

Minutes

Town of Norwich **Finance Committee Meeting** Tuesday, January 6, 2009 *Tracy Hall, Norwich, Vermont*

Members present: Alvin Converse (Chair), Stephen Lajoie (Vice-Chair), Stephen Flanders (Secretary) by telephone, Karen Kayen, Cheryl Lindberg, and Fred Crawford.

Members absent: None

Also Present: John Aubin (SAU 70 Assistant Superintendent for Business), Alison May (Norwich Select Board), Peter Webster (Town Manager) and Roberta Robinson (Finance Officer), Neil Fulton, Janet Flanders

Chairperson Converse called the meeting to order at 4:35 PM and asked Lajoie to be acting secretary, due to the difficulties of taking minutes over the phone for Flanders.

Agenda Items Discussed

1. Review/Approval of Minutes

Converse reviewed the minutes of the meeting of December 16, 2008.

Motion: Crawford moved and Kayen seconded that the minutes be accepted.

The motion passed unanimously.

2 Agenda: Flanders requested New Business agenda item 5.1, Norwich Town Negotiations Guidelines, be taken up before Old Business items 4.5, All-day Kindergarten, 4.6, School Compensation Statistics.

2. Public Input: None

3. Reports:

Budget Status—Robinson discussed the status of current revenues and expenditures.

- Revenue is the issue at this point. The highway gas tax payment from the State, \$37,000, is the wild card. Revenue shortfalls could be up to \$76,000. Property tax, interest, building permits, and public safety revenues are estimated to have shortfalls. December trash ticket revenue up \$15,000; people bought tickets ahead of the 1/2/09 price increase.
- Expenses are at the 52.6% rate vs. the 50% 6-month target. Many expenses prepaid, e.g. 7 months of health insurance. Trash and recycling expenses are for only 4 months; billings have been late. Of the \$32,000 approved for the Kendall Station Road project, \$27,848 have been spent to date, with minor landscaping and 2nd layer of pavement remaining to be done. Workmen's

Compensation has been overspent by \$4,243; wages are up together with premium rates (the premium is based on prior year's actual wages paid).

Lindberg asked whether the \$7,500 insurance reimbursement from tree damage should go into the Tree Warden account or be up to the Select Board to decide. Robinson reported that this is a moot point, since she believes that the funds have already been spent by Tree Warden.

Webster reported that 14 out of 20 employees opted to join the new "high deductible" health plan (HDHP).

4 Old Business:

Allocation of VT Construction Aid Funds — Aubin presented Norwich School Construction Aid Transfer Arithmetic FY10 Budget proposal spread sheet. In proposed budgets, transfer of \$544,000 from Construction Aid Fund to General Fund included to date. The Dresden School Board is deciding how much of the Construction Project Account balance to transfer to the Dresden General Fund.

In Proposed Budgets: At this time the proposed Dresden budget shows transfer of \$800,000 of the Construction Project Account balance to offset the cessation of Dartmouth payments. Norwich's share is \$276,296 (34.537%). The combined total for Norwich is \$820,776. Norwich's portion of the \$1,940,000 Dartmouth Payment loss is \$670,018. The combined total less the Norwich portion of the Dartmouth Payment yields Norwich School General Fund a net gain of \$150,758. Aubin discussed two options to the proposed budget for transferring funds from the Vermont Construction Aid Fund to Norwich to supplement the payments from the Construction Project Account.

Option A: Revenue Neutral Transfer: \$393,722 transferred from the Vermont Construction Aid Fund to yield a zero net gain/loss in Norwich School General Fund.

Option B: No Net Impact from Dresden Construction Project Transfer: \$268,184 from the Vermont Construction Aid Fund to yield a total offset of \$544,000, which is the original offset amount for FY10 shown in the Norwich School District Tax Rate Calculator spread sheet prepared earlier by Aubin and Thomae, updated 12/24/08.

The Act 68 tax rate in the proposed budgets is \$1.5430, in Option A is \$1.5590, and in Option B is \$1.5842. The FY09 tax rate is \$1.4550. State Tax Commissioner has announced proposing the Statewide Education Tax Rate of 85 cents, down from current 87 cents, but adoption is questionable. The 85-cent rate would mitigate the increase in Act 68 Tax Rate. The proposed budget assumes a Dresden budget increase of 4.2%. Aubin leaning toward option B.

Converse recommended transferring more funds from the Vermont Construction Aid Fund than Option B calls for, as much as the full \$544,480, to better smooth out the bump in the Norwich tax rate.

Lindberg and Kayen recommended transferring the full \$544,480.

Lajoie also recommended the full amount transfer, noting CLA assumptions in the tax Rate Calculator for FY10 and forward, which are based on the historical FY05 through FY09 trend line, are unlikely to decrease at the rate shown, if at all, considering the dramatic downslide in the housing market.

Recommendation of the Undesignated Fund Balance to be used in estimating the tax rate in Town Meeting— Webster is using 13% in his proposed budget.

Motion: Lindberg moved and Kayen seconded to not go below a fund balance of 13% when estimating the tax rate for the Town Report.

The motion passed unanimously.

Coverage of School Board Budget Meetings and Town Budget Meetings— Converse noted the following dates in the agenda:

- Coverage of Norwich School Board Budget meetings
 - Jan. 8, 7 PM Presentation to the Board
 - Jan. 15, 7 PM Review by the Board
 - Jan. 22, 7 PM Adoption
- Coverage of Norwich Town Budget meetings
 - Jan. 14, 6:30 PM First hearing
 - Jan. 21, 6:30 PM Second hearing
 - Jan. 28, 6:30 PM Adoption

Members volunteered, as follows to cover meetings.

- Flanders to cover Town Budget Meetings.
- Lajoie to cover Norwich School Board budget meetings.
- Lindberg to cover Town budget and Dresden budget Meetings.
- Kayen to cover Norwich School Board 1/08, Dresden School Board 1/13, and Town 1/14 budget meetings.
- Converse to attend Town and School Board meetings.

All-day Kindergarten— Lajoie noted All-day Kindergarten is included in the proposed MCS budget and, as it would be an expansion of MCS program and added cost to the taxpayers, should in spirit of transparency be presented to voters separate from the MCS budget.

Motion: Lajoie moved and Kayen seconded the NFC recommend to the Norwich School Board that if all-day kindergarten goes at all, goes as a separate article in warnings.

The motion passed unanimously.

5. New Business:

Town Budget Status— Webster reported a proposed budget that yields a greater than a six-percent decrease in the town tax rate. His budget shows an increase in expenditures of 1.93% without the special articles.

Norwich Town Negotiations Guidelines— Flanders commented on draft guidelines that he had drafted, entitled "Negotiation Recommendations for the Norwich Town Employees' Contract," and had provided before the meeting. He emphasized a comparability review - what would it cost to refill a job? He recommended that positions should have written job descriptions together with salary or wage range of the position at entry level and full performance. He recommended that cost of living adjustments (COLAs) be based on average changes over several prior years to make COLAs more predictable, as a cap, but with year-to-year averages as basis for adjusting compensation within that cap. He emphasized that COLAs should apply to benefits as well as salaries/wages.

Converse asked Lajoie chair this section of the meeting as he had several comments on the draft guidelines.

Converse suggested the following:

- Revise document title to read "Draft Guidelines from the Norwich Finance Committee for the Negotiation of the Norwich Town Employees' Contract," deleting "recommendation for."
- That the first bullet item be at the Town manager's discretion.
- Delete the second bullet calling for negotiations be on a zero basis as we are stuck with the present and must work forward from it.
- Revise the ninth bullet to read "year-to-year change in the CPI."
- Delete the 10th and 11th bullets as written and replace with one that employees should contribute to benefits.

Flanders explained zero basis in 2nd bullet meant to view each position/job as if it were new and determine what it would take to fill it using labor market data, determining how well the current levels of compensation corresponded to similar positions in both the public and private sectors.

May noted that the third bullet already covered in that the proposed budget has monies for a compensation study.

Fulton suggested that using a 5 year timeframe for CPI average is too long. He recommended using average absolute CPI of current year (months 1-12) and of prior year (months 13-24).

Webster expressed need to stay in market with peer towns.

Fulton explained that the only two bargaining units affected are the police and public works employees. He explained that, whereas there is job interchangeability in the private sector, there is little interchangeability between the police, who have on-going certification requirements, and the private sector. Also public works employees have schedule requirements not found in private sector jobs.

Lajoie recommended deleting the eighth bullet item on training. Training should be a town manager determination, not a contact negotiation item. He also recommended deleting "award" in the ninth bullet item. An award should be a one time event, not a salary increase.

Peter Webster said he believes in the awards concept.

Motion: Kayen moved and Lindberg seconded adopting the guidelines as proposed, replacing the 10th and 11th bullets with one stating the NFC encourages employees contribution to benefits, omit the seventh bullet (Award) and eighth (Training), omit "award" from ninth bullet, and delete from sixth bullet " and approve by the select board in executive session."

The motion was tabled.

Flanders ended telephone contact at 6:30.

Converse asked Webster to run a model COLA calculation.

Converse asked the guidelines be redrafted and vote for approval at the next NFC meeting.

The following items were not discussed, owing to the length of the meeting: School Compensation Statistics (Old Business), Plot of Growth in Norwich Income and Expenditures for Town Report (New Business)

6. Other New Business: Matters arising after publication of the agenda— none was discussed.

7. Adjournment

Motion Kayen moved and Lindberg seconded that the committee adjourn.

The vote was unanimous. Adjourned at 6:42 PM.

Next meeting date: Friday, January 23, 2009 at 3:00 PM in Tracy Hall.