

**VILLAGE OF ESSEX JUNCTION TRUSTEES  
TOWN OF ESSEX SELECTBOARD  
SUBCOMMITTEE ON GOVERNANCE - SPECIAL MEETING  
November 19, 2019**

**SUBCOMMITTEE MEMBERS:** George Tyler, Chair; Raj Chawla; Max Levy; Annie Cooper

**ADMINISTRATION:** Evan Teich, Unified Manager; Sarah Macy, Finance Director/Assistant Manager; Greg Duggan, Deputy Manager

**OTHERS PRESENT:** Robert Bates; Diane Clemens; Elaine Haney; Mike Nosch; Brian Shelden; John Sheppard; Ken Signorello; Irene Wrenner;

**1. CALL TO ORDER**

George Tyler called the meeting of the Village of Essex Junction Trustees and Town of Essex Selectboard Subcommittee on Governance (hereafter referred to as “Subcommittee on Governance”) to order at 7 pm.

**2. AGENDA ADDITIONS/CHANGES**

None.

**3. PUBLIC TO BE HEARD**

Ken Signorello said he had heard a representation proposal at last night’s Selectboard meeting. This called for two representatives from the Village, two from the Town outside of the Village, and three at-large. He said campaigning is easier in the Village, due to its geographic size, which could lead to having more Village than Town outside of the Village residents in the at-large seats. He suggested a totally district-based system of representation.

**4. BUSINESS ITEMS**

**a. Discuss Taxation Proposal and Consider Recommendation to Boards**

Mr. Tyler asked Ms. Macy to present some information regarding the financial timing of a merger. She said that, should the merger vote in November 2020 be affirmative, the Vermont legislature will need to approve the change, likely in the spring of 2021. If voters and the legislature approve the merger, the first combined budget for the merged community would be in fiscal year 2023. The Village will have paid off all of its existing debt by fiscal year 2035.

Ms. Macy said she had looked into the possibility of using the fund balance account to reduce the financial impact of merger on property owners in the Town outside of the Village. The Town of Essex currently has a 15% unallocated fund balance, while the Village has a 10% unallocated fund balance. Ms. Macy said that she would recommend against using the fund balance to decrease the tax burden, due to the fact that it is not sustainable. She said that another option available for reducing the tax burden is finding an additional source of revenue, such as a local option tax. Ms. Macy said the other primary option to bring in new revenue is to grow the grand list.

Ms. Cooper said a local option tax may be a better solution than increasing property taxes, and liked the fact that it would be spread evenly throughout the community.

**SUBCOMMITTEE ON GOVERNANCE  
(DRAFT)**

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Mr. Tyler said he was on the Board of Trustees when the community overwhelmingly voted down the local option tax. This tax would need to be established by a separate vote. He expressed concern about bringing this to another vote.

Mr. Levy said he was also not a proponent of a local option tax. He felt that if the boards want to phase in the tax increase for the Town outside of the Village, it should be done during the transitional government. He suggested using fund balance to reduce the tax burden on property owners in the Town outside of the Village. He also suggested that the Village do something similar with its fund balance to pay off Village-only debt faster.

Ms. Macy noted that her current calculations had not factored in using the fund balance to offset Town outside the Village only property owners, and that she would need to prepare a new spreadsheet in order to calculate the potential impact of this.

Mr. Tyler stated that he would like to recommend a twelve-year phase in period of the unified tax rate. He suggested designating the Village of Essex Junction as a historic downtown, which could become a special tax district to pay for historic building upkeep, certain capital needs, and sidewalk repair/maintenance. He suggested the special tax district raise \$800,000 per year. Doing so would help to reassure Village residents that their connectivity/walkability would be sustained in a merger, and serve as an emotional and political gesture to Town outside of the Village residents, recognizing that the Village has some additional amenities that residents are willing to pay for independently.

Mr. Tyler said that if the limits of this fund are clearly stated a new elected board would not need to be created to oversee the special district, however an advisory board could be established to make recommendations on how to spend these funds. If, in a merged community, the special tax district generated \$800,000 per year that remained within the boundaries of the former Village of Essex Junction – as opposed to shifting all Village costs into a town-wide budget – taxes would be estimated to increase \$19 a year for Town outside of the Village residents, and decrease \$30 per year for Village residents. Mr. Tyler said the special tax district could be phased out at the end of the transition period.

Mr. Levy asked how Mr. Tyler chose the twelve-year period, saying that it seemed to be a long time. Mr. Tyler said the 12-year timeframe aligns with when all of the Village debts would be paid off, and said that the further that the tax shift is pushed off, the less the initial tax hit the Town outside of the Village would take.

Mr. Chawla said he would also like to see a shorter timeframe, noting that a tax shift spread over twelve years may not be attractive to Village residents.

Mr. Tyler said he believes that the last merger vote failed because many residents were concerned about the significant initial tax increase.

Ms. Macy said she would produce estimates based on a one, seven, and twelve-year phase in period for taxes.

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Ms. Wrenner asked Mr. Tyler to confirm that if the Village stopped paying a special tax in the final year, that taxes in the Town outside the Village would increase by about \$80 in that final year. She also said she believes that fund balance should be saved for a rainy day.

Mr. Tyler said that when the Village highway fund was moved into the Town highway fund, it was approximately \$750,000. He noted that this bump was palatable to the voters. He also said he thought the new board could find ways to limit the bump. Mr. Levy said the Village highway cost was largely offset by reducing the Town-outside-the-Village highway tax. Mr. Levy said the \$800,000 could perhaps be stepped down over the time of transition.

**5. READING FILE/BINDER ADDITIONS**  
**a. Memo from Susan McNamara-Hill, Clerk Regarding Timeline for Merger Plan Public Hearings/Certification**

**6. ADJOURN:**

**GEORGE TYLER made a motion, and RAJ CHAWLA seconded, to adjourn the meeting. Motion passed 4-0. The meeting adjourned at 8:15 pm.**

Respectfully Submitted,  
Darby Mayville  
Recording Secretary

Approved this \_\_\_\_\_ day of \_\_\_\_\_, 2019

**(see minutes of this day for corrections, if any)**