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APPROVED

BOARD OF FINANCE

January 24, 2011

MINUTES OF MEETING

Mayor Kiss convened the meeting of the Board of Finance at 5:11 p.m. with President Keogh, Councilor Wright, Mayor Kiss and ACAO Schrader present, Councilor Paul arrived at 6:30 p.m. Others present: Councilor Bushor, Councilor Shannon, Councilor Kaplan, Councilor Decelles, Joe Reinert, Ken Schatz, City Attorney, Lise Veronneau, Business Administrator – Police Department, Steve Goodkind, Public Works Director, Doreen Kraft, City Arts Director, Sara Katz, Assistant City Arts Director

1. Agenda

There being no changes to the agenda, the agenda was approved.

2. HBC Consulting Services Contract

The Board discussed the letter agreement that formalizes the relationship with Gary Evans of HBC and expressed concern regarding the scarcity of the information in the agreement. At the request of Councilor Paul, the Board agreed to amend the agreement to include language that limited the payment for these services from Burlington Telecom revenues. Councilor Wright made a motion, seconded by President Keogh, to approve the agreement. The motion passed unanimously.

3. Police –

A) Storage Area Network – Expansion FY 2011

Lise Veronneau presented a request for the Board to approve the purchase of a new Storage Area Network from Dell for a total cost of ownership of \$80,668. Councilor Wright moved, seconded by President Keogh, to approve the purchase. The motion passed unanimously.

B) FY 2011 Purchase of a Vehicle

The Board considered a request from the Police Department to purchase a used vehicle and other equipment for the department's Detective Services Bureau utilizing unclaimed funds. Councilor Wright made a motion, seconded by President Keogh to approve and recommend approval by the City Council of a Resolution to Amend the Budget to provide for an appropriation for a purchase of a vehicle and other equipment. The motion passed unanimously.

4. Fire: FY 2011 Fire Budget – Internal Transfer

The Board considered a request from the Fire Department to transfer funds from the purchase of a new fire apparatus to contractual services for the replacement of an overhead door at Station 3. Councilor Wright made a motion, seconded by President Keogh to approve and recommend approval by the City Council of a Resolution to Amend the Budget to effectuate the transfer. The motion passed unanimously.

5. Vermont Center for Independent Living.

The Board considered a request for funding submitted by the Vermont Center for Independent Living. The Mayor stated that it is his intention that this would be reviewed in the context of the overall budget, possibly when determining funding for regional programs. President Keogh made a motion, seconded by Councilor Wright, to forward this request for funding to the Mayor for his consideration as part of the 2012 City Budget development. The motion was passed unanimously.

6. Resolution Relating to March 1, 2011 Annual City meeting increase in maximum tax rate for General City purposes authorized.

CAO Leopold joined the meeting by telephone. Mayor Kiss answered questions regarding his intentions as it related to the requests of Departments to reduce their budgets by 3% and what the overall savings of this cut equated to, stating that the cuts represented only half of the \$1.4 million projected deficit equating to a 2 cent tax rate increase. CAO Leopold addressed questions of Board members related to the potential use of fund balance, expressing his recommendation that fund balance only be used for one-time costs and not reoccurring operating costs and stated that only the lease purchase would theoretically fall into that category but the reductions on the impact to the potential tax increase would only amount to approximately \$50,000. CAO Leopold, in response to a question from the Board, expressed that maybe the budget could be squeezed a little tighter and maybe revenue estimates could be reexamined but stated that this budget doesn't have any expenditures or programs that could address the potential tax increase, particularly when the two major expenditures for the City are Police and Fire, the former where we have a new contract and the second where you have a minimum staffing requirement. Otherwise the two biggest drivers are employee benefits in health insurance and cost of living adjustments. CAO Leopold stated that the increase in health benefits costs is a new situation in the City, although not nationwide, as for the past four years the City has not incurred increases. CAO Leopold expressed that caution should be exercised when addressing other departments as cuts in revenue generating activities may not be in the City's best interest. Councilor Shannon inquired if the City could dedicate the increases to tax rates identified for specific functions i.e. police, fire, etc. CAO Leopold responded that ACAO Schrader has suggested that and that he believes that it is a good idea and could be accomplished. Councilor Paul suggested that the language of the Resolution be amended to include the language "up to". CAO Leopold responded that that too was something that is being looked at. CAO Leopold stated that the City must be prepared to show the public what the impacts of not allowing for a tax increase would be. President Keogh made a motion, seconded by Councilor Paul, to move this Resolution to the City Council with no recommendation. CAO Leopold stated that the Board of Finance should move it to the City Council with the recommendation that it be put on the ballot. The motion passed 4-1 with Mayor Kiss voting no.

7. Budget:

1) Burlington City Arts

Doreen Kraft, Director of the City Arts Department presented the 2012 departmental request and provided the Board with a summary of programs taking place during this fiscal year, as well as objectives and programs for 2013. Ms. Kraft indicated that any reduction in funding required of City Arts would, absent an increase in fund raising which currently represents 75% of their budget, necessitate a decrease in the number of programs and events planned for 2013. Ms. Kraft indicated that the requested reductions were accomplished by reducing the Festival of Fools from 4 days to 3 days. She stated that the City Councilors need to keep in mind that the events and programming on City Arts has a direct impact on Gross Receipts tax and Sales tax revenues received by the City. In response to questions from the Board, Ms. Kraft provided information on the department's contractual and professional service objects within the budget request.

2) Information Technology

ACAO Schrader presented the requested budget for the Information Technology division, including the current services provided by IT and the areas where IT does not play a role. Mr. Schrader also provided information on the expenses detailed within the request. He stated that software leases could be decreased in order to meet the requested reductions but cautioned that this reduction would reduce the funds available to provide flexibility from moving to a new financial management software system.

3) Capital and Operating Transfers

ACAO Schrader addressed the Board concerning the operating interfund transfers contained within the requested budget and explained the purpose of the transfers and any changes from the current year. Mr. Schrader stated that the transfer to Burlington Telecom is to pay for the services that the utility provides the City departments including internet, phone, cable, etc. He further stated that the requested amount can be reduced by \$60,000 based upon a review of the accuracy of the calculations used to determine this amount.

There being no further business of the Board, the meeting of the Board of Finance was adjourned at 6:45 p.m.