



# 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

JULY 11, 2011

### MINUTES

**PRESENT:** Mayor Kiss; City Council President Keogh; Councilors Wright and Paul.

**ALSO PRESENT:** ACAOs Schrader and Goodwin; Councilor Bushor; City Attorney Schatz; Barbara Grimes, Ken Nolan, Burlington Electric Department; and Susan Leonard, Human Resources Department.

#### 1. Agenda

City Council President Keogh made a motion to adopt the agenda. The motion passed unanimously.

#### 2. C/T: Pooled Cash Report

ACAO Goodwin stated the report provided showed the cash pool with a balance of \$3.5 million as of June 30, 2011. He noted the Airport owed the City no money as of June 30, 2011 and they were cash flow positive. The Department of Public Works and the State of Vermont still owe the City roughly \$2 million for the College Street circle.

Councilor Wright asked if there are other areas of note. ACAO Goodwin stated the Airport being cash flow positive was the most noteworthy point. Councilor Wright inquired if the bond for the Airport would have any effect on this. ACAO Goodwin stated it would strengthen the cash position.

In response to an inquiry, ACAO Schrader stated the cash position was not reflected because the report did not reflect borrowings. ACAO Goodwin stated the plan was to issue a wastewater bond in August to strengthen the cash position of that Fund. Councilor Wright asked about the budget. Mayor Kiss stated the wastewater budget was increased to help pay off debt. Councilor Wright inquired if this was normal fluctuation of the cash pool. ACAO Schrader stated it was.

City Council President Keogh and Councilor Wright made a motion to accept the communication and place it on file. The motion passed unanimously.

#### 3. C/T: Fiscal Year 2012 General Obligation Bonds

ACAO Goodwin stated the Clerk/Treasurer's Office was looking for authorization for public improvement bonds in an amount not to exceed \$4 million. \$1 million would be used for capital improvements, \$1 million would be used by Burlington Electric Department, and \$2 million would be used to help with working capital and capital improvements for the School District. ACAO Goodwin explained this was a standard issue each fiscal year.

Councilor Wright inquired what failure to pass this would mean. ACAO Goodwin stated it would affect the cash flow of the City. Mayor Kiss explained this was a regular borrowing request and was important for the City.

City Council President Keogh and Councilor Wright made a motion to approve the resolution and recommend City Council approval. The motion passed unanimously.

#### **4. C/T: General Obligation Refunding Bonds**

ACAO Goodwin stated this would authorize the purchase of General Obligation Bonds. Bond Anticipation Notes were issued last year for \$5,915,000. Repayment of that bond was due in August and the City would need to issue another bond within a year. Bonds would be issued for \$6.7 million. These funds would be used by the City for the fire truck that was purchased a year ago and for Burlington Electric.

City Council President Keogh asked if this were new and why it was happening now. ACAO Goodwin stated this was routine but that last year a Bond Anticipation Note was chosen as the vehicle so as to have access to cash more quickly. This would occur once a year and next year there would be one authorization for the annual bond. City Council President Keogh inquired about interest rates. ACAO Goodwin stated the rate would likely be 4.5% or lower. Moody's upcoming rating would affect the interest rate. City Council President Keogh inquired if the City's rating situation would improve. ACAO Goodwin stated the rating would probably stay about the same.

Councilor Wright asked if there were other alternatives to a bond. ACAO Goodwin stated the cash would have to come from pooled cash. Doing improvements would require long term borrowings. ACAO Schrader explained that using Bond Anticipation Notes were an option but was not in the City's best interest.

In response to an inquiry, ACAO Goodwin stated the City Charter allowed borrowings at a rate up to 6.7%. Mayor Kiss stated the Moody's rating has been maintained for several years. ACAO Goodwin stated there were other areas that would be improved for the ending cash balance in the coming year. The City would utilize a Tax Anticipation Note to have a revolving line of credit to borrow and pay back as needed in order to avoid sitting on excess cash to avoid paying interest. ACAO Schrader stated there had been changes in how cash was managed. ACAO Goodwin stated \$7 million of restricted money had been removed from pooled cash.

City Council President Keogh inquired about the changes in cash management. ACAO Schrader stated it was a new effort to reduce interest costs.

City Council President Keogh and Councilor Wright made a motion to approve and recommended City Council approval. The motion passed unanimously.

#### **5. ATTORNEY: Assistant City Attorney Compensation**

Mayor Kiss stated he would be appointing a new Assistant City Attorney, Gregg Myers, and this item was requesting that his salary be approved. Mr. Myers had been an attorney for 15 years and would be an asset to the City.

Councilor Wright inquired if this would save money because more legal work would now be done in-house. Attorney Schatz stated the current amount of work was too much for the staff and this would control outside legal expenses. Mr. Myers had a broad array of experience and the City Attorney's Office had budgeted less money for outside legal work in FY2012. Councilor Wright inquired what areas the new attorney would be helpful in. Attorney Schatz stated nothing is definite, but the new Assistant City Attorney had a lot of private civil experience in terms of prosecutions, contracts, and transactional matters.

Councilor Paul spoke in favor of Gregg Meyers' appointment. Attorney Schatz stated he had strong references.

City Council President Keogh and Councilor Paul made a motion to approve the compensation and recommend approval to the City Council. The motion passed unanimously.

## **6. HR/BED: Power Resources Positions**

Barbara Grimes, General Manager of Burlington Electric, stated they were learning and implementing Smart Grid. Ken Nolan stated this would now create the positions of Director of Resource Planning and Meter Data Coordinator. The Director of Resource Planning would improve efficiency and help to meet new Public Service Board requirements. Currently BED contracted with Vermont Energy Investment Corporation to meet those requirements. The Meter Data Coordinator would be responsible for making sure the Smart Grid was handled properly. Two Meter Reader positions would be eliminated.

ACAO Schrader inquired if there was a director position. Ken Nolan stated the Resource Planner would have supervisory responsibilities. Barbara Grimes stated there had been changes at the State level which resulted in the State regulating energy efficiency and this would create more work for BED. Ken Nolan stated a large portion of salaries would be paid from the efficiency charge paid by ratepayers. The coordinator would be paid through a grant for two years.

Councilor Paul inquired if the salary of the Director of Resource Planning would be higher than the director. Mayor Kiss stated that would need to be worked out. Councilor Paul inquired about the cost of reconciling the differences in salary. Susan Leonard, Human Resources, stated the COLA was included in the proposed positions and the salary would be lower than managers. Going forward, the pay scale needed to be examined and longevity and merit needed to be included. Barbara Grimes agreed that the compensation issue needed to be discussed, but in the short term the two positions needed to be approved. Councilor Paul stated she was concerned with the disparity that is going to develop when this position is approved.

In response to an inquiry, Barbara Grimes stated this would result in one new employee, for a total of 126 employees. Two meter reader positions were being eliminated. The new position would be the Meter Data Coordinator to manage Smart Grid data.

Councilor Paul requested BED Management Compensation be discussed in the near future.

Councilor Paul and City Council President Keogh made a motion to approve the positions. The motion passed unanimously.

**7. C/T: Budget Employee Wage Adjustment for Two Years Cost of Living Adjustment (COLA)**

City Council President Keogh and Councilor Wright made a motion to approve the adjustment. The motion passed unanimously.

**8. C/T: Appointment of Interim Chief Administrative Office**

City Council President Keogh and Councilor Wright made a motion to accept the communication. The motion passed unanimously.