



OFFICE OF THE CLERK/TREASURER

City of Burlington

City Hall, Room 20, 149 Church Street, Burlington, VT 05401

Voice (802) 865-7000

Fax (802) 865-7014

TTY (802) 865-7142

BOARD OF FINANCE

APRIL 11, 2011

MINUTES OF MEETING

Present: Mayor Kiss, President Keogh, Councilor Paul, Councilor Wright, Councilor Mulvaney-Stanak (by telephone), CAO Leopold, ACAO Schrader, ACAO Goodwin, Councilor Bushor, Councilor Shannon, Steve Goodkind, Public Works Director, Gene Richards, Airport Commission Chair, Gene Bergman, Assistant City Attorney, Joe Reinert, Assistant to the Mayor, Larry Kupferman, CEDO Director.

1. Agenda

CAO Leopold requested that two items be added to the agenda:

Item 8: Policy on Consultant Inquiries

Item 9: Annual Reporting Requirements.

There being no further amendments to the agenda, the agenda was approved as amended.

2. Approval of Board of Finance Minutes:

A) **Board of Finance Minutes – January 3, 2011**

B) **Board of Finance Minutes – March 28, 2011**

President Keogh made a motion, seconded by Councilor Paul, to approve the minutes. The motion passed unanimously.

Councilor Paul requested an update on the BED Bond. CAO Leopold stated that Barbara Grimes, General Manager of BED, was considering a request for a special election to deal with the financing needs of BED's Smart Grid project. CAO Leopold also stated that ACAO Goodwin and BED were working on a Letter of Credit to cover the debt service reserves, thus freeing up those funds to cover the local cost of the Smart Grid project as a fallback position if a special election were not called.

3. **3/28/11 City Council Resolution – Enhancements to the FY 2012 Budget Process**

The Board addressed a matter referred by the City Council which concerned the reporting of budgetary items, particularly fringe benefits, in future proposed City budgets. Councilor Paul stated the resolution before the Board was a product of a meeting between ACAOs Schrader and Goodwin. ACAO Schrader stated that it was important to note that the inclusion of expense objects for fringe benefits would not allow Department Heads to have budgetary control of these funds. In other words, departments would not have access to those funds for other than fringe benefits. Councilor Paul made a motion, seconded by President Keogh, to approve and recommend approval of the amended resolution to the City Council. The motion passed unanimously.

4. HR: POLICE: Step Placement for Officer Shannon Chiarito

President Keogh made a motion, seconded by Councilor Wright, to approve the step placement. Mayor Kiss pointed out this was being recommended by Susan Leonard, Human Resources Director, and Michael Schirling, Chief of Police, and had the effect of saving the City funds normally required to train a new officer, as this individual was already a trained officer. The motion was unanimously approved.

5. CEDO: Additional Funding Request

5 a. CEDO Accounting

Larry Kupferman addressed the Board outlining CEDO's request for additional funding for an application fee for the completion of an economic analysis and for an additional 60 hours of consulting services, totaling an additional \$30,000. Mr. Kupferman indicated this was the only application before the State and anticipated that the application would be considered on April 28th or possibly at a special meeting in May. Councilor Paul moved, seconded by Councilor Paul, to appropriate Fund Balance dollars with the anticipation that these funds would be reimbursed by the Downtown TIF district, once approved. The motion was unanimously approved.

6. AIRPORT: Consulting Services Contract with Frasca and Associates

CAO Leopold discussed contracting with Frasca, a financial consultant. Frasca would be used to assist the City in obtaining financing for the Airport. Additionally, Frasca would assist in presenting the Airport's financial condition to Fitch Rating Services and, toward the end of this month, Moody's.

CAO Leopold requested an amendment to the contract, including language that the contract could be terminated upon 30 days written notice in lieu of the current language that would only allow termination upon material failure. In response to the retroactivity of the agreement, CAO Leopold stated that Frasca had done substantial work already, particularly in regards to presenting the financial condition of the Airport to Fitch.

Councilor Paul moved, seconded by Councilor Wright, to approve the contract and to recommend approval to the City Council of the contract, as amended, with Frasca. The motion was unanimously approved.

7. Discussion of FY12 Budget

CAO Leopold provided the Board with an update of the FY 2012 Budget development and indicated that the Administration would be finalizing a report for presentation at the next meeting. That report would provide a better accounting of the true costs for each department and would reflect cost increases attributable to departments. He also stated the Board would be provided up to date information on revenues for the current fiscal year which would allow for a better projection for the next fiscal year. The CAO indicated that Gross Receipts Taxes and Sales Tax receipts were up by 7% and 10% over last year, respectively, and, while it was not expected that this type of growth would continue into the next fiscal year, it did provide some reduction in the need for additional revenue by approximately \$500,000, thus easing the need for the entire 4 cent increase in taxes.

CAO Leopold stated that, as it relates to expenses, the City was tracking as expected with the exception of snow removal. Health insurance cost increases were moderating some and, while he was still concerned with the mandated increase in individuals covered, remained cautiously optimistic that the recent trends would continue. He also stated that the City would have to budget increases in reserve contributions to workers' compensation to replenish a portion of the losses incurred due to claims within the Fire Department. The Board requested the Administration provide a summary narrative report on the current financial situation. CAO Leopold stated that one of the things the Administration was working on were savings initiatives that would affect the 2013 budget.

The Mayor stated that, out of deference to the Jewish holiday, he would survey the members on their availability on Wednesday, April 20, 2011 for the next Board of Finance meeting. In response to an inquiry, the Mayor indicated that a schedule of future Board meetings needed to be worked out in the near future.

8. Consultant Inquiry Policy

CAO Leopold advised the Board that several drafts were being reviewed and that this item would be placed on the next Board agenda for consideration and eventual City Council adoption.

9. Annual Reporting

Councilor Wright requested clarification regarding the City Charter's requirement that the annual report be presented within five months of the close of the fiscal year. CAO Leopold indicated there was a legal opinion addressing this concern and he wanted to provide a comprehensive report on this issue at the next meeting.

President Keogh moved, seconded by Councilor Wright, to adjourn. The meeting adjourned at 6:03 p.m.