

**VILLAGE OF ESSEX JUNCTION
BOARD OF TRUSTEES
MINUTES OF MEETING
February 23, 2010**

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

Amendment of Consent Agenda to include amendment of the minutes of 2/9/10 to reflect adoption of the budgets as follows:

General Fund	\$3,050,855
Water Fund	\$2,688,125
Sanitation Fund	\$ 439,570
WWTF	\$1,483,598

Addition to Consent Agenda: Waiver of Purchasing Policy with regard to the microturbine installation at the WWTF.

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 Information Meeting: Proposed Local Option Tax

Trustee Deb Billado opened the information meeting on the proposed local option tax and provided background information on the formation of the study committee and hiring an economist, Dick Heaps, to compile information to educate the voters on the tax. The local option tax committee includes Deb Billado, Peter Gustafson, Deb McAdoo, Jeff Harton, Bernie Lemieux, and Mike Quinn. The committee formed recommendations and concluded an article should be included on the annual meeting warning to be voted by the village taxpayers. Research revealed that nearly 80% of the revenue from the local option tax will come from people traveling through the community rather than the taxpayers. Projected net annual revenue is \$350,000 which represents 3.5 cents on the local property tax. The village has decreasing revenues and must seek other sources of revenue to support ongoing maintenance and programs, not new programs, explained Trustee Billado. Taxes paid by IBM have decreased from 56% to 20% and local businesses and residents had to pick up the burden. The subsidy paid by IBM (\$62,000 per year) will be phased out by Year 2013. The FY09 tax rate was lower than the FY08 tax rate, but the reappraisal and loss of tax revenue paid by IBM caused property values to increase resulting in an increase in taxes across the community. Ms. Billado reviewed snapshots of FY2000 compared to FY2010 where residential and business taxes paid increased from

45% to 80%, the IBM subsidy decreased from 42% to 10%, and the IBM real estate tax decreased from 15% to 9%.

Dick Heaps with Northern Economic Consulting, Inc. briefly reviewed key characteristics of the local option tax and the revenue estimate. State tax department information was examined to determine the amount paid in the village in retail tax, use tax, meals and rooms tax. Six characteristics of a tax were pinpointed, including adequacy of revenues (amount of money from the tax), competitiveness (impact on local businesses), cost of implementation (state takes 30%), equity (local option tax versus property tax), exportability (bulk of revenue generated by nonresidents making purchases in the village while passing through the community), and stability. A use tax is drawn from local businesses and typically exported to customers, said Mr. Heaps, and “local traffic” in Vermont typically covers a wide area. The study of a local option tax in Essex Junction indicated that 75% of the revenues would come from people outside the village so villagers would pay 25% of the tax revenues and the rest would be exported.

Deb Billado stated the Trustees’ policy if the local option tax is implemented is to use the money for capital improvement projects or replacement of rolling stock (vehicle equipment). A sample list of items that would be subject to the local option tax was reviewed (categories include retail sales, alcohol, utilities, telecommunications, amusements, ‘canned software’, rental equipment, and rooms and meals). Events at the fairgrounds will generate local option tax revenues for the village. For example, the Elton John concert would have yielded \$10,000 just in ticket sales. A meal costing \$20 would be taxed at \$2 with the local option tax versus \$1.80 without the tax. IBM office supplies would be taxed as would be building and equipment materials unless used in the manufacturing process. The cafeteria at IBM would be treated like any other restaurant in the village and would be subject to the local option tax. Revenue from the local option tax will decrease the need for additional property taxes to pay for necessary community needs, stressed Trustee Billado. The local option tax will pay for capital projects and equipment such as the fire ladder truck, and decrease pressure to increase the property tax. A household with an income of \$60,000 earned by two people can expect to pay an additional \$68 per year in state sales tax.

PUBLIC COMMENTS

Linda Waite-Simpson asked if the education tax is in addition to the municipal tax. Mr. Heaps clarified the general concern was with the municipal portion of the tax. On the competitive issue, both taxes were taken into consideration.

Mavis Norton questioned why the matter is being discussed since the tax was already voted down. Deb Billado agreed the vote in March, 2009, at the town’s annual meeting was against a local option tax, but at the village’s annual meeting the voters directed the Trustees to further study the matter. John Lajza added the tax was passed by the villagers voting at the town meeting (the village is part of the town so village residents are also town residents), but the number of town residents voting against the tax exceeded the number of votes by villagers. At the village’s annual meeting (the village and town are separate municipalities with separate annual meetings) the Trustees were directed by the

villagers to initiate a study to see what a local option tax would do in the village. George Tyler clarified the Trustees did not participate at the town meeting in the capacity as a member of the Village Board of Trustees, but rather as residents of the village and subsequently the town. Deb McAdoo, village resident, noted she attended both the town and village meetings and asked the Trustees to take another look at a local option tax because villagers pay two municipal tax bills and families are struggling due to the economy.

Diane Tardif, business owner for 28 years in Essex Junction, spoke against the tax because businesses cannot have “one more nail in the coffin”. The poor economy is forcing businesses into deep debt or even out of business. Ms. Tardif mentioned the steps she has taken to try to keep her business operating (going into debt, reducing staff, selling vehicles, and other measures). John Lajza stated the responsibility of the Trustees is to respond to requests from the voters, and the voters asked that a study of a local option tax in the village be done. The ultimate decision to implement the tax will be made by the voters in the village. Deb Billado commented she has been in business for 20 years and is sympathetic to hardships facing business owners.

Bob Bouchard, business owner, asked if the Trustees can decide whether the issue should be brought to the voters or not. John Lajza confirmed the Trustees can make this decision because the request was not made by signed petition, but the study was done and the Trustees want to give the community at large the information. Mr. Bouchard pointed out there is a competitor less than a mile from the village that does not have the extra 1% tax, and that is a competitive edge against businesses in the village. Also, if the tax is implemented then any village resident who buys outside the village will pay the extra 1% tax if the purchased merchandise is delivered to their house in the village. Trustee Billado noted most area towns, except Colchester and Essex, have a local option tax. Plus the cap of \$110 on clothing and shoes has been lifted. It may be simpler to have a 7% sales tax across the state, commented Mr. Bouchard.

John O’Kane, Manager of IBM Government Affairs, stated often businesses must absorb sales taxes rather than pass them along to customers because customers have choices and may take their business elsewhere. Also, the increase in tax money sent to the village from IBM for residential, recreation, and now local option taxes would be 30% which is a disproportionate amount for one taxpayer. An increase in the municipal property tax is IBM’s last choice.

Jeff Harton, resident and member of the local option tax study committee, pointed out with the tax, villagers will pay only 25% of the funds needed rather than 100% of the dollars needed if raised by a village residential property tax.

Tom O’Brien, business owner, stated there are not many business people in the village in support of a local option tax. Business is off by 30% and to raise taxes would not be good. Mr. O’Brien speculated the tax could even be increased in the future. John Lajza stated revenues for the village have been shrinking over the years and either taxes are increased or if they are reduced then services, such as plowing or fixing roads, must be

cut, and the more the village decays, the more the value of the houses goes down. Mr. O'Brien stated there are other way to handle the matter, such as charging an entertainment fee (\$1 per ticket) for events at the fairgrounds. Dave Grimm, CVE General Manager, stated the law of diminishing returns will apply if ticket prices continue to increase. People will stop attending events which would force CVE out of business.

George Dunbar, III, village resident, asked how the business community was engaged in the local option tax study. Dave Crawford stated businesses were invited to the meetings as was the public at large. Mr. Dunbar mentioned the recent decision to acquire 25% more Class 1 road in the village which increased the paving budget by \$250,000. Deb Billado stated the road transfer from the state to the village has been in the plan for the past 10 years.

David Knox, resident and business owner, commented on the exportability percentage of 80%, noting many people shop locally so the figure may more realistically be 50%-60%. Also, the motorcycle dealership is not subject to the local option tax. Dick Heaps clarified parts that are purchased would be subject to the tax. Mr. Knox asked about the phase out of the machinery & equipment tax. Larry Yandow explained the agreement with IBM to phase down payments to lessen the impact on the community and school district. Mr. Knox asked if the economist factored in businesses that cannot compete and will go out of business. It was again noted most of the surrounding towns have a local option tax, and according to the Williston Town Manager there have not been any businesses in Williston that have closed because of the 1% extra tax. There does not appear to be a wholesale loss of business due to a local option tax. George Dunbar interjected Essex Junction cannot be compared to "destination shopping" places. Deb McAdoo said the research on local option taxes across the country indicates the tax is known as an 'invisible tax' on impact. Larry Yandow commented he was not a proponent of the tax initially, but the alternative is paying more for services in the future.

IV. OLD BUSINESS

1. Request for Main Street Speed and Traffic Study

Dave Crawford reported the cost of the speed study is \$3,300. Trustee policy is to have a study done when a request is received. Peter Gustafson pointed out budgetary constraints indicate the study should be tabled at this time and reviewed in six months or so. Deb Billado mentioned the need for evidence of speeding (e.g. traffic tickets issued) to support the study. John Lajza stated a decrease of five miles per hour in the speed limit may not justify the \$3,300 expenditure. Dave Crawford clarified the study also involves a turning movement by the Given Health Building where there have been accidents in the past. Deb Billado suggested gathering police documentation of accidents and speeding before spending the money on a speed and traffic study especially with current budget constraints. Peter Gustafson suggested running radar on cars coming down the hill to decrease speeding.

MOTION by Peter Gustafson, SECOND by Deb Billado, to table the speed and traffic study on Main Street until the next fiscal year pending further information. VOTING: 5 ayes; motion carried.

2. Revised Personnel Regulations and Policies

MOTION by Larry Yandow, SECOND by Peter Gustafson, to table review of the revised Personnel Regulations and Policies until May 25, 2010. VOTING: 5 ayes; motion carried.

V. NEW BUSINESS

1. Resolution to Support the CCMPO Blue Ribbon Commission

MOTION by George Tyler, SECOND by John Lajza, that the Essex Junction Board of Trustees support the Resolution to Support the CCMPO Blue Ribbon Commission on Innovative Finance Recommendations of June 17, 2009.

DISCUSSION: John Lajza noted the statement by Michele Boomhower that “the primary benefits are greater efficiency and revenue which means an increase in projects” captures it all.

VOTING: 5 ayes; motion carried.

The Board signed the resolution.

VI. VILLAGE MANAGER’S REPORT

1. Meeting Schedule

- March 2 @ 6:30 – Special Trustees Meeting
- March 9 @ 6:30 – Regular Trustees Meeting
- March 16 @ 6:30 – Special 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
- April 27 @ 6:30 – Regular Trustees Meeting

Special Meetings:

- March 1 @ 7:30 – Annual Town Meeting
- March 2 from 7 AM to 7 PM – Annual Town Meeting Australian Ballot Voting

2. Forum on February 10, 2010

The public forum on 2/10/10 generated momentum and ideas (farmers market, activity at the Amtrak station, and others). Further information will be provided to the Trustees.

3. Pearl Street Streetscape Project

The right-of-way and storm water plan have been approved. Staff is suggesting the town and village work together on some water studies.

4. Amtrak Station

Sawyer Joecks reported Bill Hollister with Amtrak is scheduling a meeting with Amtrak representatives to discuss the station upgrade in Essex Junction. Volunteers and tech center students are being organized to do some work. A schedule is needed. The train station will be red brick with a roof (rather than tenting). The cost if the tech students do the work is \$50,000 versus \$100,000 with an outside contractor. Optimistically, funds might be contributed by Amtrak, New England Central Railroad, and/or CCTA. There is a multiplicity of leases in the building. Sprint drafted a complicated lease for the small glassed portion of the station, including having the village pay for utilities. The Village Attorney reviewed the lease and made comments. An individual from Gardener Supply said the company is willing to donate plantings provided the company's name is displayed.

5. Letter to Rail America

The Trustees approved the letter to Rail America regarding the collaborative effort on the safety path and rail upgrade project.

VII. TRUSTEES COMMENTS/CONCERNS

- Larry Yandow asked about insurance coverage for the Memorial Day Parade. Dave Crawford stated the village in the past asked for insurance for banners. VLCT advised that a third party organization not a sponsorship of the village should provide its own insurance rather than be a rider on the village's insurance. The village provides a tent and overtime by Public Works for the parade. It was noted information on insurance for the parade should be in the records forwarded to Brad Luck. Dave Crawford suggested the parade committee submit a budget request to the Trustees for consideration.
- Larry Yandow mentioned water run off and ice on Route 15 by 141 Main Street due to lack of ditches or a culvert. Public Works will investigate the matter.
- Deb Billado suggested a letter be sent to Sen. Leahy regarding a long term lease or purchase of the Winston Prouty Building in Essex Junction including use of the parking lot. Fish & Wildlife uses the building now for their education program(s).
- The Board agreed to hold a retreat in the spring and fall to review priorities and check progress. The spring retreat will be April 22, 2010 (8 a.m. to noon).

VIII. CONSENT AGENDA & READING FILE

MOTION by Deb Billado, SECOND by John Lajza, to approve the consent agenda as follows with amendment of the 2/9/10 minutes to include budget figures (General Fund: \$3,050,855; Water Fund: \$2,688,125; Sanitation Fund: \$439,570; WWTF: \$1,483,598) and addition of the waiver of the bid requirement for the WWTF microturbine engine core replacement:

- 1. Approve Minutes of Previous Meeting (2/2/10 & 2/9/10)**
- 2. Approve Warrants**
- 3. WWTF Vendor Request to Waive Penalty Fee for Late Payment**
- 4. Waiver of Bid Requirement for Microturbine Engine Core Replacement**
- 5. Reading List Acceptance (Letters & Communications)**
 - **Planning Commission Minutes 1/21/10**
 - **Articles in *Champlain Business Journal* re: Essex Jct. businesses**

- Thank You Letters to Forum Sponsors

VOTING: 5 ayes; motion carried.

IX. EXECUTIVE SESSION

MOTION by Peter Gustafson, SECOND by George Tyler, that the Board of Trustees go into Executive Session to consider legal matters, contract negotiations and personnel matters, and potential budget changes related to personnel issues where premature general public knowledge would clearly place the Village at a substantial disadvantage, and to invite the Village Manager and intern, Sawyer Joecks, to attend the beginning portion of the session. VOTING: 5 ayes; motion carried.

The Board entered Executive Session at 9:05 p.m.

MOTION by George Tyler, SECOND by John Lajza, to adjourn Executive Session and reconvene the regular meeting. VOTING: 5 ayes; motion carried.

X. ADJOURNMENT

MOTION by John Lajza, SECOND by Deb Billado, to adjourn the meeting. VOTING: 5 ayes; motion carried.

The meeting was adjourned at 10:10 p.m.

RScty: M.E.Riordan