

Memorandum

To: Town Selectboard; Evan Teich, Unified Manager
From: Sarah Macy, Finance Director
Re: Impact of Separation on the Town
Date: March 29, 2021

The purpose of this memo is to provide an estimate about separation stripped from all but the bare minimum of assumptions, in an effort to provide the board a starting place from which they may choose to evaluate what a separation agreement/plan would look like. A more detailed evaluation was presented in September 2020 that included assumptions presented in a range. This memo is intended as a companion to that data.

Impact of Separation on Tax Revenue in the Town

If the Town and Village were to separate, the Town would lose 42% of its grand list. If the Town wished to maintain the same general tax rate it would be faced with reducing its FY22 tax levy of \$14,265,056 by \$6,019,229.

Unwinding the existing financial arrangements between the Town and Village has a net reduction of \$1,435,094. And sharing the cost of the police department and the police station buildings costs based on grand list between the two separated entities has a net reduction of \$1,888,053. These first two items (unwinding existing arrangements and splitting police) are what are referred to as the baseline assumptions. This would leave \$2,696,082 to be addressed through service reductions, sharing of services (either with the Village or other community), and reductions in staffing or capital expenditures.

Show the math with the baseline assumptions only:

FY22 Tax Levy	\$ 14,265,056		<u>FY21 Actual Grand List:</u>	
Adjust for Current Agreements	\$ (1,435,094)		Town Grand List	26,832,397
Adjust for Police Sharing	\$ (1,888,053)		TOV Grand List	15,665,029
FY22 Baseline Separation Levy	\$ 10,941,909			
<u>If Separated....</u>			<u>FY22 projected Tax Rates:</u>	
Town General	0.6985		Town General	0.5264
Town Capital	0.0200		Town Capital	0.0200
Total	0.7185		Total	0.5464
<i>Increase/(Decrease)</i>	<i>0.1721</i>			
<i>% Increase/(Decrease)</i>	<i>31.50%</i>			

Show the math to get to a 0% tax rate change in the Town:

FY22 Tax Levy	\$ 14,265,056		FY21 Actual Grand List:	
Adjust for Current Agreements	\$ (1,435,094)		Town Grand List	26,832,397
Adjust for Police Sharing	\$ (1,888,053)		TOV Grand List	15,665,029
Additional Adjustments Required	\$ (2,696,082)			
FY22 Baseline Separation Levy	\$ 8,245,827			
If Separated....			FY22 projected Tax Rates:	
Town General	0.5264		Town General	0.5264
Town Capital	0.0200		Town Capital	0.0200
Total	0.5464		Total	0.5464
<i>Increase/(Decrease)</i>	-			
<i>% Increase/(Decrease)</i>	0.00%			

A myriad of additional calculations and decisions would be required to get to a final figure for the Town. These would include a shifting of costs for County & Regional Functions, reduction in Health & Human Services grants as the budget decreases, sharing of debt, shifting of staff, and costs associated with splitting records and departments already consolidated.

This memo does not address the impact to the Village.