

## Minutes

**Town of Norwich**  
**Finance Committee Meeting**  
Tuesday, July 8, 2008  
*Tracy Hall, Norwich, Vermont*

*Members present:* Karen Kayen (Chair), Stephen Flanders (Secretary), Alvin Converse (left at 1804), Stephen Lajoie, Cheryl Lindberg (arrived at 1625)

*Members absent:*

*Also Present:* Gerard Chapdelaine (Select Board Chair); Neil Fulton (Fire Chief), Dennis Kaufman (Lister), Roberta Robinson (Finance Officer), Ann Sargent

Chairperson Kayen called the meeting to order at 4:00 PM

### Agenda Items Discussed

#### **1. Review/Approval of Minutes:**

- a. *Minutes of Meeting of June 17, 2008* – Kayen postponed approval until a further meeting.

#### **2. New Business:**

- a. *Discussion and Setting of Tax Rate* – Kayen explained that the purpose of this discussion was to recommend a tax rate for FY09, given the ability of the town to increase or decrease the Undesignated Fund Balance (UFB).
  - *Undesignated Fund Balance* – Fulton explained that the UFB is the only variable in setting the tax rate. The committee received a copy of “Selectboard Financial Policy #2: Undesignated Fund Balance, Town of Norwich,” which explains the unforeseen contingencies for the UFB and requires that it be maintained between 8 and 15% of general fund operating expenses.
  - *Use of UFB for FY09* – Fulton recommended using \$80K of the UFB to reduce the tax rate to 0.418. He further advocated being prepared to use the UFB to offset the shocks of petroleum-based inputs. He offered a spreadsheet that allows changing the various fuel inputs to demonstrate the costs of those items in each

department's budget. Fulton suggested that a future interim town meeting could appropriate \$110K from the UFB to cushion any fuel costs.

- *Estimation of UFB* – Fulton presented an estimate of the UFB of about \$857K in a spreadsheet. The spreadsheet also showed minimum cash reserves and FY08 monies for reduction in FY08 taxes from reducing the UFB within the Selectboard policy range of UFB levels between 8 and 15%.

**Motion:** Converse moved and Lindberg seconded that, *The Norwich Finance Committee supports setting a tax rate of 0.4810, which will make an estimated reduction of \$80K to the Undesignated Fund Balance.* The motion carried unanimously. The expected increase in the tax rate would be 1.74%.

**Action:** Kayen to convey the NFC recommendation to the Norwich Selectboard.

- b. *Norwich School Budget Suggested Guidelines* – The goal of this discussion is to provide guidance for the Norwich School Board (NSB).
- *Update on NSB Guidelines Process* – Kayen reported that Rebecca French (NSB chairperson) said that the NSB has not adopted budget guidelines. French indicated that the NSB would be looking at guidelines during the August meeting to be adopted in September.
  - *Past Practices* – Kayen reported that SAU 70 Assistant Superintendent for Business, John Aubin, has made a practice of staying within the Vermont excess spending threshold to avoid a penalty, when formulating proposed school budgets. Doing so is a standing guideline of the NFC. Kaufman reported that the state guideline is available late in the calendar year and that the cap is likely to be tighter. Fulton noted that the Vermont excess spending threshold is calculated with a balance of both the Dresden and Norwich per student spending.
  - *Other Considerations* – Lajoie pointed out the rate of increase in electricity and school bus fuel could drive the actual costs above the penalty level. Lindberg reported that school buses and other

contractors often charge a fuel surcharge, not mentioned in the terms of the contract. Fulton pointed out that the Norwich Marion Cross School is heated with fuel oil, whereas the Dresden middle and high schools are heated primarily with wood chips, which have a more stable pricing.

**Motion:** Converse moved and Flanders seconded that, *The NFC recommends that the Norwich School Board not exceed the state excess spending threshold and that it seek qualified candidates for replacing existing staff at entry-level salaries.* Unanimously approved.

**Action:** Kayen to convey the NFC recommendation to the SAU 70 Superintendent of Schools, Dr. Wayne F. Gersen, and Norwich School Board chairperson, Rebecca French, in an e-mail with a copy to Aubin.

### 3. Old Business:

- a. *Preparation for a Joint Meeting with the Selectboard* – The NFC is scheduled to participate in a joint meeting with the Selectboard on Wednesday, July 9 at 4:00 pm in a “Working Session with Finance Committee Re: Town Budget Guidelines.”
  - *Operational Spending Guidelines* – Kayen summarized her hopes for what do the NFC should accomplish in the joint meeting with the Selectboard. She wished to discuss the use of overall or departmental indices, controlling budget growth. She was also interested in improving the transparency of the whole budget process; e.g. publish the time of the departmental discussion. Lajoie recommended an opening statement from the NFC, reminding the Selectboard that last year it agreed to publicize the dates on which departments presented their budgets and it also agreed to cap spending.
  - *Capital Spending Guidelines* – Lindberg expressed a desire to discuss a long-term vision of town and where town is heading to address capital spending. Flanders advocated an organized needs assessment process that would look at current and future assets. He advocated applying asset management principles to existing assets. Fulton identified the pavement management program that the

Department of Public Works now uses the Road Surface Management System (RSMS), a product of the University of New Hampshire. Lajoie observed that the town would soon have no debt. This could result in a failure to properly maintain the town's infrastructure.

- *Cost Indices* – Fulton referred the committee to a comparison of cost indices that he had made, plotting the rise of costs for municipalities, construction, consumers, and producers as a percentage, starting from January 2000. Flanders observed that the various indices all rose at a similar rate, approximating 6%. Various members emphasized the importance of the cost of labor as a variable in the town budget in terms of FTEs, wages and benefits, and scheduled increases. Flanders and Fulton recommended that staff be compensated in a manner that is somewhat better than the levels for other communities in the region in order to attract and retain able employees. Flanders emphasized the importance of keeping health benefits in check.

**Motion:** Flanders moved and Lindberg seconded that, *The NFC recommends that the Town Manager propose and the Selectboard pass a budget for expenditures that does not exceed 3% of the previous fiscal year's budget, excluding expenditures that are derived from grant income, and that any increase above that limit be fully justified.* The motion carried unanimously (Flanders, Kayen, Lajoie, Lindberg still present).

**Action:** Kayen to convey the NFC recommendation to the Norwich Selectboard.

#### **4. Other New Business:**

- a. *Other New Business* – None was discussed.

#### **5. Adjournment:**

Lindberg moved and Flanders seconded that the committee adjourn. The vote was unanimous. Adjourned at 6:11 pm.

**Next meeting date:** Tuesday, July 9, 2008 at 4:00 PM in Tracy Hall with Select Board