

Minutes

Town of Norwich Finance Committee Meeting Thursday, August 18, 2009 Tracy Hall, Norwich, Vermont

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

Members absent: None

Also Present: Pete Webster (Town Manager), Henry Scheier, Dennis Kaufmann (Lister), Roberta Robinson (Finance Officer), Neil Fulton, Phil Dechert (Planner), Eli Weintraub and Select Board members: Sharon Racusin and Sarah Nunan

Chairperson Lajoie called the meeting to order at 4:30 PM.

Agenda Items Discussed

1. Review/Approval of Agenda:

Lajoie reviewed the agenda.

2. Review/Approval of Minutes:

Lajoie briefly reviewed the minutes of the meeting of July 21, 2009.

Motion: Lindberg moved and Moran seconded that the minutes be accepted as presented.

The motion passed unanimously.

3. Public Comments:

No members of the public volunteered a comment in this segment.

4. Financial Report:

Robinson sent the July 31 Revenue and Expenditure Report to the NFC and the one-month results do not forecast any trend. The tax billings are higher this year than last. Lindberg asked whether there had been any change to the F/Y 09 financial results as previously reported. Robinson said that a grant had been received that she was not aware of and that the undesignated fund balance increased by \$33,000 over her previous projection. Lindberg asked how the year-end audit went so far and what the plan was for the rest of the audit. The firm Fothergill, Segal and Valley will return in September for the more intense audit effort.

Robinson highlighted that 4% of taxes have gone unpaid, compared with 2% at this time last year. She has a list of those who are delinquent. Currently, \$112K in property taxes are delinquent, compared with \$73K at this time last year. Lajoie pointed out that the trend is in the wrong direction.

Sargent asked Webster whether payment plans had been arranged with those who are delinquent for two years. Webster explained that payment plans had been worked out for many of those, using long and short-term schedules, often involving banks.

5. Budgetary Guidelines for the Marion Cross School:

Chairperson Lajoie introduced a handout from the Norwich Budget Committee¹ meeting of 22 July 2009, entitled "DRAFT Norwich School Board 2009-10 Budget Guidelines,"². It had the following four principles:

- Avoiding the Vermont excess spending penalty through control of per-pupil spending.
- Employ "creative staffing patterns" to result in fewer FTEs³.
- Detailing the basis for the budget in implementing the advocated quality of education in specified areas, to better inform the taxpayers.
- Provide an overview of the budget's impact on future budgets with respect to the Vermont "Think Twice" legislation.

Sargent and Lindberg reported attending the most recent Norwich School Board (NSB) meeting. Lindberg explained that Marion Cross Principal, Dr. Kelly, had done a zero-based budget for last year's budget process. This year the NSB Finance Committee has avoided percentage guidelines. There has been an increase in enrollment in the Marion Cross Elementary School (MCS). The NSB is hoping not to increase staff. Sargent reported from her attending NSB meetings that the NSB would be doing a thorough scrub of the budget. Lindberg reported that there would be a more consolidated class schedule, which would be less vulnerable to snow days.

Flanders felt that the NSB hadn't provided real budget guidelines in its draft document. He suggested that guidelines should do some combination of:

- Speaking to the rate of increase in the costs in providing the current level of service.
- Adjusting the budget to the predicted level of affordability.
- Recognizing whether the services are being delivered at the most cost-effective level.

¹ <http://www.sau70.org/boards/norwich/>, a committee of the Norwich School Board with members, Cary Callaghan and Geoffrey Vitt.

² The dates shown correctly represent the handout, although the budget year in question is 2010-11.

³ FTEs = Full-time equivalents (of staff member)

Scheier emphasized that the NSB faces a renegotiation of the teachers' contract and that the negotiation team needs to have all proposed negotiation points on the table at the beginning of negotiations. Lajoie pointed out that, with the renegotiation of the teachers' contract, all the expenses are "controllable." Flanders recommended that the NFC not treat the school more favorably than the town, if the NFC voted for a 5% cut for the town based on affordability, then it should treat the school in the same manner.

Lindberg, upon consulting the Norwich Town Report, reported that the MCS budget is \$4.6M. Flanders pointed out that cuts would most likely come from teacher salaries and benefits or from larger class sizes.

Motion: Sargent moved and Lindberg seconded that the SAU 70 Assistant Superintendent for Business prepare and the Norwich School Board approve a budget that is 5% less than the previous fiscal year's school expenditure budget.

Discussion:

- Henry Scheier pointed out that this is the time at which the NFC's guideline to the NSB is due. He pointed out that this year the teaching part of the budget is very much in play. He expressed concern that special education may constrain other types of cuts from being feasible.
- Lindberg pointed out that the MCS budget was level-funded in the current fiscal year, based on fortuitous circumstances, not based on efforts at cost control. As an example of cost control, she suggested that the bidding for the school audit should be more diligently followed through on to obtain the most favorable price.
- Sargent pointed out that the special education budget is being rendered inefficiently and has considerable room for efficiencies. Also she claimed that the accounting for line items obscures how funds are being spent.
- Mitchell pointed out that the rationale for the proposed cut in the motion is a predicted problem of affordability at the time of the budget.
- Moran agreed that the considerations that applied to the town budget also apply to the school budget.

The motion passed six in favor to one against (Flanders).

Action: Lajoie to inform the Norwich School Board of the NFC recommendation, including the minority opinion.

6. Norwich Listserv⁴: medium for NFC to receive input:

Flanders explained that the Norwich List Server would be a useful medium for NFC members to receive input from the public on topics at hand. He felt that it would be

⁴ norwich-request@lists.valley.net

a legal medium for exchanging ideas by e-mail, since the exchanges would be readily accessible to the public.

Lindberg suggested that the list server could be unproductive, compared with face-to-face live discussion. She felt that it is the responsibility of interested members of the public to follow the NFC's discussions in its minutes and to participate at its meetings.

Dechert pointed out that substantive discussions can either be made available on the web or after the fact at the next meeting as part of the documentation of record. A simultaneous decision would be inappropriate. Back-and-forth on the list server can be rude and inappropriate. Private e-mail is subject to the public document law.⁵ Group written discussions and documentation is subject to the public document law, even if it occurs between two members only. The Planning Commission and Design Review Board copy all correspondence to the Planning Office where it is stored and may be retrieved from a single server if requested.

Fulton emphasized that the purpose of sunshine laws⁶ is to avoid private discussion; the democratic process requires that policy discussion be in the open.

Members of the NFC confirmed that they recognize that e-mail communications should be limited to public domain information, suggestions about agenda items and timing of meetings, and forwarding of material to be discussed at an upcoming meeting.

7. Budgetary Guidelines for the Town of Norwich:

Lajoie summarized Neil Fulton's e-mail (Appendix A) that the select board requested ideas on how to achieve the budget cuts. Webster has received guidance to provide two budgets, one at 5% reduction and the other at the minimum budget necessary to maintain the current level of service, with a goal of no new taxes.

Flanders asked whether the budget could be more modularized. Fulton pointed out that Vermont statute requires the budget to be voted up or down as a unit. Weintraub suggested that the road system would be an area for saving costs.

Kaufman reported that the grand list will be greater in the upcoming fiscal year than before. Dechert reported that new building permits are on the rise, again.

Lajoie emphasized that the NFC's role is to set parameters for budget formulation through its guidelines and that it is the role of the town administration to propose where adjustments in spending should be made.

Flanders reasoned that, since the NFC specified a 5% reduction in budget, based on forecast ability to pay among taxpayers, an NFC forecast of the size of a budget at the current level of service would be contradicting the vote at its 21 July meeting. The

⁵ http://www.sec.state.vt.us/municipal/pubs/public_records_law_june_2002.PDF

⁶ <http://www.sec.state.vt.us/municipal/pubs/openmeeting/>

NFC had already discussed a spreadsheet with such a forecast, but rejected the option of maintaining the current level of service.

(Weintraub left at 6:30)

8. Town of Norwich Policies – Follow-up to Selectboard Roundtable:

There was no discussion, prior to adjournment.

9. Other Topics:

No other topics were discussed.

10. Adjournment

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

The vote was unanimous.

Adjourned at 6:55 PM.

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

Tuesday, September 15, 2009

Tuesday, October 20, 2009

Tuesday, November 17, 2009

Appendix A

Sunday, August 23, 2009 6:03 PM

Subject: Finance Committee Meeting

Date: Sunday, August 16, 2009 4:41 PM

From: Neil Fulton <nfulton@valley.net>

To: Stephen N. Flanders stephen.flanders@yahoo.com, Stephen Lajoie stjoie@aol.com, Cheryl Lindberg

Cheryl.Lindberg@valley.net, Richard Hughes hanocap@hughes.net, Keith Moran morinsure@innevi.com, Ann

Sargent ann@dpfdesign.com, Dan Weintraub dan@danweintraub.net

Cc: 'Pete Webster' PWebster@norwich.vt.us, Blake, Roger blakes@valley.net, ed childs childsej@aol.com, Ed

Childs (Childs, Ed - Internet) echilds@mbvt.com, Nancy Kramer

nkramer@norwich.vt.us, Nunan, Sarah &

Michael msnunan@valley.net, Racusin, Sharon sracusin@valley.net

Steve,

The following are from my notes of the Selectboard consensus on Draft FY11 Budget Guidelines for review by the Finance Committee on August 18 and by the public on August 26.

I have copied the Selectboard for feedback if my notes are not accurate.

Neil

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- * The Town Manager will be asked to present two side-by-side budgets to the Selectboard.
 - * The minimum budget necessary to maintain the current level of services.
 - * A budget with an overall reduction of 5% from the current year town, not including the other monetary articles, expenditure budget.
 - * A guideline of no increase in Town Tax Rate.
 - * The SB will pay particular attention during the budget review to appropriations to the reserve (designated) funds with an emphasis on the highway, fire and police vehicle replacement reserve funds. This will include the out-year impacts of a one or two year reduction in the appropriations to these funds and the impacts of a modification of the vehicle replacement schedules by delaying planned vehicle replacements by one or two years.
 - * There was discussion, but no decision made, of having one department doing a zero-based budget. In other words building and justifying their budget from the ground up. Public Works became the focus of this discussion.