

**VILLAGE OF ESSEX JUNCTION
BOARD OF TRUSTEES
MINUTES OF MEETING
January 26, 2010**

BOARD OF TRUSTEES: Larry Yandow (Village President); Deb Billado, Peter Gustafson, John Lajza, George Tyler.

ADMINISTRATION: Dave Crawford, Village Manager.

I. CALL TO ORDER and PLEDGE OF ALLEGIANCE

Village President, Larry Yandow, called the meeting to order at 6:30 p.m. and led the assemblage in the Pledge of Allegiance.

II. AGENDA ADDITIONS/CHANGES

There were no changes to the agenda.

III. GUESTS AND PRESENTATIONS

1. Comments from Public on Items Not on Agenda

There were no comments from the public at this time.

2. Public Hearing: FY11 Budgets and Capital Programs

Dave Crawford explained in the General Fund budget increases in expenditures in FY11 equal \$125,000, replacement of budget cuts from FY10 equal approximately \$72,000. The net revenue decrease in the General Fund budget is approximately \$96,000. Increase in the tax appropriation is about \$294,000. The FY10 tax rate was \$0.215. The proposed FY11 tax rate is \$0.2414 for a proposed increase of \$0.0265. The average tax increase on a house with an assessed value of \$260,000 is approximately \$70. The greatest increases occurred in costs to administer and seek grants, economic development, capital projects & equipment, and infrastructure maintenance. Budget challenges include decrease in the IBM subsidy of \$64,000 per year and use of \$59,000 in reserve funds from FY10 (this money is not available in FY11). The combined amount equates to \$.0115 (one and a half cents) on the tax rate or approximately half of the proposed tax rate increase for FY11. The reserve account contains \$95,000 or 3% of the budget which is below the minimum of 5% recommended by the auditors who want the General Fund to have between \$157,000 and \$314,000 in reserve. Conservatism in the past is no longer a realistic position for the village, stated Mr. Crawford. The FY10 budget was decreased at the 2009 annual meeting by \$117,000. Increases in the proposed budget include \$72,000 of the funds cut from the FY10 budget as well as an increase in funding for paving (\$11,500) and streetlights and traffic lights. With the declining IBM revenue stream and being cognizant of salaries, benefits, engineering fees, and monitoring and continuing volunteer efforts more of a focus is being made on economic development initiatives. Grants have been received for energy, sewer/sanitation, and transportation improvements. Cost saving actions include purchase of a smart salt spreader to decrease the amount of salt used and increased contribution toward health insurance coverage and the type of coverage for members of the Employees Association (savings of \$40,000).

Larry Yandow explained the tax rate increase of 9.7% represents a percentage, not a raise in the tax rate in cents. The Trustees are trying to keep any increase as small as possible with cuts or level funding. There are some projects that must be done (street paving, for example).

PUBLIC COMMENTS

George Dunbar, III, village resident, recalled on October 13, 2009 the Trustees accepted the budget strategy outlined by the Finance Director which included an increase of 3% to 3.5%. Research did not find justification for this increase, stated Mr. Dunbar, especially when the Northeast CPI decreased from the previous year. The CPI was 1.5% for the previous two years and has been less than 3% for the past 10 years. Mr. Dunbar said he cannot see the increases working within the formula presented or being approved at the annual meeting. The Trustee must keep in mind there is one taxing authority and an increase of 22% in the state education rate in the next three years. Mr. Dunbar suggested drafting a plan for the annual meeting absent a local options tax. Mr. Dunbar mentioned the 'CVE annual contribution' in the capital plan, noting economic development is more than capital projects, and asked if the expenditure on the Pearl Street project done in FY11 includes \$50,000 to CVE. Dave Crawford confirmed the agreement with CVE which was negotiated before the Pearl Street project calls for \$10,000 per year. Close out of FY11 on June 30, 2012 should also be the completion of the project. George Dunbar commented the village is underwriting \$50,000 for CVE which is nearly one cent on the tax rate. Mr. Crawford confirmed this is per the agreement with CVE. Mr. Dunbar referred to action by the Trustees at the last meeting to rescind language requiring voter approval for use of the Land Acquisition Fund to purchase land and questioned the sense of urgency, especially since land cannot be sold without voter approval so why should land be bought without voter approval. The charter language is boilerplate and without the language land can not be purchased. The language is in the charter for the Town of Essex and the process was followed for the recent purchase of the Tree Farm property. Mr. Dunbar expressed apprehension about the language change and suggested any sales contracts contain the caveat that the title is unencumbered and voter approval is secured for the purchase. George Tyler explained the rationale for the language change was anticipation of a parcel of land that may come available and the Trustees need to act quickly in a competitive process. There is agreement the public should have a say in use of public funds, and the public elects the Trustees with the understanding the Trustees will act in their best interest.

Leo Couture, village resident, stated a 6.7% increase in the tax rate is shocking. A high percentage of village residents are on a fixed income. Senior citizens are hurting. Members of the National Guard took a pay cut and cannot be here because they are serving their country. These members should not be hit with a 6.7% increase while away on active duty. It does not look to be possible to recapture the cuts from last year's budget, observed Mr. Couture. In addition to the village tax, there is the school tax, the town tax, sewer rates, and increased fees. Dave Crawford stated the Trustees directed staff to draft a level funded budget except with inflation. Also, various initiatives have been started (grant writing, economic development, community involvement) and a decision needs to be made on whether to continue the efforts. Grant writing has been

fairly successful (\$700,000 has been received). The Trustees have reviewed the list of changes to the budget that could be made and the voters can decide, for example, whether to again remove \$25,000 set aside for property purchase or \$17,000 of unfunded exposure for employees future benefits (this is 20% of the total exposure in the five year plan to eliminate the exposure). John Lajza opined the Trustees have been overly conservative in the last two years and pushed off items which do not go away. Typically these deferred items are capital investments and by deferring the work the risk of a failure (in a water or sewer line, for example) is increased as well as the cost of repair. If the villagers want lower taxes then they must decide what services should be permanently eliminated and communicate this to the Trustees. The village municipal tax rate is less than most condominium fees. The reserves have been used, continued Mr. Lajza, and the balance is below the amount recommended by the auditors. The Trustees want to move the village forward, not dig a hole. Grants are being sought and received (\$50,000 energy grant and \$40,000 multi-modal transportation grant as shown in the General Fund, and sewer and sanitation grants in the sewer and sanitation enterprise funds). Bids for work are below what was anticipated so more can be accomplished with less. Some contractors are operating without a profit. The objective is not to leave the next generation with debt, but with infrastructure that is in good shape.

Frank Jordan, village resident, pointed out the recession in 1982 lasted 24 months. The current recession is in its 27 month without sign of abating. Unemployment is at 10%. Countrywide the unemployment rate will be 8%. The village and the country are outspending what it can afford. School budgets will be terrible as well. Mr. Jordan recommended level funding and listing what has to be eliminated for positions and services. It is recognized this will be difficult. Dave Crawford noted the Trustees asked staff to do this and a list of cuts was made to be close to level funding. The village has been dealing with budget cuts and reductions for the past three years.

Deb McAdoo, village resident, suggested drafting a list of “wants” and “needs” so central functions are defined. Dave Crawford stated according to the survey that was done the satisfaction in the level of services provided to villagers was high and people wanted to maintain the services. That was the benchmark for the budget. Plowing sidewalks on one side of a street was done as a reduction and reverberations are still being heard.

The budget summary is on the village webpage. A copy of the full budget can be produced upon request. The budget has not been finalized. This will occur at the annual meeting. Deb Billado stated comments from the public need to be heard about services that can be eliminated. John Lajza recalled the community he lived in before moving to Essex Junction required everyone to shovel their own sidewalk or be fined.

Jeff Harton, village resident, asked if there is any place where revenues can be generated. Dave Crawford stated building permit fees are a small percentage of revenues. The property tax is where local government gets the vast majority of revenue. Deb Billado added the village does not own assets, such as surplus property, that can be sold. Essex Junction is a lean community. John Lajza noted two years ago with the reappraisal the village lost one third of the taxes paid by IBM. Also, the increase in the waste water

treatment plant rate is driven by the expanded water system in Chittenden County to meet the projected need of IBM, but that need is not there now yet the capital bonds still have to be paid. Even with a local option tax, the state will take a 30% cut. Dave Crawford added the state wants to take back highway aid and social services which the community must pick up.

There were no further comments. The public hearing was closed.

IV. OLD BUSINESS

1. Report by Local Option Tax Committee

Deb Billado briefed the assemblage on the research of a local option tax for Essex Junction and the establishment of the committee which includes Deb Billado, Peter Gustafson, Jeff Harton, Deb McAdoo, Bernie Lemieux, and Mike Quinn. The recommendation of the committee is to put an article on the annual meeting warning to discuss and vote on the adoption of a local option tax.

Dick Heaps, Vice President of Northern Economic Consulting, Inc., reported on the results of the local option tax analysis. The report which is available to the public and will be on the village website discusses different characteristics of taxes and exportability where people from outside the community pay the tax when shopping in the community. Types of taxes include a one percent retail tax on items other than clothes and shoes less than \$110 in value, use tax (usually paid by businesses), one percent meals tax, alcohol tax, and rooms tax. Essex Junction is a part of a larger economic community. Most of the tax is exported. Only a small portion stays in the village. Retail is convenience serving the local community or people passing through, such as a hardware store or pharmacy. The local community is the village and town of Essex plus the surrounding towns as people pass through. Only 30% of the population is from Essex Junction so 70% of the tax is exported. There are 115,000 cars per day on Route 15 and 7,500 cars on Route 2A per day. There are 3,500 households in Essex Junction which generates 25% of the total trips so 75% of tax on retail goods will be exported. The use tax mainly impacts IBM and larger businesses. The cost of the tax is passed on to the customer. Regarding meals tax, most are convenience types of establishments versus destinations, and most of the traffic is people moving through the village. Five to 10% of village residents will use the IBM cafeteria and pay the meals tax. The same situation exists at CVE. The conclusion is 75% of the meals tax will be exported. The same scenario applies with the rooms tax.

George Tyler asked about a tax on a service, such as cell phones or cable. Dick Heaps stated a service is not subject to a retail tax, but a tax expert could better answer the question. Deb Billado pointed out there are state and federal taxes embedded in the services. A local option tax could be attached though.

George Dunbar, III, village resident, asked about the possibility of a 2% local option tax should the town want to apply the tax as well as the village (1% each). Deb Billado stated this is unlikely without village input. The Trustees worked collaboratively with the Selectboard in 2009 on the town's attempt to establish a local option tax. The taxpayers outside the village rejected the plan, but village residents were in support of further

investigation for the village. Most of the surrounding communities already have a local option tax in place. Mr. Dunbar asked about the estimated revenue to the community. Deb Billado said in the first quarter of 2009 with half to the town and payment to the state the village's share was estimated at \$400,000. Now a conservative estimate is \$350,000. Mr. Dunbar asked if there is any detriment to businesses. Mr. Heaps said this has not been studied and it would be hard to determine. Deb Billado said it is anticipated there will not be an impact. Deb McAdoo noted Rick Maguire, Williston Town Manager, said Williston started with a rooms and meals tax and then went to a sales and use tax without a problem. The revenue has been used to do many projects in the community without impacting the property tax. Peter Gustafson interjected the revenue generated in the village could be used to pay for the needed fire truck for the public good. Dave Crawford said paving needs in the community could be met, for example. Paving the Class 1 roads one time costs nearly \$1 million. There are other large unmet capital improvement needs.

Frank Jordan, village resident, mentioned the possibility of the state pre-empting the local option tax by being first to increase the state sales tax by 1%. Deb Billado said politically the state would have a difficult time increasing the sales tax to 7% statewide.

George Tyler noted if the local option tax is passed the impact will not be felt until future budget cycles. Deb Billado clarified the tax will offset expenses coming in the future. It was announced there will be additional public hearings on the local option tax.

MOTION by George Tyler, SECOND by Larry Yandow, to accept the report of the Local Option Committee and Dick Heaps, dated 1/26/10. VOTING: 5 ayes; motion carried.

2. Charter Amendment and Warning for Public Hearings on Fire Chief Appointment
Dave Crawford noted receipt of an email from Robert O'Neil, dated 1/26/10, regarding the Fire Chief's residency, and an anonymous email, dated 1/26/10, regarding the residency issue and appointment versus election of Fire Chief.

Chris Gaboriault (Essex Junction Fire Chief), Ray Weed (First Assistant), Chuck Barry (firefighter) and Tim Allard (firefighter) spoke in support of appointing the Fire Chief rather than electing the Fire Chief. Chris Gaboriault stated a department-wide vote was held and of those who responded 89% were in favor of appointing the position. Presently, anyone in the village can put their name on the ballot for election to the position regardless of experience rather than an individual being chosen by the department. The position should be appointed by the Village Manager, stated Mr. Gaboriault, because the individual is managing a large budget. Also, if the right individual is not in the two year position the department will decay quickly.

Ray Weed echoed the comments by Mr. Gaboriault, recalling close elections in the past and Fire Chiefs who were not doing a good job and there was nothing that could be done about the situation. Regarding the residency issue, at some point the Fire Department will

be a full time department and someone not living in the village may be the individual wanted for the position.

Chuck Barry concurred with comments in support of appointing the Fire Chief and suggested the issue of residency be addressed at a later date if necessary. Mr. Barry said there has been much progress over the past six years in the department and the charter change will make the department and village a better place to live.

Tim Allard mentioned his experience in other fire departments where the Fire Chief is an appointed position. The individual in the position needs to know the department and must be able to manage the department and handle the budget.

There was discussion of the timeframe for the charter change (it is possible to have the charter changed in this legislative session) and implementing the change in light of the two year term of Fire Chief. There was also discussion of handling the residency issue as a policy. Dave Crawford noted the wording for the charter change addresses appointment of the position and residency. Deb Billado expressed concern the Trustees have not deliberated the proposed change to the founding document of the community thoroughly enough since the Fire Chief issue was first presented on 12/8/09. Also, feedback from the Fire Dept. members who did not respond to the original poll is needed. Chris Gaboriault interjected the village budget is approved by those people who attend the annual meeting and participate in the vote rather than all the registered voters. The matter of the Fire Chief position has been brought before the department three times and those who were interested responded (the votes were anonymous and two weeks were allowed for a response). Also, a presentation was made to the Trustees. The matter will not be raised again, said Mr. Gaboriault. Chuck Barry added three notes were sent out by the Fire Chief. Of those who did not respond some are too young to vote, some live outside the village and some live in the town. Mr. Barry urged the Trustees to move forward with the proposed change to the charter and address the residency issue as a policy. George Tyler observed expecting every member to vote may be an unreasonable expectation. John Lajza calculated 62% of the Fire Dept. voted. There are 45 members in the department and 51% of these supported the change so if all members voted the majority has spoken and that will not change. Trustee Lajza spoke in support of the charter change for appointment of the Fire Chief and defining the residency issue by policy. Larry Yandow clarified the decision is to approve changing the charter to allow the Village Manager with approval from the Trustees to appoint the Fire Chief. There was further discussion of the communication and balloting that occurred within the Fire Department. Deb Billado stressed again the need to hear from all members. John Lajza reiterated 51% of the department is in support of moving forward with appointment of the position. Extending the vote will only increase the majority. The residency issue can be handled with a policy. Deb Billado questioned fixing a system that apparently is working. Chris Gaboriault explained all three chief officers are elected and the department decides who should lead. This does not mean all three people are working together with each other. Also, the terms for the positions are two years and new people could be elected with each election. A better scenario is preparing the two officers for the position of Fire Chief. Mr. Gaboriault said as First Officer under the former Fire Chief he was not informed as to

what was going on in the department. George Tyler pointed out the officer positions in the Fire Dept. are not political positions so the voters do not receive information on candidates like they do with individuals seeking a seat on the Board of Trustees. Appointment is a better process for the Fire Chief position. Larry Yandow and Peter Gustafson concurred. Deb Billado asked how the appointment will be handled. Chris Gaboriault suggested a committee be formed to work with the Village Manager in an interview process of interested candidates resulting in a recommendation for appointment. The performance of the individual serving as Fire Chief should be reviewed on an annual basis.

MOTION by Peter Gustafson, SECOND by Larry Yandow, to adopt the warning for the charter amendment hearings on 3/9/10 & 3/23/10 with Section 2.09.b to read: “The Trustees’ approval shall be required for the manager’s annual appointments of a Village Treasurer/Tax Collector, Village Clerk, Village Attorney, Village Fire Chief, and Village Engineering Consultant. Residents of the village or a member of the Fire Department who resides in the Town of Essex shall be eligible to hold the office of Village Fire Chief.”

DISCUSSION: John Lajza stressed the issue of residency should be left to policy as well as the process of identifying the recommended candidate for appointment. Dave Crawford suggested asking the Fire Dept. to draft a policy to handle the residency issue if the charter change is voted and approved by the voters and legislature. There were no further comments.
VOTING: 5 ayes; motion carried.

3. Annual Meeting Warning

It was noted the Trustees will meet on 2/2/10 to confirm the budget dollar amount for the warning.

MOTION by George Tyler, SECOND by John Lajza, to approve the Warning for the Village of Essex Junction Annual Meeting April 7 & 13, 2010 as presented (without the budget numbers). VOTING: 5 ayes; motion carried.

4. Approve and Sign MOU for Tree Farm Purchase

MOTION by John Lajza, SECOND by George Tyler, to approve the MOU for the Tree Farm purchase. VOTING: 5 ayes; motion carried.

The Board will sign the document at a later date.

5. Update on Pearl Street Streetscape Project

Dave Crawford reported the transfer of Pearl Street occurred on 1/22/10. The project is on schedule.

6. Update on Railroad Upgrade Project

Dave Crawford reported information is being provided to state representatives to speak to the railroad upgrade project in the legislature.

7. Update on Railroad Ave. Revitalization Project

Announcement was made of the forum on 2/10/10 and the display at the Brownell Library. Information is also on the Downtown EJ Facebook page.

V. NEW BUSINESS

1. Sign Grant for ARRA Funds for Manhole Rehabilitation Project

Dave Crawford reported the Village is in line to receive \$365,000 in ARRA funds to repair sewer manholes. The Village can borrow money for grants from the ARRA funding.

MOTION by George Tyler, SECOND by Deb Billado, to authorize the Village Manager to sign the grant application for ARRA funds for the manhole rehabilitation project. VOTING: 5 ayes; motion carried.

2. Notice of EPA Award and Resolution in recognition of WWTF Staff

MOTION by John Lajza, SECOND by Deb Billado, to adopt and sign the resolution for the 2009 Regional Environmental Protection Agency Wastewater Treatment Plant Excellence Award in recognition of the Wastewater Treatment Facility staff as presented. VOTING: 5 ayes; motion carried.

VI. VILLAGE MANAGER'S REPORT

1. Meeting Schedule

- Feb. 2 @ 6:30 – Special Trustees Meeting on Budget & Manager's Evaluation
- Feb. 9 @ 6:00 – Board of Abatement
- Feb. 9 @ 6:30 – Regular Trustees Meeting
- Feb. 23 @ 6:30 – Regular Trustees Meeting
- March 2 @ 6:30 – Special Trustees Meeting
- March 9 @ 6:30 – Regular Trustees Meeting
- March 23 @ 6:30 – Regular Trustees Meeting
- April 7 @ 7:00 – Village Annual Meeting
- April 13 @ 6:30 – Regular Trustees Meeting
- April 13 from 7 AM to 7 PM – Annual Village Meeting Australian Ballot Voting

Special Meetings:

- Feb. 10 @ 5:30 – Public Forum on Railroad Ave. Revitalization Project
- Feb. 15 @ 7:30 – Joint Meeting with Essex Selectboard on CCMPO Initiatives
- Feb. 16 @ 3 p.m. – Annual Essex Junction Employees Appreciation Party
- March 1 @ 7:30 – Annual Town Meeting
- March 2 from 7 AM to 7 PM – Annual Town Meeting Australian Ballot Voting

VII. TRUSTEES COMMENTS/CONCERNS

There were no comments from the Trustees.

VIII. CONSENT AGENDA & READING FILE

MOTION by Peter Gustafson, SECOND by George Tyler, to accept the consent agenda as follows:

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- 1. Approve Minutes of Previous Meetings (1/12/10)**
 - 2. Approve Warrants**
 - 3. Approve 2009 Annual Report Dedication for Mary L. Gauthier**
 - 4. Approve Community Climate Change Grant Application**

VOTING: 5 ayes; motion carried.

IX. EXECUTIVE SESSION

None.

X. ADJOURNMENT

MOTION by John Lajza, SECOND by Peter Gustafson, to adjourn the meeting.

VOTING: 5 ayes; motion carried.

The meeting was adjourned at 9:20 p.m.

RScty: M.E.Riordan