

Minutes of the Special Selectboard Meeting of
Wednesday, July 1, 2021 at 5:30 pm

This meeting was conducted via teleconference using ZOOM and in person in Tracy Hall, in order to comply with Open Meeting Law requirements while providing remote access for attendees. Members present: Roger Arnold, Chair; Mary Layton, Vice Chair; Claudette Brochu; Marcia Calloway ; Robert Gere; Herb Durfee, Town Manager

Also participating: Stuart Richards, Linda Cook, Pam Smith

1. Approval of Agenda. Layton moved (2nd Gere) to approve the agenda. Motion approved unanimously.

2. Public Comment. Stuart Richards said he objects to recent Board decisions regarding police staffing and the decision to pursue a wastewater study.

Marcia Calloway joined the meeting

3. Highway fund, chart of accounts, and fund balance reserve policy. Arnold asked Brochu and Calloway to offer comments on their proposed revisions. Brochu said a goal of this policy revision was to have “Undesignated Fund” / Reserve Fund moved out of the general fund. Calloway said that she reviewed the statutes and believes it would be easier to understand the chart of accounts if the Town followed the statutory construction, which includes a provision for a transportation or highway fund. Arnold asked Durfee how the chart of accounts is currently organized. Durfee said that anything related to transportation funds is in the same fund, the general fund, with the regular line items in the town budget. Durfee said a premise of having a highway fund is that you have two separate funds, with the transportation funds being put into a separate account with the same chart of accounts. Durfee said that with a transportation fund surplus or positive balance, the Selectboard itself can decide what to do with those funds without voter approval as long as they are spent on transportation. Calloway said there is no statutory term for “Undesignated Fund.” Durfee clarified that “Fund Balance” is termed in Norwich as “Undesignated Fund.” Layton said she agrees with establishing a Reserve Fund for Emergencies. Layton read from Vermont Municipal VLCT Treasured Responsibilities: “funds raised from highway taxes shall not be used for any other purpose, funds must be carried forward and used for their original purpose.” Calloway asked to strip references of “Undesignated Fund,” and Durfee pointed out that the policy revisions include “Fund Balance.” Brochu said she wanted to refer to this as “Fund Balance Reserve” and to remove “Emergency” from name. **Layton moved (second Calloway) to refer to the Undesignated Fund as the “Fund Balance Reserve” (4-1 Arnold-abstain).** Arnold asked if the Board would like to establish a Highway Fund. Gere asked about the Highway Tax and asked if the Highway expenditures need to be broken down as a separate line item that we generate tax funds for. Durfee said you would separate revenue out for both Funds and see a municipal rate for a highway fund and a total homestead rate would be adopted for both. Brochu said she believes also that gas tax money should be used for highway fund expenditures. Durfee said you would show offsetting revenues which would include highway taxes. Calloway asked if we should have a policy that states the funds that the Town of Norwich maintains. Arnold said he is not keen on further conversations relating to establishing a

highway fund until a Finance Director is hired. Calloway said she would like to establish a highway fund. Layton said she would be willing to talk more about establishing a highway fund in the future. Gere said that there are advantages to the Highway fund and thinks it's a good idea. Brochu said she would like the Board to revisit the topic but is in favor of a transportation fund. **The Board agreed by consensus to table the establishment of a Highway fund until Budget season.** Linda Cook asked how much money is collected from the gas tax. Durfee estimated that it was \$150,000. Pam Smith asked if these funds have separate checking accounts. Durfee clarified that it was a matter of the chart of accounts. Pam Smith asked about the status of the Climate Emergency Reserve Fund. Arnold said the board hasn't finished establishing the legislative intent for that reserve fund. **Layton (seconded by Calloway) moved to accept the fund balance reserve policy as presented in the packet. Motion unanimous.** Calloway and Brochu will take feedback on policy and present for a second reading at a future date.

4. Debt Management Policy. Calloway introduced the policy amendments from Layton and Calloway and referred Board members to their memo. Calloway stated that Layton emailed with our Auditor on the statutory limit on municipal debt and asked for written clarification from their comments made at the Board's December 2 meeting. Calloway mentioned that one of the questions is if debt should be calculated against the grand list or against assets. Layton said out that the statutory limit for debt is 10 x the total grand list which is clear but not a reasonable debt ratio for the town. Layton said the VLCT model policy was consulted. Brochu said she believes we do not need a Disaster Relief Fund and that our resilience has improved since 2017. Brochu said that we do not need an enterprise Fund. Brochu cautioned against addressing unique situations in policy such as the forthcoming school per pupil equalization study in S.13. Arnold agreed with Brochu and said those references should be removed from the policy. Layton said that there should be some way of planning for an anticipated tax increase of the expected magnitude. Brochu said that information presented by State Representatives Masland and Briglin at town meeting indicated the outcome of the equalization study would be gradual. Calloway said that the town of Ludlow uses an enterprise fund and said that it would be good to talk to some other towns and that enterprise funds are also in the model policy. Brochu said that Hartford's transfer station is an enterprise fund and that the fees that they collect for that fund do not solely support that transfer station. Layton said that her and Calloway can continue to research enterprise funds and their uses. Gere said that an enterprise fund could be applied to new projects that are envisioned. Arnold said he would like Board members to talk more about what level of debt should be established in policy. Brochu said that 10 x the grand list is not something she would consider and said she would like to hear more from the Auditor. Durfee said that debt includes credit and short term debt and there are some periods, like the July storms, that more debt may be acceptable. Gere asked if there was a way to establish long-term debt and have allowances for short-term borrowing. Calloway said that our policy should included bonded debt. Calloway asked if the first three paragraphs on the Debt Ratios should be kept in the policy. Board members agreed that they could be a footnote. **Brochu (seconded by Layton) moved to accept the first reading of the debt management policy as presented. Motion unanimous.**

5. Gift Policy. Arnold introduced the policy. Arnold said the policy now defines who has the ability to solicit donations for the Town and itemizes some considerations for what should be considered. Brochu said that Committees now cannot solicit for funds and that there be no

appearance of a quid-pro-quo. Layton asked if grants are included. Arnold said that it is. Calloway said that no one in town should be soliciting for gifts. Calloway said that the Board should review all gifts, regardless of their assessed dollar amount. Calloway said she is concerned about the current and future profits and expenses from possible land donations and also the loss of tax revenue. Arnold said that there are sections in the policy that can be added to in order address Calloway's concerns. Calloway said certain items such as valuations should be the burden of the donor rather than the town. Calloway said that anything that is given could have potential ramifications and the policy should be simplified to have the Board consider all gifts. Calloway agreed to send her changes to Arnold.

Mary Layon left the meeting at 7:00 pm.

Arnold asked Durfee to explain how Department Heads solicit gifts. Durfee said the Board is the form of approval and that he would send suggestions. Calloway said she is concerned about the focus on the value of a gift. Gere asked if minor valued items rise to the occasion of Board attention or merit space in a Board's agenda. Brochu said it is important to have an awareness of when departments are soliciting gifts. Calloway said the policy needs to be made more clear about how Board approval works. **Brochu (seconded by Calloway) moved to accept the gift policy as a first reading as presented in the packet. Motion unanimous.**

Board agreed to table the Capital Budget Policy to the next regular board meeting and the rest of the agenda items to a future special meeting to be determined.

Motion made by Gere to adjourn (seconded by Calloway). Motion approved unanimously.

Meeting adjourned at 7:12 pm.

By Roger Arnold

Minutes approved on July 14, 2021

Roger Arnold, Chair