

1 Select Board and Trustee Subcommittee on Governance
2 October 29, 2018 Special Meeting Minutes
3 2 Lincoln Street, Essex Junction, VT
4

5 Subcommittee Members Present: Max Levy
6 Elaine Sopchak
7 George Tyler
8 Irene Wrenner
9

10 Staff Present: Greg Duggan
11 Lauren Morriseau
12 Evan Teich
13

14 Members of the Public Present: Barbara Higgins
15 Margaret Smith
16

17 1. CALL TO ORDER

18 George Tyler called the meeting to order at 8:30 a.m.
19

20 2. AGENDA ADDITIONS/CHANGES

21 3. APPROVE AGENDA

22 Mr. Tyler shared materials from Select Board member Andy Watts, to be added to the
23 discussion of items 5b and 5c. Irene Wrenner moved and Max Levy seconded the addition. The
24 motion passed 4-0.
25

26 Mr. Tyler confirmed that during this meeting Finance Director Lauren Morriseau would present
27 financial data previously requested by the Subcommittee. Ms. Wrenner moved to add the
28 presentation to the agenda as item 5b. Mr. Levy seconded, and the motion passed 4-0.
29

30 Mr. Tyler reminded members, staff, and the audience that the Subcommittee does not have the
31 authority to make binding decisions for either municipal board, and asked that this message be
32 included in the warnings and agendas for future meetings of the Subcommittee. Audience
33 member Barbara Higgins added that state statute says that subcommittees are advisory only.
34

35 Unified Manager Evan Teich read aloud an opinion provided by special counsel to the
36 Subcommittee Dan Richardson:

37 *This subcommittee is a public committee and a creature of both the Town and*
38 *the Village. Its meetings are public and should be publicly warned. They are also*

39 *discussing issues that are not specifically “the business of the town” but could be*
40 *qualified as such under a broad definition of the term. The safest course of action*
41 *would be to indicate in the warning for the subcommittee as a note that a*
42 *majority of the selectboard will be present solely in their capacity as*
43 *subcommittee members, and that they will not discuss or take action on any*
44 *issue outside of the scope of the subcommittee and shall not act as a selectboard*
45 *at the meeting. The other part of that is that the selectboard members must*
46 *abide by this limitation and keep their subcommittee hat on at all times.*

47
48 4. PUBLIC TO BE HEARD

49 There were no comments from the public on items not on the agenda.

50
51 5. BUSINESS ITEMS

52
53 a. Review, amend, approve minutes of September 19, 2018

54 Mr. Tyler moved and Elaine Sopchak seconded the approval of the minutes. The minutes were
55 approved 3-0-1 (Mr. Levy abstained) with the following amendments:

- 56 • Line 39: Change “Mr. Tyler” to “Ms. Wrenner.”
- 57 • Line 112: Change “He” to “Mr. Tyler.”

58
59 b. Presentation of financial data

60 Ms. Morrisseau shared a series of charts in answer to requests for data made by Mr. Tyler at a
61 previous meeting. Mr. Levy emphasized that the purpose of the information shared is to help
62 the Subcommittee understand the communities’ full financial picture, and will not be used as
63 the sole basis for any decisions by the Subcommittee. Mr. Tyler noted that the information
64 shared will help illustrate the flow of funds between the Village and the Town and highlight
65 what is being shared.

66
67 Ms. Morrisseau handed out a residential tax rate history—a chronological chart of all Town and
68 Village tax rates, both municipal and school, dating from 1951 through 2019. She explained the
69 chart demonstrates that currently the Village tax rate is approximately \$.31 higher than the
70 Town’s.

71
72 Ms. Morrisseau next reviewed nine charts that corresponded to specific data requests made by
73 the Subcommittee.

- 74 1. *FY19 Tax Type & Tax Rate* itemizes the totals and distribution for the grand lists of both
75 the Town and Village for residential, Global Foundries, and non-residential.

- 76 2. *Town General Fund Budget* shows the distribution of contributions to the Town general
77 fund budget by Village residents (32%), Town residents (40%), Global Foundries (3%),
78 non-Global Foundries non-residents (18%), and non-tax revenues (8%).
- 79 3. *Town Capital Fund Contributions* illustrates the transfers from the Town FY19 general
80 fund to various departments including assessor, community development, fire,
81 highways, recreation, and IT. It also broke down the percentage of these transfers that
82 are paid for by Village residents, Town residents, Global Foundries, and non-Global
83 Foundries non-residents. This chart also showed the amount spent from the Town
84 capital fund on stormwater projects and the percentage of Town capital funds spent on
85 Village projects in FY18 (1.6%). This amount is expected to increase due to upcoming
86 stormwater projects.
- 87 4. *Town Rolling Stock Fund* indicates that the Town does not have a rolling stock fund but
88 instead funds such purchases from its capital reserve fund. Ms. Morrisseau explained
89 that though the FY19 general fund transfer to the capital fund was almost equal to the
90 amount of Town highway tax collected, the two items are not connected. She also
91 explained that the Town highway tax has over time been reduced to the point that it
92 now just about covers the capital transfer. Finally, the chart shows the amounts
93 contributed to the Town highway tax by Town-outside-the-Village residents, Global
94 Foundries, and non-Global Foundries non-residents. Village residents do not contribute
95 to the Town highway tax.
- 96 5. *Village General Fund Budget* shows the amounts contributed to the Village general fund
97 budget by Village residents (64%), Town-outside-the-Village residents (9%), Global
98 Foundries (6%), Village non-residents (8%), Town-outside-the-Village non-residents
99 (3%), and non-tax revenues (9%). Ms. Morrisseau explained that this chart does not
100 include payroll costs for shared staff or transfers from the Village. The Subcommittee
101 asked her to provide an updated version that includes those figures.
- 102 6. *Village Capital Fund Transfer FYE19* indicates the percentage contributed to the Village's
103 capital fund by Town-outside-the-Village residents (9%), Town-outside-the-Village non-
104 residents (3%), and the percentage of the Village capital fund contributed to the Town
105 (0%).
- 106 7. *Village Rolling Stock Fund Transfer FYE19* shows the percentages of Town-outside-the-
107 Village contributions to Village rolling stock (which are the same as in table 6—9% and
108 3%). It also shows the amounts contributed by both Village and Town residents and non-
109 residents to the purchase of the ladder truck.
- 110 8. *Essex Town – Percent of 2019 Operating Budgets Contributed by TIV* shows a breakdown
111 of Village contributions to Town departments that have not yet been consolidated—
112 community development (34%), recreation (36%), library (41%), fire (41%), economic
113 development (41%).

114 9. *Essex Junction – Percent of 2019 Operating Budgets Contributed by TOV* shows a
115 breakdown of Town-outside-the-Village contributions to Village departments that have
116 not yet been consolidated—community development (0%), recreation (0%), library
117 (<2%), fire (0%), economic development (0%).
118

119 After reviewing the charts, Mr. Teich pointed out that the analysis will be helpful in calculating a
120 balanced way of paying for shared personnel. It will also help the boards better understand the
121 financial impacts of consolidation, department by department.
122

123 Mr. Teich also stated that the analysis revealed a policy-based inconsistency that the boards
124 may want to consider. He explained that the Town’s policy on fund balance is to transfer
125 unrestricted surplus to reserve. Based on this analysis, approximately 33-35% of any surplus is
126 contributed by Village residents, but that amount has never in the past been returned to the
127 Village. He suggested that the Select Board could review the Town fund balance policy and
128 consider whether to transfer a percentage of fund balance back to the Village for capital or
129 other reserve use (not for operations).
130

131 Mr. Tyler added that this analysis is helpful in quantifying how much tax revenue comes to the
132 Town and Village from businesses and other non-residential entities.
133

134 Ms. Wrenner requested that, in each of the charts presented, the term “Town” be changed to
135 “Town outside the Village” or “TOV.”
136

137 Ms. Morrisseau stated that she will send an updated version of all of the charts to the
138 Subcommittee. Ms. Higgins, referring to the *Essex Community Residential Tax Rate* chart, asked
139 whether the “T.HGHY” column showed that only Town-outside-the-Village residents pay this
140 tax. Ms. Morrisseau said she believed it did but that she would confirm this. Mr. Teich
141 requested that Subcommittee members send additional questions to Ms. Morrisseau.
142

143 c. Consideration of Additional Questions for Dan Richardson

144 Mr. Tyler reviewed the document “Additional Questions to Consider Sending to Dan
145 Richardson.” Mr. Teich provided printed copies of an updated version that contained brief
146 answers from Mr. Richardson to these questions.
147

148 The Subcommittee then reviewed three emails from Mr. Watts, each containing both feedback
149 and questions. Mr. Watts’ questions were added to the primary list of questions about
150 governance scenarios, along with questions submitted by other board members.
151

152 d. Review and Prepare Governance Scenario Questions for Dan Richardson

153 Mr. Tyler called for a brief recess. The Subcommittee paused at 10:03 a.m. and reconvened at
154 10:13 a.m.

155

156 The following changes were made to the document “Potential Governance Options:”

- 157 • Scenario A: Ms. Wrenner asked that a new bullet be added to include the possibility of a
158 committee within a committee model similar to that used by CCRPC and MPO. She also
159 requested a second new bullet as follows: “The Select Board would continue to meet
160 bimonthly and the business of the 5-member sub-boards would occur during these
161 meetings if necessary.”
- 162 • Scenario B: Mr. Levy requested the term “Rural Essex” be changed to “TOV.”

163

164 Ms. Wrenner emphasized that the proposed scenarios should meet the goals established by the
165 Subcommittee at its first meeting.

166

- 167 • Scenario E: The committee determined that this scenario could be clarified by adding an
168 additional bullet: “Dissolve both the Town and Village charters and create a new, single
169 charter.”
- 170 • Scenario F: The Subcommittee clarified the second bullet by adding “using wards or
171 districts” at the end of the sentence.
- 172 • Scenario I: Subcommittee members decided to clarify this scenario by adding a bullet
173 indicating that this is the current status quo.
- 174 • A Scenario J was added to reflect Trustee Houghton’s suggested scenario of separation
175 of the Village from the Town.

176

177 The Subcommittee considered Mr. Watts’ suggested Scenario K and concluded they needed
178 more specific information from him before including it as a scenario. Mr. Tyler will reach out to
179 him.

180

181 The Subcommittee considered Mr. Watts’ suggested Scenario L regarding annexation. They
182 discussed the example of a landowner who successfully petitioned to remove his property from
183 within a municipal boundary. Mr. Teich stated that in most cases that property must be
184 contiguous with a municipal boundary, and that the entity receiving the new property must first
185 accept it.

186

187 Ms. Sopchak asked if any of the scenarios addressed the possibility of Village residents voting to
188 dissolve the Village charter. This scenario would allow Village residents, but not Town-outside-
189 the-Village residents, to decide whether to continue paying taxes to two municipalities. The

190 Subcommittee decided to add this as a bullet to Scenario F. Mr. Teich noted that this scenario
191 would require creating a special taxing district to address existing debt.

192

193 The Subcommittee reviewed the remaining questions. Mr. Teich asked for members to send
194 him any additional questions. He said he would then forward all of the questions to Mr.
195 Richardson.

196

197 e. Schedule Next Meeting and Discuss Progress Report for Next Joint Board Meeting

198 Mr. Tyler requested that the Subcommittee meet again before Thanksgiving for the purpose of
199 compiling a report to be submitted to both boards prior to their joint meeting on December 5th.

200 The format of the report will be an executive summary and an appendix of backup materials.

201 Mr. Tyler requested and the Subcommittee agreed that Mr. Richardson attend the joint
202 meeting. Ms. Sopchak will send out a date poll to schedule the next Subcommittee meeting.

203

204 Ms. Wrenner moved to adjourn and Mr. Levy seconded. The meeting adjourned at 11:24 a.m.

205

206 Submitted by Elaine Haney Sopchak, Subcommittee Secretary