

Minutes

Town of Norwich Finance Committee Meeting Thursday, January 29, 2009 Tracy Hall, Norwich, Vermont

Members present: Alvin Converse (Chair), Stephen Lajoie (Vice-Chair), Stephen Flanders (Secretary), Karen Kayen (4:40), Cheryl Lindberg (4:43), and Fred Crawford.

Members absent: None

Also Present: Neil Fulton, Dennis Kaufman, Roberta Robinson

Chairperson Converse called the meeting to order at 4:37 PM.

Agenda Items Discussed

1. Review/Approval of Minutes:

Flanders reviewed the minutes of the meeting of January 23, 2008. A discussion ensued.

- Several editorial items were suggested.

Motion: Lajoie moved and Crawford seconded that the minutes be accepted as presented.

The motion passed unanimously (Lajoie, Crawford, Flanders, Converse).

- #### **2. Public Input:**
- Converse asked of Fulton whether 0.4600 would be the total projected town tax rate, mentioned in the town report. Fulton drew the committee's attention to the Summary Statement as an appropriate source for obtaining tax rates for town and school taxes.

3. Norwich Town Budget:

Converse identified several items that required an NFC vote to become part of the NFC report.

- Converse asked that the vote on the town budget be revisited with the specific spending figure.

Motion: Flanders moved and Lindberg seconded a motion to: "Support a gross spending Town Budget of \$3,989,623." A discussion ensued:

- Kayen did not support the motion primarily because of the 3-percent across-the-board increase in employee pay. She was concerned the budget relied on the use of reserve funds to make the tax rate attractive.
- Lindberg asked Robinson whether the projected fund balance was realistic. Robinson reported that the expected FY08 fund balance is \$791,500. She further reported that 13% of town expenditure budget

without articles is \$518,161. Kayen wondered whether the FY08 payment from the reduction of the Undesignated Fund Balance (UFB) of \$80K has been figured in that value. Robinson replied that it had. Lindberg felt that the budget had been arrived at by a reasonable process, but felt that it would be inappropriate to emphasize that cost of living agreements (COLAs) should not be tied to the budgeted 3% increase in pay for FY10, but reflect the current consumer price index (CPI) figures. She recognized that the tax rate is expected to be down, thanks to the budget.

- Fulton observed that the past town policy for setting COLAs was to use the CPI November-November figure.
- Lajoie felt that the town manager achieved a flat budget and saved the town money through the less expensive health benefit package.
- Converse felt that the expenditures were under control and that the undesignated fund balance (UFB) was appropriate; he endorsed offsetting taxes during difficult economic times. He felt that the 3% pay increase was appropriate as an incentive for town employees to accept the health package in which they would share a portion of the cost. He advocates using an average CPI to develop a COLA.
- Crawford felt that the guidelines have been met, but he is uncomfortable with using the UFB to soften the tax rate, rather than for emergency expenditures.

The motion passed 5 to 1 (Kayen).

Action: Converse to write text in the report that reflects the motion.

4. Norwich Town Budget Statement:

Converse reviewed a new draft of the “Norwich Finance Committee Town Budget Statement.”

- Kayen commented on the new draft, pointing out why the majority voted for the conclusion and the minority’s reason for not voting for it. She suggested that this description should occur early in the paragraph. The Converse agreed with the point.
- The majority felt that the budget met the NFC budgetary guidelines. The minority felt that pay increase beyond that, which would have been determined by CPI, was excessive during the current financial times.
- A lengthy discussion ensued, regarding how to compare the FY2009 and FY2010 budgets in a manner that is consistent, year-to-year.

Motion: Kayen moved and Lindberg seconded a motion that: “The committee empower the chair to rewrite the statement to reflect this meeting’s discussion and for him to allow 24 hours for review of the next draft by the committee upon its being circulated before he forwards the final copy to be included in the town report.”

The motion passed unanimously.

Action: Converse to write a new draft of the statement that reflects the motion.

5. Norwich School District Budget:

Converse identified several items that required an NFC vote to become part of the NFC report.

- *Norwich School District:* Marion Cross School.

Motion: Kayen moved and Lindberg seconded that: "Move to support a gross expenditure budget of \$4,676,506 for the Marion Cross School."

- The discussion addressed whether this number included the labor contract wage increase and \$30K for the special education. It was agreed that the labor contract was included. It was suggested that the Reserve Fund for Special Education was to be warned as a separate item.

The motion passed unanimously.

Action: Converse to write text in the report that reflects the motion.

6. Norwich School District Budget Report:

Converse had prepared a draft "Norwich Finance Committee School Budget Statement" for discussion.

- *Discussion of draft school district budget report:* Since the motion to support the budget was unanimous, no minority report was needed. Instead, several refinements were suggested to the document, including:
 - Moving the description the NFC to the last paragraph, combined with the roster.
 - Mention that the tax impact was mitigated by the return of unexpended Vermont bond funds.
 - Add controlling costs as a reason to re-assess student-teacher-ratios.
 - Remove the paragraph describing the alternative school taxation scheme for those below an income threshold.
 - Remove the last paragraph on reducing cuts, since that concept will have been included at the end of the first paragraph.

Motion: Kayen moved and Lindberg seconded a motion that: "The committee empower the chair to rewrite the statement to reflect this meeting's discussion and for him to allow 24 hours for review of the next draft by the committee upon its being circulated before he forwards the final copy to be included in the town report."

The motion passed unanimously.

Action: Converse to write a new draft of the statement that reflects the motion.

Other New Business:

The chairman had prepared motions that pertained to other articles on the Norwich "Warning of Annual Meeting, March 3, 2009." Most notable is the reconfiguration of the NFC.

- *Elimination of Town Auditors Office:* Since no-one has volunteered to run for Town Auditor, the select board has opted to eliminate the office. The town hires outside auditors for independent audits, as allowed by Vermont statute. The auditors have also been responsible for preparing the Town Report.

Motion: Kayen moved and Lajoie seconded that: "The NFC support the elimination of the office of Town Auditor."

The motion passed unanimously.

Action: Converse to write text that reflects the motion.

- *Appointment of NFC Members:* In the absence of sufficient numbers of citizens running for the Norwich Finance Committee and with the abolishment of the three Town Auditor chairs on the committee, the select board proposes to appoint three members to the NFC. The following point were made:
 - Several expressed the desire that one appointee should be from the select board and another be from the Norwich School Board.
 - Fulton pointed out that in the absence of a positive vote, the NFC would have only four members. This would be a numerical disadvantage for Norwich in the Dresden Finance Committee.

Motion: Flanders moved and Kayen seconded that: "The NFC support the appointment by the select board of three members to the Finance Committee to replace the elected auditors."

The motion passed unanimously.

Action: Converse to write text in the report that reflects the motion.

- *Future Agenda Items:* The NFC discussed future agenda items. The following ideas were proposed:
 - Town eating day participation.
 - Town meeting day—speaking roles for NFC members.
 - What does the year ahead look like?
 - What strategic items should the NFC be pursuing, including constitution of NFC, framing financial guidelines, and labor contract guidelines?

Action: Converse to prepare a February agenda that includes those items.

8. Adjournment

Motion Flanders moved and Lindberg seconded that the committee adjourn.

The vote was unanimous. Adjourned at 7:25 PM.

Next meeting date: Tuesday, February 17, 2009 at 4:30 PM in Tracy Hall.