Minutes

Town of Norwich
Finance Committee Meeting

Tuesday, January 20, 2009

Tracy Hall, Norwich, Vermont

Members present: Alvin Converse (Chair), Stephen Lajoie (Vice-Chair), Stephen Flanders (Secretary), Karen Kayen (arrived 4:20), Cheryl Lindberg, and Fred Crawford.

Members absent: None

Also Present: Neil Fulton

Chairperson Converse called the meeting to order at 4:06 PM.

Agenda Items Discussed

1. Review/Approval of Minutes:

Converse reviewed the minutes of the meeting of January 6, 2008. A discussion ensued.

- Lindberg asked whether the question of the $7,500 reimbursement was a "moot point." A discussion ensued on where to put insurance reimbursements. Fulton observed that it was difficult to find a nexus between the insurable event and where the funds went, in this case. Normally, funds are deposited to the account of the department where the insured loss occurred.
- Converse asked that the motion be clarified to read, "Lindberg moved and Kayen seconded to not go below a fund balance of 13%, when estimating the tax rate for the town report."
- Converse further summarized the minutes.

  Motion: Lindberg moved and Lajoie seconded that the minutes be accepted with the clarification stated.

  The motion passed with five in favor with Kayen abstaining.

2. Public Input: None

3. Norwich Town Negotiations Guidelines:

After some brief discussion on editorial matters and the finalized text of the "Suggested Guidelines from the Norwich Finance Committee for the Negotiation of the Norwich Town Employees' Contract" that was presented at the meeting, the following motion was made:

> **Motion:** Kayen moved and Lajoie seconded that the editorially corrected version of the document be adopted.

The motion was passed unanimously.

Action: Flanders to attach to minutes (Appendix A), forward to the town manager.

4. Norwich School District Budget:

Discussion started with a summary of the contents of a 16 January 2009 memo from SAU 70 Assistant Superintendent for Business, John Aubin, entitled "Dresden Budget Changes," which anticipates a $14,188 increase in the Dresden assessment, owing to changes in estimates of the end-of-year fund balance and income from interest.

- Converse discussed budgetary options and asked whether the NFC was ready to take a stand on the budget of the Norwich School District.
- Flanders suggested that the NFC adopt a version of the DFC resolution, unless doing so would harm net revenues.
- Lajoie felt that the proposed full-day Kindergarten program would not ultimately pay for itself. He suggested that increasing class sizes elsewhere would make the proposal cost neutral. A discussion of class size ensued, describing the school goal of 15 students per class for the lower grades, 20 students per class for the upper grades and a 20-students cap for kindergarten. NFC members addressed their concern about "class-size creep." Lajoie cited the current regular classroom faculty ratio of 17 FTEs per student as being well above the 20:1 ratio.
- Converse suggested some text for a motion.

  Motion: Flanders moved and Kayen seconded that: "The NFC recommends that the Norwich School District budget be set so that the increase in the estimated homestead (residential) tax rate, including its Dresden assessment, not exceed 3%. We note with concern that the expense budget does not currently contain the results of the ongoing teacher contract negotiations."

  The motion passed unanimously.
- **Action:** Converse to forward the motion to the Norwich School Board.
- Lajoie emphasized the significance of staffing levels to address both budget and capacity to serve the student population.
- Converse suggested that it's still reasonable to use the $544K of Vermont building aid funds on behalf of Norwich to offset the school tax impact.

  Motion: Converse moved Kayen seconded that "No more than $545,000K in Vermont construction aid funds be used in the budget for FY 2009-2010."

  The motion passed unanimously.

5. Norwich Town Budget:

Converse read a proposed motion regarding the town budget. A discussion ensued:

It was noted that the undesignated fund balance language should pertain to the value for June 30, 2009. Known reductions in revenue represent a big hit. The highway department is incurring more expenses than budget, owing to the frequent snowstorms. It was asserted that less than 50% of Norwich's expenses are attributable to labor.

> **Motion:** Flanders moved and Lajoie seconded that "The NFC supports the efforts of the Norwich Town Manager and the Norwich Select Board that have produced a budget that has a modest increase in expenses and an estimated 5% decrease in the town tax rate. As we have expressed before, we urge that the Undesignated Fund Balance not be reduced below a value equal to 13% of the Town expenditures as of June 30, 2009. We note with some concern however that the budget does not contain the results of the employee's contract negotiations that are underway. Further reductions in expenses that won't adversely affect subsequent budget years would be welcome."
>
> The motion passed five in favor with Kayen voting against.
>
> **Action:** Converse to forward the motion to the Norwich Town Manager and Norwich Select Board.

6. **Other New Business**: A discussion arose concerning the possibility abolishing the elected auditors office, since the town hires professional auditors. Converse advocated including a select board member and a school board member. He also mentioned that an article might include a charter for the NFC.

7. **Adjournment**

> **Motion** Flanders moved and Kayen seconded that the committee adjourn.
>
> The vote was unanimous. Adjourned at 6:15 PM.

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

APPENDIX A

Suggested Guidelines from the Norwich Finance Committee for the

Negotiation of the Norwich Town Employees' Contract

January 20, 2009

Objective—The Norwich Finance Committee (NFC) is committed to the goal that the Town should retain and recruit employees who are capable of providing service to the residents of the town through its town departments with the knowledge and skill levels required to maintain standards expected by town residents.

Constraints—Some positions require accumulated knowledge, particular to the town to enhance the effectiveness of the incumbent. Others require knowledge and skills that are generally available.

Recommendations—The NFC recommends that:

- The town manager be assisted by a negotiation team or consultant, whose duties should include, but not be limited to, providing research data in support of the town's negotiation position.
- A compensation comparability review be undertaken. Review the compensation of equivalent positions, not just in town government but in private industry, where applicable, to establish the relative competitiveness of the compensation currently offered by the town for each position. Compensation negotiations use labor market data and other factual information as the basis for negotiation.
- The town manager identify which positions require higher standards of knowledge and skills than are readily available in the labor market and what premium should be associated with those positions to retain and attract employees with those attributes.
- Positions should have written job or position descriptions that describe duties and the corresponding qualifications, including knowledge and demonstrated skills, required for the entry-level and full-performance levels of duty for that position, together with the salary or wage range of the position.
- Salary or wage increases for a position should be based on objective performance measures of the incumbents' applied knowledge and skills within the standards of the position and be adjusted, if appropriate, as a result of an annual performance review by the department head, reviewed and adjusted by the town manager. Salaries or wages should *not be set by automatic increases* to reflect increases in experience or performance. Employees should have the right to appeal pay raise decisions.
- Alternatively, any step and track system should reflect the fact that learning a job occurs faster in the beginning than when one reaches full performance. So, rather than having step increases occur linearly, they should be extended over a longer time period.

  - For example, the first third of step increases should occur after one year in step, the second third of step increases should occur after two years in step and the final third of step increases should occur after three years in step. All step increases should be a result of annual performance reviews and certification of satisfactory performance by the supervisor.

  - After an annual performance review, a supervisor may recommend to the town manager a "performance-based step increase" beyond what the step-increase schedule would provide for an employee whose performance has progressed towards full performance much more rapidly than the step-increase schedule suggests.

  - To assess the financial impact of proposed options, the negotiator should prepare a "scattergram" of the progression of incumbents in their tracks and the total cost of compensation resulting by their progress in track as a result of proposed compensation options during the contract period.

- Department heads may recommend individual one-time incentive awards to the town manager at any time of year for exemplary employee accomplishments that do not constitute an increase in knowledge and skills. There should be no expectation that any awards be made in a given year. Awards should be for accomplishments that would be recognized by peers as clearly exemplary.

- Annual cost of living adjustments (COLAs) to the salary, wage, and benefit schedules should be no greater than the annual percentage change in the Consumer Price Index-Urban-Northeast, averaged over the three previous years of data at the beginning of the contract. This is a *cap*.

  - If the actual averaged percentage change in the CPI value over the previous 12 months, prior to each anniversary of the contract, is lower than the *cap*, then that value shall be chosen as the COLA for the upcoming contract year.

  - If the actual averaged percentage change in the CPI value over the previous 12 moths, prior to each anniversary of the contract is less than zero, then the COLA will be zero for the upcoming contract year.

- Alternatively, annual COLAs to the salary, wage, and benefit schedules should equal the annual average percentage change in the Consumer Price Index-Urban-Northeast, averaged over the previous 12 months, prior to each anniversary of the contract.

- Benefits be offered under a "cafeteria plan" to allow employees to opt among benefits with their contributions, including receiving pay in lieu of benefit.

- Employees share in the cost of benefits.