Councilor Bushor,

For many years, the City and School District split PILOT revenues – or, revenues provided by Water and Electric ratepayers. Several years ago, the Agency of Education concluded that this arrangement was in violation of Act 60/68, and on June 6, 2014 the Agency and the Burlington School District signed an agreement that made clear the District would no longer receive these revenues.

This decision reduced the revenue flowing to the Burlington School District by approximately $1.4 million annually. The City and District, working with then Interim Superintendent Howard Smith, found appropriate ways to reduce the impact of this decision on the district on an ongoing basis by about $400,000 annually.

More recently, the City and the District sought to apply PILOT funds to programs run by Spectrum and the Community Health Center of Burlington. These programs would have provided services to students in different schools. The Agency of Education determined, however, that funding these programs with PILOT revenues would be a violation of Act 60/68.

As a result of this history, as well as the achievement of the City's fund balance goals, the City in the new fiscal year is now for the first time using the PILOT funds in questions to support municipal investments in kids with the support of the Agency of Education. The City allocated $500,000 of the PILOT funds to support the Mayor's new Early Learning Initiative, a program intended to expand the number of slots available for high quality childcare for children from birth to three years old. The Administration also allocated the balance of the PILOT funds to recently expanded municipal programs that benefit youth in our community, such as funding a youth library position and scholarships for recreation programs. These allocations were approved unanimously by the City Council as part of the FY18 budget.

The District also made four recommendations to the City in a memo from Superintendent Obeng dated May 18, 2017 about possible uses of the PILOT funds. While the City believes that a couple of these recommendations violate the Agency's Act 60/68 interpretation, two of them – a suggestion around the early childhood development initiative and a review of summer youth programming – are under active discussion between the City and the District and will be resolved in the coming months.

I hope this information is helpful to you.

Warmly,

Miro