

Minutes

Town of Norwich Finance Committee Meeting Friday, January 21, 2011 Tracy Hall, Norwich, Vermont

Members present: Cheryl Lindberg (Chair), Jim Mackall, Keith Moran (Vice Chair), Stephen Flanders (Secretary), Christopher Rhim

Members absent: James Dwinell, Evan Pierce

Also Present: Dennis Kaufman, Neil Fulton

Chair Lindberg called the meeting to order at 5:30 PM.

Agenda Items Discussed

1. Review/Amendment of Agenda:

Chair Lindberg explained that the purpose of this special meeting was to reconsider the NFC's decision on 18 January to support the proposed town budget in light of new information, regarding the corrected calculation of the town Grand List and its implications for setting the next town property tax rate.

2. Town of Norwich:

Overview – Lindberg explained that since the last meeting, the Lister's Department determined that the Grand List value that had been the operating assumption in the formulation of the town budget was incorrect. Consequently, the Selectboard in approving the budget, decided how to minimize the impact on the town tax rate. In so doing, they decided to draw the Undesignated Fund Balance (UFB) down to 14%, if needed, in order to support a tax rate increase of no more than 2%.

Discussion of potential tax rate – The following discussion ensued:

- Fulton explained that the UFB may be used for assuring cash flow, tax stabilization, and unbudgeted town emergencies. He noted that one-half of the projected increase in the tax rate is because of an added warning article to appropriate monies for the town-wide reappraisal. He further predicted that the tax rate is likely to be the same as this year. Usually there's \$60K of surplus.
- Kaufman said that he expects \$3M to come into the next calculation of the GL, owing to some major construction projects. In addition, there was a significant increase in the current use program, for which the town will receive reimbursement. He said that the currency of the GL depends on the diligence of the Board of Listers in following up on building permits.
- Lindberg expressed concern that there is a "use it or lose it tendency," when it comes to department heads spending end-of-year surplus funds.

Discussion of the town budget – A discussion ensued about the 4% wage increase in the budget for non-union town employees:

- Fulton explained that the 4% increase corresponded to the cost of living increases (COLAs) and step increases in the labor contract. He said that the current value of the UFB is \$534K, according to an e-mail from the town manager.
- Lindberg, Mackall and Flanders felt that the wage increases were not justified in that they do not correspond to increases that workers in the economy, at large receive or to COLAs that are being provided to Social Security recipients or other retired annuitants. Moran was interested in comparability of town worker wages with corresponding jobs in the economy as a basis for compensation.
- Lindberg further felt that grant expenses should be budgeted when the grant has been awarded. This being something that the Selectboard can do at anytime during the year.

Decision whether to reconsider endorsement of the town budget – Each NFC member identified in a straw pole whether they would change their January 18 vote. Each indicated that they would not. The discussion turned to the NFC report on its decision. Fulton explained that the deadline should be Monday.

Motion: Flanders moved and Mackall seconded that the NFC empower its Chair to formulate a final draft statement of the NFC on the town budget with input from the members.

The motion passed unanimously.

Action: Flanders to draft statements on the town and school budgets for circulation to the NFC. The Chair will finalize the town statement. The NFC will adopt a school statement on Tuesday, 25 January.

3. Adjournment:

Motion: Mackall moved and Rhim seconded that the NFC adjourn

The motion passed unanimously.

Adjournment: 6:00 PM

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

Tuesday, February 15, 2011