

Minutes

Town of Norwich Finance Committee Meeting Tuesday, July 7, 2009 Tracy Hall, Norwich, Vermont

Members present: Stephen Lajoie (Chair), Stephen Flanders (Secretary), Keith Moran, Ann Sargent (arrived 4:34 PM), Cheryl A. Lindberg (Vice Chair), Dan Weintraub, Robert Mitchell

Members absent: None

Also Present: Select Board members: Sharon Racusin, Ed Childs, Roger Blake, Sarah Nunan, and Suzanne Lupien; Neil Fulton, Irv Thomae, Pete Webster (Town Manager), Henry Scheier, Dennis Kaufmann (Lister), and Roberta Robinson (Finance Officer)

Chairperson Lajoie called the meeting to order at 4:26 PM.

Agenda Items Discussed

1. Review/Approval of Agenda:

Lajoie reviewed the agenda. With the agreement of the NFC, Lajoie elected to address the tax rate first on the agenda and the minutes last.

2. Public Comments:

No members of the public volunteered a comment.

3. Recommend a Tax Rate for FY2010:

In reference to a handout, entitled "Town of Norwich Property Tax Rates" (Appendix A), Fulton explained the process for setting the town property tax rate:

- The town grand list, as of 1 April 2009, was \$699.5M; the education grand list was \$700.5M.
- The state set the total education taxes at \$10.1M for FY10.
- The FY10 town budget without articles was \$3.99M, which would necessitate a property tax rate of \$0.4261 per \$100 of valuation.
- \$244K of monetary articles adds \$0.349 per hundred and results in total town expenditures of \$4.23M.
- An estimated \$827.6K of offsetting revenues reduces the amount to raise from property taxes, but an allowance of \$50K for uncollected property taxes increases that amount. To keep the Undesignated Fund Balance (UFB) within the 15% guidelines, a minimum offset of \$231K is required.
- This minimal use of the UFB results in a total of \$3.23M to be collected from taxes, together with a \$33.7K levy of local agreement taxes results in a rate of \$0.4658 per \$100 of valuation for town taxes.

Some additional considerations were discussed:

- Whether the estimate of offsetting revenues is current; Robinson says yes. She suggested that recycling income, the purchase of trash coupons and building permits are likely to decline or stay depressed. She reported that the town's share of Vermont highway gas tax revenues are expected to be fully paid out.
- The sources of exemptions, which include qualifying energy production facilities and two residences belonging to veterans.
- Whether the Allowance for Tax Adjustments was double counting of the UFB. Thomae and Lindberg felt that the allowance for tax adjustments is a double allowance in case of tax appeals. Scheier and Fulton felt that it was not a double accounting and was not an explicit factor in the UDFB policy.
- Whether the UFB should be allowed to be set at a value higher than the 15% cap indicated in Norwich town policy.
- Whether the UFB should be reduced in the current fiscal year in order to soften the impact of taxes or maintained at a high level to address possible reductions in offsetting revenue in FY 2011. Thomae and Weintraub argued in favor of giving the taxpayers' money back to help lower-income people in the current difficult economy. Lajoie, Lindberg and Flanders argued in favor of holding the UFB in reserve for FY 2011.
- Weintraub and Moran expressed concern that attention be given to possible immediate reductions in expenditures from the approved FY10 budget.

Motion: Lindberg moved and Flanders seconded that the NFC recommend to the Select Board that the undesignated fund balance be held at a 15% level to achieve a municipal tax rate of 0.4659 for FY10.

- Moran and Weintraub advocated cushioning the current taxpayer burden. Flanders, Lajoie and Lindberg spoke in favor of having a cushion against diminished offsetting income or even tax revenues in FY 2011.
- Webster advocated for the motion, which would result in a 3.15% tax rate reduction.
- Discussion ensued on what the impact between the two extreme choices would be between the 8% and 15% UDB balances. Lindberg calculated that for a \$500-K home the difference in taxes between the two extremes of UFB would be approximately \$200.
- Weintraub emphasized his concern that, after a period of deflation, a period of strong inflation and tight credit would ensue. In his view this necessitates becoming accustomed to reduced expenditure budgets, even in the current FY.

The motion passed five (Lindberg, Flanders, Lajoie, Sargent, and Mitchell in favor) to two (Weintraub and Moran against).

Action: Lajoie to inform the Selectboard of the NFC recommendation.

4. Methodology to Set Budgetary Guidelines:

A brief discussion ensued, regarding the setting of town budgetary guidelines. Questions arose, as follows:

- What items will increase faster than others? Webster anticipated a substantial increase in health insurance when he proposed the approved budget.
- What about the DPW budget? Nunan asked whether we are behind in paving. Fulton reported that we are essentially on track.

Nunan asked for NFC input on big-picture issues by late July.

5. Review/Approval of Minutes:

Lajoie asked for input on the minutes of the meeting of 19 May 2009. NFC members expressed satisfaction with them.

Motion: Moran moved and Lajoie seconded that the minutes of 19 May 2009 be accepted as presented.

The motion passed unanimously.

Lajoie asked for input on the minutes of the meeting of 16 June 2009. NFC members expressed satisfaction with them.

Motion: Moran moved and Lajoie seconded that the minutes of 16 June 2009 be accepted as presented.

The motion passed unanimously.

6. Pending Items:

None discussed.

7. Next Regular Meeting:

Next meeting date: Tuesday, July 21, 2009 at 4:30 PM in Tracy Hall.

8. Adjournment

Motion: Flanders moved and Moran seconded that the committee adjourn.

The vote was unanimous. Adjourned at 6:20 PM.

Upcoming meeting dates (4:30 PM in Tracy Hall):

Tuesday, July 21, 2009

Tuesday, August 18, 2009

Tuesday, September 15, 2009

Tuesday, October 20, 2009

Appendix A: Town of Norwich Property Tax Rates

FY2010 Final Tax Rate (DRAFT for FC Review)		Town of Norwich Property Tax Rates			
Grand List					
4/1/2009 Town Grand List	\$	699,548,000	Comcast	\$945,100	
1%	\$	6,995,480	Town Exemptions		
4/1/2009 Education Grand List (Taxable)	\$	700,493,100	Homestead	\$ 115,400	
1%	\$	7,004,931	Non-Residential	\$ 2,302,200	
School (Rates Set by State)					
Common Level of Appraisal		FY10 0.9707	FY09 1.0477		
District Spending Adjustment		1.6772	1.6769		
Homestead Tax Rate					
HGL Education Grand List	\$	4,654,009	\$ 4,815,718		
Tax Rate	\$	1,4859	\$ 1,4550		2.12%
State Education Taxes	\$	6,915,392	\$ 7,006,870		
Non Residential Tax Rate					
NRGL Education Grand List	\$	2,350,922	\$ 2,127,951		
Tax Rate	\$	1,3907	\$ 1,3563		2.54%
State Education Taxes	\$	3,269,427	\$ 2,866,141		
Total State Education Taxes	\$	10,184,819	\$ 9,893,010		
Town Total Town Budget w/o Articles	\$	3,989,623	\$ FY10 0.4261	\$ FY09 0.4201	1.43%
Voted Monetary Articles				\$ 0.0060	
ACORN		2,000	\$ 0.0003		
Advance Transit		9,536	\$ 0.0014		
Cemetery Commission		15,000	\$ 0.0021		
Family Place		3,000	\$ 0.0004		
Green Mountain RSVP		500	\$ 0.0001		
Headrest		2,500	\$ 0.0004		
Health Care Rehab Services		3,093	\$ 0.0004		
Norwich American Legion		1,500	\$ 0.0002		
Norwich Child Care Scholarship		4,348	\$ 0.0006		
Norwich Historical Society		8,000	\$ 0.0011		
Norwich Public Library		162,114	\$ 0.0232		
Norwich Senior Action Council		500	\$ 0.0001		
SEVCA		1,750	\$ 0.0003		
Upper Valley Trails Alliance		2,000	\$ 0.0003		
VT/NH Visiting Nurse		13,600	\$ 0.0019		
White River Council on Aging		5,300	\$ 0.0008		
Windsor County Partners		1,000	\$ 0.0001		
WISE		2,500	\$ 0.0004		
Youth-in-Action		6,000	\$ 0.0009		
Total Monetary Articles	\$	244,241	\$ 0.0349	\$ 0.0571	-38.85%
Total Town Expenditures	\$	4,233,864			
Offsetting Revenues					
Property Tax Fees and Interest		RR 6/26 Estimate (35,000)	TR Estimate (35,000)		
Current Use Payment		(100,236)	(95,000)		
Permit and License Fees		(9,550)	(13,050)		
Intergovernmental Revenues		(192,880)	(192,880)		
Grant Revenues		(140,000)	(140,000)		
Service Fees		(285,600)	(323,100)		
Public Safety Revenues		(22,700)	(22,700)		
Other Town Revenues w/o Interest from Banks		(11,600)	(11,600)		
Interest Earned from Banks		(26,000)	(30,000)		
Miscellaneous Revenues		(4,000)	(4,000)		
Total Offsetting Revenues	\$	(827,566)	(867,330)		
Payment from Reduction in Undesignated Fund Balance	\$	(231,147)	199,642		
Allowance for Tax Adjustments		50,000	25,000		
Amount to raise from Property Taxes	\$	3,225,151	\$ 0.4610	\$ 0.4772	-3.39%
Town Tax Rate					
Local Agreement Taxes	\$	33,731	\$ 0.0048	\$ 0.0038	
Total Town Tax Rate	\$		\$ 0.4659	\$ 0.4810	-3.15%
Summary					
School Homestead Tax Rate	\$	FY10 1.4859	FY09 1.4550		2.12%
School Non Residential Tax Rate	\$	1.3907	1.3563		2.54%
Town Tax Rate (With Local Agreement Rate)	\$	0.4659	0.4810		-3.15%
Total Homestead Tax Rate	\$	1.9518	1.9360		0.81%
Total Non Residential Tax Rate	\$	1.8566	1.8373		1.05%

DRAFT 7/2/2009 @ 10:56 AM