



Office of Mayor Miro Weinberger

February 8, 2018

Dear members of the Burlington School District Unified PTO,

Thank you for your letter. I read it this morning and am writing back immediately to make sure that the City's current and past positions on this longstanding issue are clear. I am also attaching a summary of the history of this issue that we released on January 19 with further detail for those of you who have not previously seen the summary.

I would like to speak directly to each of the issues you raise in your letter, as I do not believe the letter accurately characterizes the City's years of action or position on the PILOT issue. Healthy, successful schools are the beating heart of our community and something I have a deep personal stake in with my own children attending and soon to attend Burlington schools. The Burlington School District needs the City's support, and, as Mayor, the actions I have taken with respect to the PILOT issue have saved millions of dollars for the District as outlined below. We have worked closely with the BSD on the PILOT challenge since the issue came to a head in 2014, and our actions at the time were praised by prior school officials.

- 1) Actively support H.795. School Board Commissioner Mark Barlow shared the new legislation, introduced recently, with me yesterday. **I support the bill and have already begun actively advocating for it.** I have shared my support with the sponsors, my fellow mayors, Secretary Holcombe, and Governor Scott, and I will continue to actively advocate for it going forward. I appreciate the creativity of the sponsors and those behind the bill, as it directly addresses some of the challenges we have faced in providing even more PILOT funding to the School District. Over the last six years I have often advocated for positions that I believed would improve the school system and I welcome the opportunity to collaborate with the BSD, PTO and Burlington legislators on this new proposal.
- 2) Work with the school district to generate additional ways to use the PILOT money to ease the District's financial burden. **As described in the attached document, this is precisely what we have worked to do over the past four years, identifying and funding over \$450,000 a year in expenses for which PILOT funds can lawfully pay.** Unfortunately, we have reached the limits of what can be done, given the BSD's 2014 settlement agreement with the AOE states that as of June 30, 2015, "BSD shall permanently cease to receive any payment in lieu of taxes (PILOT funds) from the Electric Light and Water Resources Departments and from any other source, either directly or indirectly from the City of Burlington." Pursuant to this language, the AOE has explicitly rejected efforts to ease the

District's burdens for many of the specific items you list. Unless the law is changed, we are not optimistic that further efforts of this type will be successful, as the essence of the AOE's position is that PILOT funds cannot lawfully be used in ways that are budget relieving or create new educational services for the BSD.

- 3) Lobby the AOE to apply flexibility for the use of the PILOT funds. **Again, this is exactly what the City has done repeatedly over the past four years, as detailed in the attached document, and unless the law changes, we are not optimistic that further flexibility will be forthcoming from the AOE.** On multiple occasions, the City has expended major efforts to engage the AOE on this issue. The AOE's position has been firm and clear on this. Attached is the letter we got from the AOE's attorney after last year's major push. Secretary Holcombe has reiterated directly to me and other Burlington representatives her opposition to further flexibility. I understand her position to be based on her defense of the constitutional principle of equal funding for each Vermont child as funded by a statewide system.

- 4) DO NOT spend these funds on municipal initiatives outside of the BSD participation. For the first two years after the settlement, the City did not spend any of the PILOT funds that could not be sent to the schools so as not to treat this new revenue as a windfall and to strengthen the City's and District's shared financial foundation. This approximately \$2 million was a portion of the \$22 million turnaround in the City's unassigned fund balance that has led to four steps of upgrades in our credit rating. **The credit rating improvement directly benefits the schools, as the City and BSD share a credit rating. The upgrade has locked in \$1.7 million in BSD interest savings already, and this figure will rise substantially every year going forward in which the BSD borrows.**¹

With the City and District's "A" credit rating restored and an unassigned fund balance that met our targets, it did not make sense to continue growing the fund balance. Therefore, we sought to honor the spirit of the Charter by making investments in Burlington youth that we believe will ultimately benefit our community, but without running afoul of the legal restrictions (since the BSD agreement with the AOE in 2014 specifically acknowledged the Charter was subordinate to State law on this issue). In the current budget year, we are spending \$500,000 of the PILOT funds on a new Burlington Early Learning Initiative directed to help some of Burlington's most vulnerable youth. BSD has been part of the planning for this new program and will be part of the Grant Committee that allocates these funds, and we understand the staff involved to be supportive of this effort. We also explored whether some of these funds could be applied directly to the District's early learning program and were ultimately informed by the BSD Finance Director that it was not possible. After feedback from School Board members and officials, we dropped plans to invest in School Resource Officers and instead invested the remainder of PILOT funds in supporting improved Library services for young children and teens and in additional capacity to address the opioid crisis that is negatively impacting too many children and families in our community. I am happy to continue taking feedback on these investments from the School Board or other BSD representatives through the FY19 budgeting process and beyond.

¹ City of Burlington 2017 Fiscal Health Report, January 5, 2018.

Finally, in the interest of collaboration, I would like to invite you to join me in Montpelier on Thursday, February 15 to participate in Local Government Day. I will be advocating for H. 795 and other municipal issues that day. Traditionally, Local Government Day is a time for citizens from across Vermont to make their legislators aware of issues faced at the local level, and I invite you to be part of this annual tradition. If you are interested in participating, please email the office and we would be happy to coordinate a joint trip and testimony.

Sincerely,

A handwritten signature in black ink, appearing to read 'M. Weinberger', written in a cursive style.

Miro Weinberger
Mayor of Burlington