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BOARD OF FINANCE MONDAY, AUGUST 27, 2012

MINUTES

PRESENT: Mayor Weinberger; City Council President Shannon; Councilor Bushor; Councilor Paul (arrived late); Interim CAO Sisson

ALSO PRESENT: Councilor Tracy; ACAO Goodwin; Gene Richards, Heather Kendrew, Bob McEwing, Ryan Betcher, Airport; Jeff Munger, Airport Commission; Barbara Grimes, Ken Nolan, BED; Susan Leonard, HR; City Attorney Schatz

ABSENT: Councilors Decelles

1. Agenda

City Council President Shannon and Councilor Bushor made a motion to adopt the agenda with the following amendment: add to the agenda item 2.5 Acceptance of Grant for Federal Air Service Development. The motion passed unanimously.

2. Public Forum

No one came forward to speak.

2.5 Authorization to Accept Federal Grant for Air Service Development - Airport

Ryan Betcher, Airport, stated that Burlington was selected as a recipient of this grant for \$450,000. This will allow new air services. There will be a revenue guarantee program and marketing program to attract carriers. A revenue guarantee program is when money from a regional organization is awarded up front in return for bringing new air service. The marketing campaign will be composed of \$45,000 from the State of Vermont and \$50,000 from the Airport. The Airport will be reallocating \$50,000 from the marketing budget for this purpose. Finally, the Airport is putting up \$85,000 of income support for fee waivers. This will encourage new carriers to come in and is typical for new carriers. This does not cost the Airport or the City of Burlington anything. The Airport has never had this kind of money to support new flights.

City Council President Shannon stated this is great and thanked the Airport for their work. She inquired why Atlanta and Charlotte were selected as the destination cities, particularly after non-stop service to Florida was ended. Mr. Betcher stated it has to be Charlotte or Atlanta because they did not know about Orlando until after this application had been submitted. Those are some of the busiest airports in the world, so that will allow people to go all over the country.

Councilor Bushor stated this is important and any additional destinations are an improvement. She is glad to see that there is some movement here and thanked them for their work. It would be

great to have that flight to Florida, but this is a great step. Mr. Richards stated they are still working on the Florida leg. Mayor Weinberger stated this \$450,000 will be used to work with Delta and this is a tool to attract them. Mr. Richards stated they have been talking to Delta and hopefully it will work out.

City Council President Shannon and Councilor Bushor made a motion to accept the grant and recommend City Council approval. The motion passed unanimously.

3. Authorization for Contract for Cooling Tower Timber Replacement – BED

Councilor Bushor and City Council President Shannon made a motion to authorize the contract and recommend City Council approval for items 3-5.

Councilor Bushor inquired about several options, and one talked about fill elimination, but the decision was made not to act on that. She inquired if that is important and will be done in the future. Ken Nolan, BED, stated this is for the structural beams and to ensure that the fixture does not fall down. It has been up for 28 years and is made of 4x4s. It has to be taken apart post by post. The fill was replaced recently and it is not necessary to replace it all. Councilor Bushor stated the salaries for the people working are significant. She inquired if the contract pays livable wage. Mr. Nolan stated he does not have the numbers. Councilor Bushor stated some contracts make specific reference to the livable wage ordinance, but this one does not. She requested confirmation that it is in place. Mr. Nolan stated he will do that. Councilor Bushor stated the gender of the City Attorney needs to be changed in the resolutions.

The motion passed unanimously.

4. Authorization for Contract for Electrostatic Precipitator Field Rebuild – BED

City Council President Shannon and Councilor Bushor made a motion to authorize the contract and recommend City Council approval.

Councilor Bushor inquired what the cost of removing scrap metal is. Mr. Nolan stated the value of the scrap metal recovers the cost of removal.

The motion passed unanimously.

5. Authorization for Contract for Generator Rotor Removal and Replacement - BED

The Board addressed an item that would allow removal of generator rotors at McNeil Generating Station.

City Council President Shannon and Councilor Bushor made a motion to authorize the contract and recommend City Council approval. The motion passed unanimously.

6. Authorization to Accept Justice Assistance Grant

City Council President Shannon and Councilor Bushor made a motion to accept the grant. She noted that a date in the resolution will need to be changed.

Councilor Bushor inquired how this money will be spent. She requested a list of how this money will be spent when it comes before the City Council.

The motion passed unanimously.

7. Approval to Eliminate Account Executive Position and Create Senior Account Executive Position - BT

City Council President Shannon and Councilor Bushor made a motion to approve the changes.

Susan Leonard, HR, stated the Senior Sales Manager has taken a position at BED which has allowed an opportunity to reorganize a position that is accounted for in the budget and upgrade another position.

Councilor Bushor stated she thought this is two actions rolled into one. One will create a position and the other will be for the placement of an employee at a grade and step. She inquired if there should be another clause in the resolution to acknowledge those two actions. Attorney Schatz stated there is no requirement for Board of Finance approval to place someone at Step 1. The department can request to place them between step 2-7, it requires approval. Councilor Bushor inquired about reclassifying a position and a person moving into the reclassified position. She stated she wants to be consistent with the policy. Ms. Leonard stated the resolution references a reorganization of a position.

Councilor Bushor inquired if there will be an opportunity for the Council to hear what is going on with BT. City Council President Shannon stated there will be a work session on the September 10 agenda before the City Council meeting. Councilor Bushor stated that would be helpful.

The motion passed unanimously.

8. Authorization for Annual Borrowing – C/T

Interim CAO Sisson stated this is the borrowing under the Charter that is allowed without a vote from the taxpayers. This is both the FY12 amount and the FY13 amount. There is authorization for \$3 million for Burlington Electric Department, \$2 million for the General Fund, and \$2 million for the School Department. There is authority for \$7 million of debt. This will be an issuance of \$1.125 million using the existing increment from the prior fiscal year and the full amount for FY13.

City Council President Shannon and Councilor Bushor made a motion to authorize the borrowing and recommend City Council approval.

Councilor Bushor stated this includes the 2009 \$1,250,000 for the School Department in this aggregate. ACAO Goodwin stated there is more than a million dollars from FY09 for the School authorized by a legislative fix. Councilor Bushor stated this is a composite of two fiscal years plus residual money from FY09.

City Council President Shannon inquired what documentation they will receive before this goes to the full Council. ACAO Goodwin stated on September 10 there will be a proposal from investors and a resolution that will state that the financing will take place over 20 years and not exceed a certain interest rate. This resolution will be distributed prior to the September 10 meeting and will outline the deal. Interim CAO Sisson stated this will be through TD Bank. This is routine and there will be more documentation for the Airport Bond issue.

Councilor Bushor inquired if this is routine. Interim CAO Sisson stated this is done every year through authorization in the charter. This is a favorable rate environment. Mayor Weinberger stated this money is spent on the City Capital budget. City Council President Shannon stated she would like to see that list when this comes to the Council. Interim CAO Sisson stated he can provide the capital budget funded by debt.

The motion passed unanimously.

9. Update on Airport Bond Issue

Interim CAO Sisson stated no vote is required on this item. The underwriter was selected for this at a writing session last week.

Councilor Bushor requested an explanation of this. Interim CAO Sisson stated this is a combination of bonds to pay the BAN for the parking garage. The advisors did an analysis and found that money could be saved with level debt service. It is now a larger offering than expected at \$24.7 million. It makes sense to refund the prior bond issues and work on annual debt service. It is complicated because the use of the proceeds determines what is taxable and how it is used. He outlined the tax codes.

Councilor Paul arrived.

Councilor Bushor inquired about different series of bonds. This will refund the bonds being retired and some are taxed and some are not. The total is \$24.7 million. She inquired where the \$29.8 million figure comes from. Interim CAO Sisson stated it includes all other costs that will be incurred. The use for outstanding bonds and the BAN is the \$24.7 figure. Councilor Bushor inquired what the other costs are. Interim CAO Sisson stated it is for the establishment of bond funds. It is the amount of original issue discount that is amortized over the term of the loans. When the bonds are refunded, that discount is taken away. That is a positive thing. Mayor Weinberger stated the take home is that there is \$12 million of short term debt due at the end of the year. Only interest has been paid on these over the last year. If this restructuring did not occur, the debt service would be very high. Taking this existing debt and spreading it out reduces existing debt service payments. That will be a positive move for the airport. Councilor Bushor stated that the difference is about \$5 million and requested a more detailed explanation at a future date. She required more explanation about bond funds. Interim CAO Sisson stated he can do that and this is very favorable for the Airport.

Councilor Bushor and City Council President Shannon made a motion to accept the report. The motion passed unanimously.

The meeting was adjourned at 5:45 pm.