Councilor Paul stated she was unsure if everyone should be voting on these minutes, as the composition of the Board had changed. Mayor Weinberger stated he had consulted with the City Attorney and it was appropriate.

Councilor Paul stated there was a portion of these minutes that referenced a resolution the City Council had passed requiring department heads to address any deficiencies found in the audit during budget presentations. She requested Police and Fire do that at this meeting.

Attorney Schatz stated it was appropriate for the new Board of Finance to approve minutes for the previous Board because it was important to go through the formality of approving them. Those who were not present were not in a position to know what was or was not said, but it was appropriate to rely on other members who were present to determine if there were concerns.

b. March 12, 2012

Councilor Bushor requested that more detail be added to item 6: Authorization to Accept Certified Local Government Grant – P/Z to explain what the grant was.

Councilors Bushor and Decelles made a motion to approve the minutes as amended. The motion passed unanimously.

c. March 26, 2012

Councilor Bushor stated she received an email from Cari Bruley requesting some corrections to the Public Forum section. She stated some inserts seemed appropriate but some of the language seemed to be promoting the program more than necessary. Interim CAO Sisson stated he agreed and felt that unless there was a factual error in the minutes, changes should not be made. Councilor Bushor stated she bracketed sections she felt were appropriate and highlighted what these sections were. She stated corrections and clarity should be inserted but the parts that were not relevant should be excluded. Interim CAO Sisson stated he agreed and would make the changes.

Councilors Bushor and Decelles made a motion to postpone action until corrections had been made. The motion passed unanimously.

4. Authorization for Public Improvement Bonds – CT

Interim CAO Sisson stated voters approved an increase in the City's borrowing capacity of \$2 million for Burlington Electric and \$1 million for the City. The Charter Changes had been completed and the Legislature approved them and signed them into law. This would allow borrowing and would require City Council approval.

Councilor Bushor inquired if the increase in Burlington Electric was from \$1 million to \$3 million. ACAO Goodwin stated that was correct.

Councilor Paul inquired if the intention was to bond these. ACAO Goodwin stated they intended to bond in August of 2012. Councilor Paul stated there was a resolution allowing Assistant CAOs Schrader and Goodwin to sign on behalf of the City. She inquired if they would need to pass a similar resolution to allow CAO Sisson to sign. Interim CAO Sisson stated it would be required, but because his appointment was temporary, the Assistant CAOs will continue to sign.

Councilors Bushor and Decelles made a motion to approve the bonds. The motion passed unanimously.

5. Police Department Budget Discussion

Michael Schirling, Police Chief, reviewed the materials provided in the packet. Interim CAO Sisson stated the FY13 budget was in the new format. Councilor Bushor stated she may have questions after this evening's presentation because she would need time to think about it. She requested there be an opportunity to come back and ask questions. She also requested that more materials be distributed at least a day or two in advance. Interim CAO Sisson stated they were working to prepare materials as quickly as possible. He stated they would request department heads attend meetings after their presentations.

Councilor Decelles stated that having any materials in advance would be helpful. It would be preferable to not have to backtrack and bring back department heads because Councilors did not have time to prepare for their meetings. ACAO Schrader stated that, in the past, questions have been emailed to the administration and they have been answered without bringing back department heads.

Ms. Veronneau stated the City was still trying to learn the new system. Councilor Paul stated it was frustrating to have incompatible formats to look at.

Chief Schirling stated he would review the PowerPoint and then answer questions about line items, particularly those with significant changes. He stated that salaries and benefits were the largest component of the budget, followed by utilities, vehicle maintenance and operations, and actual operating expenses. The Department was authorized to have 136 staff members with 100 sworn officers. That number was lower than in previous years when there were 156 staff members. Some of those positions, such as transcription services, had been eliminated due to technology. Savings would come primarily from personnel.

The Chief explained that in the last year, there were about 40,000 calls for service, 5,000 criminal investigations, 3,320 arrests, and 1,700 traffic accidents. There were 17,500 police departments in the United States and Burlington was in the top 5% in terms of size. There were several initiatives designed to reduce call volume and avoid use of more personnel. The Police Department has won several awards for this work. Current challenges include recruitment and retention, which were forecasted to get worse because of a mass retirement effect nationwide. Other challenges were the erosion of State resources in the areas of substance abuse, mental health, and corrections. Burlington Police provide services to about one-third of Vermont's population. Drugs and drug-related crime had been increasing which presents challenges. Burlington has a culture of permissiveness which sometimes had adverse effects on conditions on the street. There have been steady rates or slight reductions in vandalism. Service response, 90% of the work the department does, had also increased. The budget has been altered in a variety of areas.

Councilor Bushor requested information about the retention issue. Chief Schirling stated that would be included in the presentation. He stated there were 36 civilian positions and each time a vacancy occurred, they examined the structure of the department to determine if that was the correct position to fill. There had been many changes to the structure, and some positions worked while others have not. There was only one administrative position for 136 people. Lise Veronneau, Police, stated when they create these positions they make them limited service to allow them to make changes if needed. Some are converted to permanent positions later if warranted.

Chief Schirling stated in 2009, there was a City-wide reassessment process of community relations. The federal government gave grants to fund most of the items on a checklist they had created and most of those items had been implemented. In 2013, the goals were to continue with monthly assessments of operations to ensure everything ran smoothly. Highlights for operations would be continued operations on the marketplace and City Hall Park, traffic safety strategies, street outreach intervention, and creating programs to address mental health and substance abuse problems proactively.

The Chief explained that there had been a variety of changes to help make it clear how money

was being spent. There were three areas that coexist- salary, overtime, and attrition. The budget had historically ended up in an equilibrium that was difficult to understand. Line items would now be easier to understand. Overtime will be shown in a more transparent way. Interim CAO Sisson stated they were working to address this with the new financial software. Chief Schirling stated this was a new way of looking at the budget. The numbers could be off slightly, but after the first year there would be more knowledge in budgeting in this way.

Councilor Bushor requested a comparison between the old budget and the new budget. Chief Schirling stated the large items look different but the actual changes were modest. He stated other modifications were minor. The training budget had been increased over time in \$10,000 increments. There was an increase to Parks patrols, as there has been a demand for it. Attrition savings had been used to meet this demand which was previously significantly over budget. There were also plans for staffing increases in the future, as the correct number of staff was probably between 136 and 145. In the long term, there will be more examination of how increased staffing would be used. Another factor was the federal government grants for the internet crimes against children would decline in the coming years. That money would not be relied upon to balance the budget.

One area that has been challenging was retaining supervisors. There was a multi-step process to alter pay scales, but many things had prevented that from occurring. The second phase would not cost a lot of money and would mitigate the impact to the General Fund budget and have no impact on retirement. It would create opportunities for the employees without hurting the City. Phase 3 would be quite a bit different and further down the road. There had been recruitment bonuses based on how much training a new officer required. Hiring officers that were already trained saved the City between \$40,000 and \$60,000. Last year, two full-time Vermont certified officers were hired which saved \$100,000 in training. They were paid recruitment bonuses of \$5,000 each, so the net savings were \$90,000. In contract negotiations, the Union requested retention bonuses. These could be paid in the amount of \$1,200 without impacting the retirement system. That process would continue to determine the efficacy. It was a competitive environment and important to recruit from non-traditional sources, such as older officers working in other places. The CARES program was a wellness initiative for mental health to address the ongoing stresses of day to day operations. Having mental health personnel on site had been beneficial. It was a project they hope to continue and hope that it would help with retention. Ms. Veronneau stated the City's Wellness Committee contributed to that program. Chief Schirling stated they do not budget for catastrophic events.

Mayor Weinberger stated they would like to see a comparison of the old format and the new format. Interim CAO Sisson stated the numbers would not be the same. ACAO Schrader stated in the past, the City had budgeted salaries versus hourly employees. Now those numbers have been combined into "salary and wages". As long as they were full time employees, how they were paid was irrelevant. Councilor Bushor inquired if they should combine salaried and hourly numbers from the old budget to compare with the new one. Ms. Veronneau stated it used to be done that way, and was separated more recently. Now they will be combined again.

Chief Schirling stated there were no problems in the FY11 management letter they needed to address. ACAO Schrader stated there was no holiday pay or shift differential included as a type of pay, so they were listed as "other compensation". "Taxable allowance" represents what was previously referred to as sick leave. Councilor Bushor requested a key to explain the changes. ACAO Schrader stated his key was rudimentary. Interim CAO Sisson stated they could prepare

one. ACAO Schrader stated the report with zeros was a temporary issue that would be fixed to help compare the two. The Chart of Accounts had changed drastically, so it would be difficult to draw direct comparisons. Interim CAO Sisson stated the system would not allow manual input. Ms. Veronneau stated a key would be helpful. ACAO Schrader stated they would issue a chart of accounts listing every expense and where it should be categorized. Currently, it was subject to change on a daily basis. Interim CAO Sisson stated the old system used negative expense, but this system would not allow this. ACAO Schrader stated in the past they have netted, meaning that expenses would be tied to revenue. This will no longer happen, as it was bad accounting practice. It would tend to increase the budget in reporting, though not in actual practice.

Councilor Paul stated it might be helpful to schedule work sessions with the full Council to spend time on this. It was going to be a messy process and this will help the Council prepare. ACAO Schrader stated an example of the problem with netting was there was a line item called contract duty that historically spent \$100,000. However, there was corresponding revenue, so that expense was never shown. That did not reflect the true operations and would now change.

Councilor Bushor inquired how they would know if there were a balanced budget if they did not show the netting. She inquired how spending would be monitored. ACAO Schrader stated the Clerk/Treasurer's Office would be responsible for reviewing budgets. Councilor Bushor inquired if they would know how much was coming from the General Fund. Mayor Weinberger stated that was a different form of netting than what Councilor Bushor was referring to. ACAO Schrader stated she was referring to how many General Fund dollars were being assigned to a particular expense. That was shown on the report, though it was not perfect. The intention was for the reports to contain all fringe benefits that would be attributable to personnel within departments. Every position and the benefits associated with them would be listed in the budget. Each department would be a profit and loss statement listing revenues and expenses with the net city cost. Mayor Weinberger stated in the past there could be a line item with hundreds of thousands of dollars of activity appearing minor because revenues were hooked to expenses. Implementing this policy will add transparency to the budget.

Councilor Paul inquired if pension costs would be attributed by department. ACAO Schrader stated they would. Councilor Paul stated there should be an accurate figure of what each department costs.

6. Fire Department Budget Discussion

Seth Lasker, Fire Chief, described the materials available for the Board to review. Not much had changed in the Fire budget. The main budgetary areas were administration, suppression, emergency medical services, fire prevention and public education, training, and fire alarm. The Fire Department had five stations that were maintained and operated 24 hours a day, 365 days a year. Staff performed most of the maintenance and cleaning of the buildings. The current level of personnel was 79 with 73 of these personnel being assigned to shifts. Administrative staff was very small.

The Chief explained there was a shift minimum staffing requirement of 25 firefighters. Shifts were 24 hours a day and three shifts rotate on different days. In a given week, firefighters worked a minimum of 48 hours and a maximum of 72. Last year was the busiest year ever with 7,000 calls. IT and Finance Administration were combined with the Police Department. There was one part-time administrative person for the entire department. In addition to fire suppression, the

department was equipped to handle hazardous materials, technical rescue both above and below ground, terrorist screening that had originated from September 11th, and community disaster planning. The Fire Department provided emergency medical services to the City with two staffed ambulances and one unstaffed. This is the busiest portion of the station.

The Fire Marshall's Office performed all aspects of fire prevention, investigation, and permitting. This year, time of sale inspection had been added. This was a service requested by the building owner and had been increasing in numbers. This year there were over 300 inspections with 280 requiring a follow up visit. Previously, there was no way to recoup the cost, but a fee schedule that mirrored the State of Vermont had been implemented to offset the cost. That would help add some income. The Fire Marshall's Office has 10,000 contacts each year. The Training Division was comprised of one person who coordinated all aspects of training and certification. Over the last five years, there had been a 19% increase in call volume. The budget had not kept pace with that. The increased work has been accommodated through better planning and cutting expenses.

Councilor Decelles inquired where the different districts are. Chief Lasker stated districts correspond to where the stations are located. Station 1 served downtown, Station 2 served the Old North End, station 3 was on Mansfield Avenue and served Riverside Avenue and the UVM area, Station 4 served the New North End and Station 5 served the South End.

Chief Lasker stated the projected increases were due to cost of living adjustments. Ms. Veronneau stated there would be no change in operations. Increases would come from personnel costs. Chief Lasker stated utility increases would also affect the cost to run the stations. 89% of the budget was staff. Eleven percent was everything else including the cost for equipment and running the stations. Ms. Veronneau stated firefighters perform all of the facilities maintenance. Chief Lasker stated the most costly part was the vehicles. Fortunately, due to a 2010 bond to purchase equipment, the fire suppression equipment was in good shape. There were a couple of vehicles that would need replacement in the coming years. Ms. Veronneau stated the new financial system would merge some accounts.

Councilor Paul inquired about two different line items for wages. Interim CAO Sisson stated that one included fire suppression and one did not. Councilor Paul stated they would have to get used to the new format. Interim CAO Sisson stated they were working to improve the reports, but currently they were very rudimentary. Councilor Paul inquired if they would get rid of the old format. ACAO Schrader stated they would be.

Councilor Bushor stated the presentation was very clear. She inquired about the issue of fire station consolidation. Chief Lasker stated that was on hold. Councilor Bushor stated they were locked in with the staffing of three people per vehicle. Chief Lasker stated some vehicles required two people and others required three.

Councilor Decelles requested a breakdown by station. Ms. Veronneau stated there was a shift distribution list which indicated who was on what shift and vehicle at each station. This ensured minimum staffing.

Councilor Bushor inquired if the Mayor supported the budget or if he needed time to consider it further. Mayor Weinberger stated they were attempting to present budgets that had been reviewed by the CAO's Office and the Mayor's Office. There may be changes and shifts that arose before the budget was finalized in June. In future years, he hoped they would be able to present budgets

that were more final. He stated he supported this budget, though it was not a final draft. Councilor Bushor stated it was important to know where there were changes within the department. For example, the Police identified the Parks patrol as something that was being fully funded this year. She would like to see what programs would be added or eliminated and where large shifts in spending would occur. She stated she did not want to have the full Council asking these questions too late, as had happened in the past. Interim CAO Sisson stated the Mayor had participated in budget discussions with the largest departments. They had then met and fine-tuned budgets after the meeting.

Ms. Veronneau stated the Mayor was trying to understand the budget and he had contacted her several times. They met and had work sessions to really focus on the budget. She was pleased to see this. Chief Lasker stated the Mayor had taken time to visit the Fire Stations and work on the budget.

Mayor Weinberger stated that there were very few modifications that could be made to the Fire Department budget without reopening the collective bargaining agreement. Efforts had been made to avoid cutting programs. The focus had been to work on existing budgets due to time constraints. The capital budget would have more changes in priority than department budgets. Interim CAO Sisson stated that 89% of the Fire Department budget and 86% of the Police Department budget was personnel related. He stated it was personnel costs that really drove up budgets.

7. Moran Update

Mayor Weinberger stated during the campaign he had promised to make a go or no-go decision on Moran within 90 days. He stated it would take the majority of that time to make a final decision. He stated he had had helpful conversations with Councilor Paul as the Chair of the Parks Arts and Culture Committee. The current Administration had focused on the tax increase decision and budget. As those items were winding down, Moran will take a higher priority.

Councilor Bushor thanked him and stated she had hoped to understand where the project was. Mayor Weinberger stated the City had waited for a long time to know what will happen with that building and he hopes to make that determination.

On a motion by Councilors Paul and Decelles, the meeting was adjourned at 6:36 p.m.