

Minutes

Town of Norwich Finance Committee Meeting Tuesday, November 16, 2010 Tracy Hall, Norwich, Vermont

Members present: Stephen Flanders (Secretary), Jim Mackall, Keith Moran (Vice Chair), Evan Pierce, James Dwinell (arrived 5:15).

Members absent: Cheryl A. Lindberg (Chair), Ann Sargent

Also Present: Linda Cook

Vice Chair Moran called the meeting to order at 5:00 PM.

Agenda Items Discussed

1. Review/Amendment of Agenda:

Vice Chair Moran summarized the agenda. Mackall called attention to the upcoming, joint meeting of the Norwich Selectboard and the Norwich School Board.

2. Review/Approval of October 19, 2010:

Vice Chair Moran asked whether the NFC was ready to approve the minutes of October 19, 2010.

Motion: Pierce moved and Mackall seconded that the minutes of the October 19, 2010 meeting be accepted as presented.

The motion passed unanimously.

3. Public Comments of Items not on the Agenda:

Linda Cook advocated more intensive use of the NFC, advising the Selectboard and the Town Manager. She felt that those bodies make decisions that could be improved with financial input from the NFC. She noted that the business models of some town departments and boards could benefit from further scrutiny to establish that they are being run on a cost-effective basis. She cited the Public Works Department (PWD) and the Listers as two examples. She expressed concern that:

- PWD is seeking a replacement grader for one that was obtained at little cost.
- The town budget should highlight actual expenses versus budgeted and assure budgetary continuity.
- The current Selectboard does not follow through on questions asked of the town manager.
- The elected listers are paid hourly, unlike the practice of other towns where they receive a fixed stipend.
- The listers are seeking a full-time assessor.

Mackall noted that lack of transparency has been a continuing topic for a long period. The current SB isn't pressing for answers from the TM. He suggested that the NFC could focus its attention on the Public Works budget over the upcoming fiscal year, since it has a major portion of the town budget and is difficult to comprehend.

Cook explained that her main recommendation is to identify how the NFC can better support the decisions of the Selectboard. Moran suggested that there could be side-discussions with Selectboard members to get their insights on the matter.

Action: Moran to speak to Selectboard members to identify how the NFC can best support their decisions.

4. Statement of Purpose:

Flanders introduced a new draft of the NFC Statement of Purpose (SOP). He and other members noted that there were discrepancies among versions. He asked the committee members present to look at the proposed appendices. Discussion ensued over the appendices. It was noted that the SAU budget should be added in two places.

Appendix I – Flanders noted that the version being discussed didn't reflect the re-organization of bullet items. Pierce noted that the emphasis on time commitment should enumerate the meetings that NFC members regularly attend, together with the typical amount of time required.

Appendix II – Flanders summarized the five provisions, noting that he had added an item on budget sustainability. Discussion ensued over whether it was in the NFC's purview to pre-judge whether a budgetary item benefits the community and whether that should be limited to finances.

Pierce emphasized that the NFC should provide a steadying influence on the budgetary process during economic swings to assure that the town doesn't become habituated to overspending during upswings so that it can't cover core mission during downturns.

Flanders recommended that NFC action be deferred until there was a single, consistent version of the SOP and more members could be present to vote on it. He further recommended that, now the NFC's configuration is by direction of the Selectboard, that same body should be the source of the SOP, with input from the NFC.

Action: Flanders to provide a unified version of the SOP, reflecting the comments in this meeting (See Appendix I).

5. Capital Planning Committee:

Flanders introduced the topic, explaining that the Selectboard is drafting a charter for a citizen community to study capital planning. The Town Manager had convened a "NORCAP Update Committee," which recommended to him that the work of such a committee would receive better acceptance, if it were convened by the Selectboard.

Moran summarized prospective capital works projects, as follows:

- A new shed for public works.
- A new police station.
- An upgrade to the fire station.

- A distributed antenna system to improve emergency communications.
- A solar electricity project.

He noted that the Tracy Hall bond is about to expire and there is discussion about what new level of debt would be appropriate to support such projects. He added that there should be a decision process that prioritizes among the prospective projects.

6. Norwich School District:

Moran initiated a discussion of Norwich School Board (NSB) meeting attendance during the upcoming budget season. He asked for coverage from NFC members. The following volunteered.

- Thursday, November 18, Joint NSB meeting with the Norwich Selectboard: Moran, Mackall (tentative), and Dwinell to attend.
- Tuesday, November 23, first Norwich School District budget discussion at the SAU: Flanders and Pierce to attend.
- Wednesday, December 1, second Norwich School District budget discussion at the SAU: Mackall, Flanders and Pierce to attend.
- Thursday, January 6, Norwich Budget Presentation at the NSB meeting.

7. Selectboard:

Moran initiated a discussion of Selectboard meeting attendance during the upcoming budget season. He asked for coverage from NFC members. The following volunteered.

- Tuesday, November 23, budget discussion 6:30: Flanders and Mackall to attend.
- Tuesday, November 30, budget discussion 6:30: Flanders and Moran to attend.

8. Other Topics Discussed:

Moran discussed a possible conflict of interest if he were to sell a load of lumber to the town for a new shed at the Public Works facility. Therefore, he has decided to donate the lumber to the town, to eliminate any appearance of impropriety.

Moran noted that he has invited Ned Redpath to talk about real estate sales at the next Dresden Finance Committee meeting.

9. Items for the next agenda:

- Discuss relationship with selectboard.
- Discuss town and school budget statuses versus NFC guidance.
- The NFC Statement of Purpose.

10. Adjournment:

Motion: Mackall moved and Pierce seconded that the NFC adjourn

The motion passed unanimously.

Adjournment: 6:20 PM

Tentative future meeting dates (5 PM in Tracy Hall):

Tuesday, December 21, 2010

Tuesday, January 18, 2011

Appendix I:

NORWICH FINANCE COMMITTEE

Statement of Purpose

The Norwich Finance Committee (NFC) is composed of seven Norwich residents: the elected Town Treasurer and six individuals who are appointed to serve on the NFC by the Selectboard. The Selectboard annually fills two positions to serve for staggered, three-year terms.

These seven along with the seven appointed members of the Hanover Finance Committee comprise the Finance Committee for the Dresden School District and SAU 70.

The NFC has advisory oversight responsibilities in the creation of annual budgets for the Town of Norwich, the Norwich School District and, together with the Hanover Finance Committee, the Dresden School District and SAU 70 budgets.

The NFC researches budgets, policies, contracts, and practices that affect Norwich town and school finances. It renders non-binding advisory recommendations, based on its findings. The NFC provides input in formulating the request for proposal (RFP) for an independent auditor of the town's finances and reviews the resulting report.

The NFC elects a Chair, Vice-chair and Secretary from among its members.

Vacancies of the NFC are filled by appointment of the Selectboard to serve until the end of the term vacated or, in the case of the elected Town Treasurer, until the next Town Meeting elections.

Members of the NFC serve without compensation.

Appendix A describes the skill set embodied in the committee, as a whole.

Appendix B describes the standards by which the NFC judges budgets.

December 2010

Appendix A:

NORWICH FINANCE COMMITTEE

Skill Set

This comprises member skill set (not in priority order) that would benefit the Norwich Finance Committee. The combined committee membership should have the ability to:

- Attend monthly late afternoon or evening meetings of the NFC, DFC, Norwich School Board, Dresden School Board, and semi-monthly meetings of the Norwich Selectboard.
- Discuss controversial matters with fellow NFC members, constructively.
- Connect with town residents on their town and school-spending priorities.
- Research on-line material.
- Follow national economic conditions and trends
- Connect economic conditions and trends to the Norwich-Hanover footprint.
- Understand the many elements of town and school budgets and how they are determined.
- Understand both town and school business practices, e.g. services provided, staffing levels, reserve funds, etc.
- Understand how taxes are determined from budgets and the grand list.
- Read an audit report.
- Analyze financial material, using on-line sources and spreadsheets.
- Develop useful town and school financial recommendations
- Write reports.

Appendix B:

NORWICH FINANCE COMMITTEE
Budget Guideline Principles

In considering budgetary guidelines or assessing the appropriateness of budgets, the Norwich Finance Committee applies the following general principles in question form:

1. Does the budgetary item benefit the community? If voters have supported it in the past, that's a solid indication. If it's a new capability, what was the tenor of remarks in public discussions?
2. Is the budgetary item affordable? If voters have supported the item, that's an indication. The NFC looks at future trends of voter finances and budgetary costs to predict affordability. The NFC seeks budgetary proposals that will achieve a substantial majority when voted upon.
3. Is the budget sustainable? Even if the voters have supported the budgeted level of service in the past, budgets may face future decreases in sources of non-tax income and collateral support from state sources, such as aid to education, pension fund balances and income sensitivity. The NFC uses research into such matters to advise the public about future prospects for non-tax income and increased expenses.
4. Is the budgetary item cost-effective? Even if questions 1. and 2. have been satisfied, the budgetary goods or services may not be offered in a cost-effective fashion. The NFC uses comparables and other analyses to establish cost-effectiveness.
5. Is anyone disadvantaged by adoption of the budgetary item? Just because a majority of voters approve of budgeted goods or services, doesn't mean that there is no adverse impact on some members of the community. The NFC attempts to identify such impacts and determine their seriousness and means to mitigate them.