

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 Morrisseau  
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 Morrisseau 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 basis for any decisions by the Subcommittee. Mr. Tyler noted that the information shared  
64 will help illustrate the flow of funds between the Village and the Town and highlight what is  
65 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 (1%),  
117 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. Levy asked Ms.  
141 Morrisseau to add a column to the chart indicating amounts paid by Town-outside-the-Village  
142 residents only. Mr. Teich requested that Subcommittee members send additional questions to  
143 Ms. Morrisseau.  
144

145 c. Consideration of Additional Questions for Dan Richardson

146 Mr. Tyler reviewed the document “Additional Questions to Consider Sending to Dan  
147 Richardson.” Mr. Teich provided printed copies of an updated version that contained brief  
148 answers from Mr. Richardson to these questions. Mr. Tyler noted that Mr. Richardson’s answer  
149 to question 1 definitively addresses Mr. Watts’ concerns.  
150

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

154

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

156 Mr. Tyler called for a brief recess. The Subcommittee paused at 10:03 a.m. and reconvened at  
157 10:13 a.m.

158

159 The following changes were made to the document "Potential Governance Options:"

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

166

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

169

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

179

180 The Subcommittee considered Mr. Watts' suggested Scenario K and concluded they needed  
181 more specific information from him before including it as a scenario. Mr. Tyler will reach out to  
182 him.

183

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

189

190 Ms. Sopchak asked if any of the scenarios addressed the possibility of Village residents voting to  
191 dissolve the Village charter. This scenario would allow Village residents, but not Town-outside-  
192 the-Village residents, to decide whether to continue paying taxes to two municipalities. The  
193 Subcommittee decided to add this as a bullet to Scenario F. Mr. Teich noted that this scenario  
194 would require creating a special taxing district to address existing debt.

195

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

199

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

201 Mr. Tyler requested that the Subcommittee meet again before Thanksgiving for the purpose of  
202 compiling a report to be submitted to both boards prior to their joint meeting on December 5<sup>th</sup>.

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

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

206

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

208

209 Submitted by Elaine Haney Sopchak, Subcommittee Secretary