

Approved Minutes
Norwich Finance Committee (NFC)
11 Jan. '08

The meeting was called to order by the Chair at 8:05 AM

Members present: Karen Kayen, Chair, Paul Tierney, Henry Scheier, Irv Thomae, Cheryl Lindberg and Al Converse

Also present: Dennis Kaufman, Gerard Chapdelaine, Roberta Robinson, Liz Tuggle and Steve Soares at some time during the meeting.

1. Minutes of Dec 18 were approved as amended.
2. Impact of scheduling of payments from the school construction fund.

The Committee felt that the tax impacts from the increased debt payments, which were lower than many had expected*, are explained by the following factors: 1) VT state funding was greater, and 2) the state-wide tax rate was less, than expected; 3) the construction payments from VT have been saved to be used when most needed; and 4) due to changing enrollments, the Norwich share of Dresden expenses has declined.

3. Town Budget

As currently proposed for '08-'09:

\$ 3,875,844 without articles

\$ 4,112,578 (a 2.69% increase over last year) with the articles funded, but not the \$106,000 for the exhaust systems for the Fire House (\$65,000) and Town Garage (\$31,000). (The actual quotes are \$ 68,825 Fire Department and for the Highway Dept., \$ 31,975 for a total of \$100,800 + 5 % contingency = \$105,840, rounded to \$106,000.) Gerard questioned whether the expense for the exhaust systems should not be in the budget rather than in a separate article. The NFC felt that the \$106,000 should be added to the budget and not treated as a separate article so that the Selectboard would take a position on the matter. This would bring the % increase to 5.33%. The NFC then considered some possible ways that reserve funds might be used to reduce the tax impact. Al moved, with Paul's

* Overall it is estimated that the residential school tax rate for debt service will increase from the current value of about \$0.10 per \$100 assessed property value to \$0.13 in 2010, to \$0.165 in 2015, to \$0.18 in 2024, when it drops to \$0.04 in 2025 when the construction bond is paid off. (Such long-term projections are of course subject to unanticipated effects.) In 2009 it would have dropped to \$0.072 for one year had the construction aid been applied when received. In order to reduce the fluctuations in the tax rate that this would cause, the NFC recommended that the \$154,000 of construction aid that is available in 2009 be held for expenditure in 2010. (from the NFC minutes of Dec.18, 2007 as modified)

second, that the exhaust system in the town garage be an expenditure of the Highway Garage fund. Passed unanimously. After some discussion, Cheryl moved, with Irv's second, that: the NFC recommend to the Selectboard to: (1) include the full costs of the ventilation systems in this year's budget, and (2) put an article on the warning asking the voters to approve the use of the Fire Training Facility Fund for the exhaust system in the firehouse. Passed unanimously.

The NFC expects to take a position on the budget at its next meeting.

Al reminded the NFC that the Town budget had grown rapidly since 1996 as evidenced by an average 7.24 %/yr. increase in property taxes for Town expenses and the following average % increases for the following items: 28.5%/yr for administration, 8.1%/yr. for police, 11.2%/yr. for fire and 6.4 %/yr. for highway.

4. Norwich School Budget (not including Dresden)

Since the budget has not yet been finalized no vote was taken. However there was general support for the budget which currently is estimated to be \$4,844,249, which is 4% above the current year's budget. There was also support on the NFC for separate articles to add \$30,000 each to the maintenance and special education reserve accounts, but again no vote was taken. The additional \$60,000 would bring the increase to 5.2%. In spite of this increase it is expected that owing to a reduction in the number of Norwich students attending Dresden, the Dresden assessment will decline. Overall a slight reduction in the tax rate is expected, but until negotiations with the staff are completed (hopefully next week) it will remain uncertain.

In an effort to better understand expenses Henry, with Paul's second, moved that we ask the Norwich School Board / SAU 70 to provide the NFC with a list of the 100 largest payees, as is done in Norwich by the Town government. Passed unanimously. In a similar manner, Henry, with Paul's second, moved that we suggest to the Dresden Finance Committee that they request the Dresden School Board / SAU 70 to provide the DFC with a list of the 100 largest payees. Passed with Irv abstaining.

Meeting adjourned at 10:25 AM

Next Meeting set for 18 Jan. at 3:45 PM

Respectfully submitted,
Al Converse