

Minutes

Town of Norwich Finance Committee Meeting Tuesday, January 12, 2010 Tracy Hall, Norwich, Vermont

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

Members absent: Robert Mitchell, Dan Weintraub

Also Present: Pete Webster (Town Manager), Roberta Robinson (Finance Officer), Neil Fulton, Henry Scheier, Sarah Nunan (Selectboard Chair), Alison May, Suzanne Lupien (Selectboard Member), and Dennis Kaufman (Lister)

Chair Lajoie called the meeting to order at 4:41 PM.

Agenda Items Discussed

1. Review/Amendment of Agenda:

Lajoie reported that the Norwich Energy Committee wasn't ready to present the solar project at this meeting.

2. Public Comments: There were no public comments.

3. Town Financial Report—Webster/Robinson:

Robinson reported that all income and expenditure indicators were meeting projections. She added that the Gateway appeal was successful for the town's case. She reported that year-end close-out calculations begin in February.

4. Norwich Town Budget:

Lajoie emphasized that the NFC's job is to give "big-picture" recommendations, not to get involved in details.

Clarification of NFC Budget Guideline Intent – Lajoie mentioned that there were non-recurring expenditures in last year's budget, which some members of the NFC were not aware of when it made its recommended guidelines for a 5% cut to the town gross expenditure budget. There was discussion about whether some further clarification on what the NFC guidance was—did it pertain to the overall reduction or did it pertain only to regular and recurring expenditures?

- Webster reported that the proposed town budget represents an 8.1% reduction of town government expenditures, compared with FY 2010. Within this reduction all but 2.6% were attributable to non-recurring items, including termination of a bond payment and the elimination of generators from the budget. Webster emphasized that his budget documentation made these elements clear and available for inspection by the NFC. He apologized for not sending the NFC a cover letter, which would have emphasized this fact.

- Flanders suggested that the NFC guidance “was what it was” and is what had been addressed in the formulation of the budget. He felt that it would be unfair to change the guidance without a significant change in circumstances.
- Moran felt that the NFC had been unaware of the presence of non-recurring items when it made its recommendations. This made budget cutting easier, than he imagined, for the town administration to achieve the NFC 5% gross expenditure reduction goal. Lindberg shared this sentiment.

Anticipated Town Tax Rate – Lajoie asked whether the committee should advocate a stable or declining tax rate.

- There was a discussion about the role of the Undesignated Fund Balance (UFB) in creating a flat tax rate. The UFB is the carried-over surplus from previous tax cycles, which can be applied to offsetting a subsequent year’s town expenditures, thereby reducing the town tax rate.
- Scheier pointed out that the UFB is the property of the town taxpayers and should not be used to offset any excesses in school spending. He noted that the state’s income sensitivity provision is the proper means to offset the impact school expenditures. Robinson noted that approximately a third of the town’s taxpayers receive benefit from income sensitivity.
- Flanders moved that “the Norwich Finance Committee advise the Select Board and the public by supporting the proposed gross town expenditure budget of \$3,666,130 with intent of using of the UFB to achieve a town tax rate (exclusive of school tax rate) that is essentially the same as the current Fiscal Year.” There was no second to the motion.
- Some committee members wanted at least one Public Forum on the budget prior to the decision to support (or not) the gross expenditure budget of the Town. The absence of two NFC members affected the committee’s readiness to vote on an important topic.
- The NFC discussed using less of the UFB to keep the tax rate level, since the town tax rate dropped last year and the town may continue need the UFB cushion in a subsequent year.

Employee Givebacks – Webster noted that most of the town’s approximately 27 employees have switched over to a new health insurance plan and started paying a portion out of their pocket with a high deductible. He further noted that the employees will receive no cost-of-living or step increases in their pay.

5. Norwich School Budget:

Since there was very little time left to discuss this topic, Flanders suggested discussing a proposed memo designed to elicit increased public participation in formulation of the Norwich and Dresden school budgets.

Budget Impact – Fulton reported that the Norwich school assessment is slated to increase by 18.1%. He calculated that the increased school assessment (school property tax) on a \$400-K home would be about \$1.1 K.¹

Memo – The members present felt that the memo was a good idea. The final memo, completed after the meeting is attached as Appendix A.

- Members recommended that the language be softened.
- Racusin suggested that there be multiple outlets for the memo.

Action: Flanders to circulate a draft of the memo within the NFC, plus Fulton, and publish it on the Norwich list server (norwich@lists.valley.net), upon having received a consensus about the text.

6. Other Topics:

No other topics were discussed.

7. Adjournment

Lajoie announced that the next NFC meeting would be at 4:30 on December 19.

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

The vote was unanimous.

Adjourned at 6:05 PM.

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

Tuesday, January 19, 2010 (Special meeting)

Tuesday, January 26, 2010 (Special meeting)

Tuesday, February 16, 2010

Tuesday, March 16, 2010

¹ Note that the budget presented at the Dresden School Board meeting on 12 January 2010 forecasted an 11% increase in Norwich taxes and a \$600 increase on a \$400-K home. The effect of the CLA change was not included in that forecast.

Appendix A: Memo to Norwich Taxpayers on School Taxes (Finalized after the meeting)

Memo

To: Norwich Voters

From: Norwich Finance Committee

Subject: School Tax Increases

This is a call for voter participation in deciding **how much you will pay in property taxes.**

The initially proposed Norwich and Dresden school budgets would cause an **18% increase in Norwich school property taxes**, if adopted. This means that the additional tax on a \$400-K house would be about \$1,100 (omitting income sensitivity). This far exceeds the guidelines recommended by the Norwich Finance Committee, which asked for a 5% cut in the Norwich gross expenditure budget and the Dresden Finance Committee, which asked that the net assessment to districts increase by no more than 2.5%.

Note that the proposed increase in taxes would be due to an increase in net education spending and a reduction in the number of students as well as an increase in the statewide education tax rate and a reduction in Vermont's calculation of Norwich's Common Level of Appraisal (CLA). To their credit, the SAU administration and the Norwich and Dresden school boards have worked hard to rein in expenses, consistent with the educational product that they have delivered in recent years.

The Norwich and Dresden school boards need to hear from voters in the next few days whether it is more important to prevent tax increases or to continue with the current standard of educational service.

It's not too late for you to advise the school boards on school tax rate increases versus standard of education. Please attend **both** of the following school board meetings and provide your input:

- **Norwich School Budget:** Thursday, January 14 at the Marion Cross School, Norwich
- **Dresden School Budget:** Tuesday, January 19 at the Marion Cross School, Norwich