



VILLAGE OF ESSEX JUNCTION TRUSTEES  
TOWN OF ESSEX SELECTBOARD  
Subcommittee on Governance  
Special Meeting Agenda

2 Lincoln Street  
Essex Junction, VT 05452  
Thurs., Jan. 23 2020  
7:00 PM

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*The Governance Subcommittee consists of two members of the Essex Junction Board of Trustees and two members of the Essex Selectboard. The members will not discuss or take action on any issue outside of the scope of the subcommittee and shall not act as the Town Selectboard or Village Board of Trustees at the meeting.*

1. **CALL TO ORDER** [7:00 PM]
2. **AGENDA ADDITIONS/CHANGES**
3. **APPROVE AGENDA**
4. **PUBLIC TO BE HEARD**
5. **BUSINESS ITEMS**
  - a. Review Attorney Comments on Draft Transition Plan Language
  - b. Discuss Plan for Meeting with Attorney and Legislators in Montpelier
  - c. Consider Designating a Subcommittee Member or Members to Represent the Boards in the Meeting with Legislators
  - d. Review Draft FAQ and Consider Approving for Use at Upcoming Public Meetings
  - e. Set Date for Next Governance Subcommittee Meeting
  - f. Approve minutes: January 16, 2020
6. **ADJOURN**

*Members of the public are encouraged to speak during the Public to Be Heard agenda item, during a Public Hearing, or, when recognized by the Chair or President, during consideration of a specific agenda item. The public will not be permitted to participate when a motion is being discussed except when specifically requested by the Chair or President. This agenda is available in alternative formats upon request. Meetings, like all programs and activities of the Village of Essex Junction and the Town of Essex, are accessible to people with disabilities. For information on accessibility or this agenda, call the Unified Manager's office at 878-1341.*

Certification: \_\_\_\_\_1-17-20\_\_\_\_\_ Ann Janda\_\_\_\_\_

**Memorandum**

**To:** Governance Subcommittee; Evan Teich, Unified Manager

**CC:** Greg Duggan, Deputy Manager; Sarah Macy, Assistant Manager and Finance Director

**From:** Ann Janda, Project Manager

**Re:** Review Attorney Comments on Draft Transition Plan Language

**Date:** January 23, 2020

**Issue**

The issue is to Attorney Dan Richardson's comments on draft transition plan language, Subchapter 1 of a draft charter for a merged Essex Junction/Essex Town municipal government.

**Discussion**

At its January 16 meeting, the Governance Subcommittee agreed on edits and questions in a draft transition provision language for attorney review. Dan Richardson's comments/edits on the draft taxation proposal as well as the draft transition plan language – Subchapter 1 of a draft charter.

**Recommendation**

Staff recommends that Governance Subcommittee members review the draft transition provisions language and decide next steps.

## Essex Junction Trustees/Essex Town Selectboard Subcommittee on Governance

Recommendations for Transitional Taxation Models in a Merged Essex Junction/Essex Town Municipal Government

1/5/20

**Important Foreword:** The analyses and recommendations for transitional taxation in this report are based on the assumption that current service delivery levels in Essex Junction and Essex Town would be maintained in a merged community. In plain terms, this means that the numbers used to calculate and predict tax rates, tax phase-ins and so forth in a merged community were derived by adding together the current Town and Village general funds, reserve funds, and other operational funds in totality. This was the assumption under which the governance subcommittee came to its initial recommendation of three governance models, presented to the joint boards in 2018; it was the assumption under which the governance subcommittee assisted KSV in the formulation of the 2019 community surveys and focus groups; it is the assumption under which staff calculated funding and revenue data in their assistance to the Subcommittee; and it was an operational assumption of the 'Strategic Advance' event in 2019.

Although we can reasonably anticipate that merger will present opportunities for cost efficiencies and savings, the joint boards did not assign the Subcommittee nor Town/Village administrative staff the task of identifying such savings.

### Summary

- I. The Subcommittee recommends designating the Village as a debt assessment district.
- II. The Subcommittee also recommends adopting *one or more* of the following transitional taxation schemes:
  - Designate the Village as a tax rate reconciliation district
  - Designate the Village as a sidewalk district
  - Designate the Village as a capital improvement district
  - Designate the Village center as a downtown improvement district
- III. The Subcommittee recommends a transitional period of 12 years
- IV. Subcommittee members and Atty Dan Richardson will confer with state legislative and tax department authorities to assess legality and acceptability of these proposals.

**Commented [DR1]:** The initial report from the Tax Department is that they have no objection to such a transitional period.

## Narrative

**Village as a Debt Assessment District** – By statute, the Village’s current bonded debt of \$2.16 million which was incurred by Village property owners must ‘remain’ with those properties for the balance of the payoff period unless an alternative agreement is specifically spelled out and approved in the new charter. The debt is scheduled to be paid in full in 2035. The Transitional Charter would therefore designate the entire former Village of Essex Junction as a Debt Assessment District which would justify a higher tax rate than the rest of the newly merged community specifically for the purpose of paying down this bonded debt. In concurrence with staff, the Subcommittee recommends a 12-year term for the district to align with the debt pay-down. The Village’s residual unassigned fund balance after merger would be retained and used to pay off the final (13<sup>th</sup>) year of the debt, based on the assumption that the merger charter is ratified by the Legislature in 2022.

**Village as a Tax Rate Reconciliation District** - To buffer the impact on Town Outside the Village property owners of merging the Village general fund with the Town general fund (*which would increase municipal property taxes on a T.O.V. home valued at \$280K by approximately \$330 if done in one year*) the Subcommittee recommends a transitional provision by which the tax rate differential between the Village and Town is phased-in over a period of 12 years at a rate that would increase taxes on a \$280K T.O.V. home by approximately \$26 per year. The Transitional Charter would therefore designate the entire former Village of Essex Junction as a Tax Rate Reconciliation District which would justify a higher tax rate than the rest of the newly merged community specifically for the purpose of gradually reconciling the two tax rates. Note that the transitional 12-year phase-in period aligns with the transitional 12-year Debt Assessment District. A more substantive explanation of the tax phase-in plan, calculated and developed by Sarah Macy, Finance Director, is outlined in the appendix of this report.

The extended phase-in period also helps address the concern stated by some T.O.V. respondents in the KSV quantitative survey that merger would require them to pay taxes for Village expenditures for which they had no opportunity to vote. The phase-in period would give T.O.V. citizens ample opportunity to learn about Village municipal operations and participate in the development of their budgets.

**Village as a Sidewalk District** – Nearly all Village residential and commercial properties are serviced by an interconnected sidewalk grid which is actively maintained year-round. Village sidewalks are the foundation of the Village’s identity as a ‘walkable’ community and an essential feature of its community development strategy and municipal plan. Many TOV residential developments and commercial areas also have sidewalks that are maintained by the Town government, but many do not. Over the course of coming decades, the Town may

extend/expand the 'outside the village' sidewalk network but for the immediate future the Village's comprehensive sidewalk grid is a municipally-provided benefit available to Village residents but not immediately available to Town outside the Village residents. According to Atty Dan Richardson, who is advising the Subcommittee, the Village's sidewalk network could serve as a framework and geographical point of delineation for qualify the Village as a special service district designed for the purpose of raising additional revenue only from the residents who specifically benefit from the additional services provided within it.

Designating the Village as a 'sidewalk district' for the 12-year transitional period (or longer) would provide a mechanism for further reducing the tax impact on T.O. V. residents for reconciling the Town and Village general funds. During the transitional period the total amount of Village expenditures to be transferred to the new Town general fund could be reduced by approximately \$120K annually (*the approximate current cost of Village sidewalk maintenance/service*). Although this would only reduce the tax impact on T.O.V. properties by a few dollars, it would provide assurance to Village residents that an essential village service they depend on will not be compromised by merger; it would also signal to T.O.V. residents that merger will not require them to pay for a service that doesn't immediately benefit them.

**Village as a Capital Improvement District** – The Town and Village both have an extensive list of capital improvement projects each calling for expenditure of millions of dollars over the next decade. A major challenge for merger will be integrating these two lists to prioritize expenditures coming from one capital fund (presently, the Village pays for its own capital projects and contributes approximately 42% of the cost of Town projects). To 1) help defray the political and technical complexities of immediately integrating the two lists, and 2) provide Village residents assurance that important infrastructure repairs will not be delayed by merger, and 3) further reduce the tax impact of merger on T.O.V. taxpayers, the Subcommittee has explored the idea of designating the Village as a Capital Improvement District for the 12-year transitional period (or five (5) years to close out the five year capital plan). During the transitional period the total amount of Village expenditures to be transferred to the new Town general fund could be reduced by approximately \$400K annually (the approximate current cost of Village general fund transfers to its capital funds) with the money to be specifically used to pay down the Village's capital project list.

New capital projects in the Town-within-the-village that arise post-merger would be added to the newly-merged Town's capital project list to be prioritized and funded from a common capital budget.

Atty Richardson cautioned that such a district, if mandated by charter for an extended period of time might draw additional scrutiny and possible concern from the Legislature in part because it is a less common approach than ~~might be less accepting of this idea for designation of a special district (than for~~ the sidewalk district example described above) and also because it could limit

the planning of future boards. We and we would also likely be challenged to show how residents of one part of the community are receiving some general benefit that residents in another part of the community are not receiving.

**Village Center as a Downtown Improvement District** – The Village presently designates approximately \$120K in revenue it raises from property taxes each year to an economic development fund which is specifically intended to pay for improvements in the Village center zone ('downtown') ranging from purchase of private properties to street-scape and landscape improvements to bike-walk improvements to funding community activities in the Village core. This specific extra-funding mechanism ('penny-on-the-tax-rate') is scheduled to sunset in the next fiscal year. The Subcommittee has explored the possibility of continuing this fund by designating the Village as a 'downtown improvement' district. Upon discussion with Atty Richardson it was determined that special downtown improvement districts in other communities (ex. Bennington), which raise revenue specifically for improvements in historic downtowns, raise revenue only from properties within their downtowns and not from the community at large. In the course of the discussion it was noted that the Essex Junction downtown is a state-designated downtown ('village center'), a state-designated Vermont neighborhood (exempt from Act 250 review), and a tax-stabilization district as designated by the Essex Junction government. Designating it as a special downtown for the 12-year transitional period could help further mitigate the impacts of reconciling the current Town and Village tax rates (as described previously for the other special district designations) but with the caveat that the additional revenues would probably need to come entirely from properties within the Village Center Zone. (George Tyler's note: This could be levied exclusively on village-center commercial properties. Within the overall framework of merger all Village commercial properties will see a gradual tax reduction. Those in the Village center would see less of reduction.)

**Conferring with Vermont Legislature and Dept of Taxes** – Atty Richardson and representatives of the Subcommittee intend to meet with appropriate members of the State Legislature and Dept of Taxes to review and discuss the overall financial challenges posed by the Essex Junction and Essex Town merger and our formative strategies for addressing those challenges, as outlined in this report. We recommend that the joint boards refrain from formally approving any specific transitional tax model(s) until these conversations with state authorities have occurred. We anticipate these conversations will occur in late January/early February.

**Public Engagement** – After our meeting(s) with State authorities, which might prompt revisions to our transitional tax model recommendations, the Subcommittee recommends that the joint boards consider presenting the various finalized transitional tax models for public engagement at the 2020 Town and Village annual meetings in March and April.

**Commented [DR2]:** The Committee and the new entity should also explore the possibility of developing a Growth Center, Neighborhood Development Area, or obtaining a Certified Local Government designation all of which enable municipalities to become eligible for grants and to ease development hurdles in key sectors.

## Outline of Merged Entity Charter

### Subchapter 1: Transitional Provisions

#### § 101 Adoption of town and village assets and liabilities

This first provisions should demarcate the new entity as the successor entity to the village and the town as such all assets, contracts, liabilities, rights, and obligation held by the former entities shall transition to the new entity. This should dovetail and mirror Section 201 below.

*(a) All assets and obligations formerly owned or held by the Town and Village shall become the assets and obligations of the [name of municipality] upon the effective date of the charter. This shall include all real property, easements, rights and interests in land, buildings and other improvements; vehicles, equipment, and other personal property; assessed but uncollected taxes, rents and charges, together with lien rights and enforcement powers; moneys, rights of action in legal or administrative proceedings; insurance policies; documents and records; debts, claims, bonded indebtedness; without any further act, deed, or instrument being necessary.*

*(b) All contracts, agreements, trusts, and other binding written documents affecting the Town or Village shall remain in effect on the effective date of the charter, and the [Name of Municipality] shall assume all the responsibilities formerly belonging to the Town and Village.*

#### § 102. Transition Period

This provision should define the length of the transition period, if the period will extend to all or certain municipal functions, when the transition will begin, and when its provisions will sunset. (George: Need some clarification on this. Some aspects of reorganization may take longer than a year. For example, integration of ordinances, building codes, muni plans. May also want to have some staff/departmental reorg occur through retirement, etc. Can we define what is required legally for the establishment of a new government and what can be tactfully finessed for a few years? I believe we should allow for at least three years to organize/reorganize the committees, commissions, and ordinances. **Question for Dan Richardson:** Can you recommend language that allows us to have some discretion about which departments will be immediately consolidated within the first year of the merger while others may take a few or more years?)

*The transition period shall begin not later than July 1, following the approval of the charter by the Legislature, and end on June 30, 20\_\_\_. At the end of the transition period, the charter will become effective and the City or Town shall be fully established and organized. Nothing in this section shall affect or limit other provisions in this subchapter*

**Commented [DR1]:** Yes, I can. I think that you can establish a "transitional period" that should really cover the immediate change from the Town and Village to the new entity, but then there should be provisions that continue on under the new entity but sunset after a period of time. In other words, the technical transition period should be short, even if certain transitional provisions persist.

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**Commented [AJ2]:** Raj: Length?

*or in other subchapters, which serve a transitional purpose and which by their own provisions continue beyond the transitional period. In such cases, transitional provisions intended to extend beyond the transitional period shall be governed by specific sunset terms.*

§ 103. Organizational Municipal Meeting

Depending on whether the new entity follows a town meeting format or an Australian ballot format of annual meetings, this provision should lay out what will happen at the first meeting of the new entity, who will be elected, who will lead the meeting, and what items (such as a budget) will be voted. (George: This may require some legwork prior to finalizing and warning the new charter for a vote. For example, the EWSD annual meeting and budget vote is in April, probably to align with the state budget. If we're seeking to have same-day voting for all local budgets, we will need to confer with EWSD and may need to sync our dates with theirs.)

**Commented [GD3]:** Gov Sub: work with Dan Richardson on crafting language for timing of annual meeting and vote

*The first annual City or Town meeting shall occur in the March preceding the July 1 effective date of the charter. This shall be a unified meeting of the new municipality and shall be noticed and warned to all residents of the Town of Essex and the Village of Essex Junction. Time and holding of the meeting shall be pursuant to section \_\_\_ of the City or Town charter. The first annual City or Town meeting shall be jointly warned by the Village Trustees and Town Selectboard. The election of a moderator shall be the first order of business followed by adoption of a budget as prepared under § 105b.*

**Commented [AJ4]: Raj:** This seems to indicate that the budget will be voted on at Town Meeting, as it is now. I believe we agreed to propose having the annual meeting be advisory in nature with all articles voted on via Australian ballot. Or am I reading this wrong?

*Agreed.*

§ 104. Transitional Districts

These would create districts for the purpose of taxes, services, and other issues within the new municipality that would eventually disappear, but that would assist the transition.

(George: I recommend leaving this blank until we have met with representatives of the VT legislature and tax dept.)

*Two Temporary Tax Districts?*

*Two Temporary Voting Districts?*

*Special Debt Assessment District?*

*Special Village Capital/Sidewalk District? Temporary?*

**Commented [DR5]:** This is covered in the accompanying memo in greater detail, but this is the section where such districts could be laid out.

§ 105. Interim Governing Body

This provision should lay out how the new municipality will be governed between adoption of the new charter and the first organizational meeting. There are a variety of options. This body could be the duly elected Trustees and Selectboard; a representative hybrid of the two; or a body created by each of the Trustees and Selectboards composed of new members. This body should have certain powers and duties to oversee the new municipality and to oversee the transition.

**Commented [GD6]:** Gov Sub: need to specify which day of week board meetings occur? E.g., Monday, Tuesday, ...?



(a) ~~All~~ An equal number of members of the Town Selectboard and of the Village Trustees shall comprise an Interim Governing Body. (George: Having the two full boards involved would be my preference.) Notwithstanding, any individual who simultaneously serves as a Trustee and Selectperson shall not be eligible for appointment to the Interim Governing Body. In such an event, the Interim Governing Body shall consist of an equal number of trustees and selectpersons. In no event shall the Interim Governing Body consist of less than three trustees and three selectpersons appointed by the respective legislative bodies. The Interim Governing Body shall address the details and issues relating to the transition from a town and village to the new City or Town. The Interim Governing Body with the assistance of the Unified Manager shall develop recommendations for whatever proposals or policies are needed to ensure a smooth transition. The City or Town council may implement such proposals once the charter becomes effective.

Commented [DR7]: Why?

Commented [DR8]: There should be a tie breaker.

Commented [GD9]: Gov Sub: including rules for if a transitional board member leaves, and needs to be replaced

(b) The Interim Governing Body will also, with the assistance of the Unified Manager and staff, propose and warn in the manner pursuant to this charter, the first annual budget of the [name of municipality] for consideration and adoption by the voters at the first annual [name of municipality] meeting held pursuant to § 103. The Interim Governing Body shall present the budget.

Commented [AJ10]: Raj: Again, see my note above re; adoption of budget at annual meeting vs. Aus. Ballot.

Commented [DR11]: This may have to also incorporate the budget for the transitional districts and a plan for the vote for these district budgets.

#### § 106. Budget and Municipality Administration

George: I would recommend laying out how the first year's budget and any capital or larger issues will be addressed during the transition from a governance stand-point. I would recommend utilizing the manager to assist in this process (George: Agreed but this will also be informed by any special district impacts on budgeting.)

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"Upon ratification of the merger by ~~by~~ the state, the Unified Manager will be instructed to present a unified budget for the community for the next fiscal year that addresses proper service levels, contractual obligations, capital projects, debt, and that reflects any changes related to the merger."

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#### § 107. Village and Town Boards and department Transitional Provisions

This section should have provisions for zoning and planning, recreation, library, and any other service that has not already been merged but that will either during or after the transition.

(a) ~~TRANSFER OF VILLAGE FIRE DEPARTMENT~~ Notwithstanding provisions in the Village Charter or elsewhere, the operations of the Essex Junction Fire Department and all associated expenses except debt will be transferred over to the [name of municipality] as of (date). The land, buildings, and other assets will remain under the ownership of the Village of Essex Junction until the effective date of the charter. ~~As of the effective date of the transfer of operations, the Fire Chief for the merged department shall be appointed by the Town Manager.~~ (George NOTE: Unless a single

Commented [AJ12]: Raj: Would we not need a section detailing the transfer of the Town fire department? We aren't simply dissolving the village charter we are dissolving both and creating a new entity.

Commented [GD13]: Raj: already specified above that assets would transfer to new entity?

chief is required by law, I would strongly recommend maintaining two chiefs. Integration of two volunteer fire departments with long, independent histories and separate loyalties will be a challenging and delicate task. I emphasize ‘volunteer’ because we should not assume we can move them around as we would with other staff. I would also recommend that we specifically state that the present arrangement of a maintaining two operational units – one in the Village and one in the Town – shall be continued, and that the manager has the discretionary authority to appoint a chief for each operational unit or a chief for both units. I believe this a crucial concern. We must be able to assure all residents that first responder efficacy will not be compromised for the sake of merger. Also, we must take every necessary step to maintain our two volunteer departments and avoid the catastrophic expense associated with a full-time paid department. Question for Dan Richardson: Is it required by state statute to only have one fire chief? Is it reasonable and acceptable to have two? Please note that we presently have two fire chiefs – Village’s & Town’s – reporting to one manager and this arrangement has been in effect for 6 years.)

George: Possible Language: *The [name of municipality] shall continue to operate the former Essex Junction Fire Department and Essex Town Fire Department, and each department shall have a chief appointed by the manager. At the manager’s discretion, one person may be appointed chief for both departments.*

Alternative Possible Language if we feel we need to be more specific: *Upon successful merger, in keeping with the historical significance, the Essex Junction Fire department shall continue to exist as a fire company (division) of the merged entity along with the existing Town Fire Department. As part of the transitional period, the Elected Board shall review options for integrating the two departments, their operations, equipment, structures, and organizational makeup for the betterment of serving the entire community. It is the desire to have the predominant level of service to remain “paid on Call” with appointed senior officers, including the Chief(s) made by the Manager.*

**(b) TRANSFER OF VILLAGE RECREATION AND PARKS DEPARTMENT**

*Notwithstanding provisions in the Village Charter or elsewhere, the operations of the Essex Junction Recreation and Parks Department and all associated expenses except debt will be transferred over to the [name of municipality] as of (date). The land, buildings, and other assets will remain under the ownership of the Village of Essex Junction until the effective date of the charter. As of the effective date of the transfer of operations, the Recreation Director for the merged department shall be appointed by the Town Manager.*

**(e) TRANSFER OF VILLAGE COMMUNITY DEVELOPMENT PLANNING AND ZONING DEPARTMENT** *Notwithstanding provisions in the Village Charter or*

**Commented [GD14]:** Max: make sure to use consistent term for Manager or Town Manager, etc.

**Commented [DR15]:** While this is a workable solution, a single new chief who was employed and acted as a department head might make sense, especially if said chief came from outside both units. Each individual department could be maintained regardless of who is chief. A good example is the process that Colchester is following to unify their fire departments under one roof.

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**Commented [GD16]:** Gov Sub: use similar language as above regarding transfer?

**Commented [AJ17]: Raj:** Do we want language protecting the position of the current recreation managers, both town and village? I think we need to discuss the fate of municipal employees and how to manage that during the transition and beyond. That applies to fire, rec, etc.

~~elsewhere, the operations of the Essex Junction Community Development Planning and Zoning Department and all associated expenses except debt will be transferred over to the [name of municipality] as of (date). As of the effective date of the transfer of operations, the Planning Director for the merged department shall be appointed by the Town Manager.~~ (George: As discussed in item 105(a) above, this is a major concern. Planning is subordinate to community development in the Village. The village vs town difference in priority for planning is rooted in the different challenges posed by redevelopment and infill development in the Village core according to the existing Village municipal plan VS. new development in a suburban-rural community concerned primarily with development of open, undeveloped space. Additionally, the TGIA process called for one planning commission and two DRBs. It was never decided how implementing this would impact Village and Town staff. Neither board has formally agreed to adopt the TGIA recommendations; we only agreed to accept the report. I would like to see the two planning commissions review the TGIA process and make their own recommendations for an integrated Town/Village development-planning office. For example, could we have one 'planner' and two development directors for the Village DRB and Town DRB? I would also like them to review and make recommendations about integration of municipal plans, codes, zoning regs, etc. It might also be good to have the CCRPC involved in this effort. Additionally, we need to address how the Village center will continue to be a state designated downtown and Vermont Neighborhood and whether/how to- continue tax abatement for Village center development.<sup>2</sup>

**Commented [AJ18]: Raj:** Is the appointment by Town manager the norm? Why not the transitional board to appoint these positions? I'm not sure I'm comfortable with that and would like to discuss.

Possible proposed language: Upon a successful merger, the designated zones, codes, and any other associated planning/development regulations of the former Village "district" shall continue to have a designated design review board ( drb) and its plan commission shall remain in effect for the threefive-year transitional period or until such time as necessary to complete the work of integrating new integrated land development codes, a unified Town/Village Plan and "designated downtown and Vermont Neighborhood designations. The Essex Junction Planning Commission and Essex Town Planning Commission shall continue to operate independently until a plan for integrating them is approved and executed.

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§ 108. Unification and Adoption of Ordinances, bylaws, and rules

This provision should provide (1) for adoption of existing ordinances and bylaws; (2) the repeal of such ordinances or bylaws that conflict; and (3) a temporary grant of power to the transitional body to oversee these ordinances and to make changes as may become necessary during the transition.

*On the effective date of this charter, all ordinances, and bylaws of the Town of Essex and the Village of Essex Junction shall become ordinances and bylaws of the City or Town. The City council or Town selectboard shall be fully authorized to amend or repeal any*

**Commented [DR19]:** This might be too conservative. My recommendation is to keep zoning in place for town and city, then have a single planning commission start the planning process for first a town plan, and then revised bylaws. The Commission should solicit public comment to address the concerns of all districts and neighborhoods, then from the plan, bylaws will evolve, the provisions of which will match to the town plan and encourage infill in the village and protect character of the neighborhood in the rural and suburban areas. I would also recommend one DRB.

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ordinance according to the provisions of subchapter\_\_ of the charter. Whenever a power is granted by any such ordinance, or bylaw to an officer or officers of the Town of Essex or the Village of Essex Junction, such power is conferred upon the appropriate officer or officers of the [name of municipality].

§ 109. Personnel

(e) This provision should cover all town and village employees during transitional period for issues of employment, compensation, and benefits. (George: Do we need to specifically mention dissolution of the Town Employees Union and/or Village Association and/or integration of the two? Prior to formalizing the charter language I would like to see some process by which the benefits of one versus the other are objectively compared. Question for Dan: We have avoided the entire issue of integrating the Town employee's union and the Village employee's association because we have been told that management can get into legal trouble by suggesting that one or the other dissolve OR that members of one should consider the benefits and advantages of the other. Could you please briefly enlighten us about management's legal rights to discuss this issue?)

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Commented [DR20]: My general understanding is that an employer cannot tell a union to dissolve, but the dissolution of a company does effectively cancel the union. I think the subcommittee will need to sit down with representatives of both organizations, inform them that if this goes through, then both the village and town dissolve, and they need to discuss with their membership how they want to proceed. Ideally, you would leave it to the union and association to decide and accept the results and negotiate a new contract with the successor entity. My understanding is that you cannot pick the entity or indicate your preference as it is the employee members' job to make that selection without interference from management.

(a) The Interim Governing Body established in § 105 shall develop a pay and classification plan and make recommendations to meet the Town's needs. The City council or Town selectboard may implement such proposals once the charter becomes effective.

Commented [AJ21]: Raj: Again, it would be nice to discuss a process / plan for employees. This will be a topic of concern for the community and is for me. I'd like our employees to have a complete understanding of the process and the impact on their future employment. When do current labor contracts expire and how do those dates jibe with our timeline?

(b) The Town of Essex personnel regulations in effect as of 6/30/\_\_\_ shall carry over and control as of July 1, 20\_\_\_ until amended by the [name of municipality] council or selectboard.

Commented [AJ22]: Raj: Has this been decided? What is the impact on Village employees? Is that the current HR model i.e. Town benefits assigned to village employees and if not, why this assumption?

(c) Employees of the Town of Essex and the Village of Essex Junction shall become employees of the [name of municipality]. The dates of hire with the Town of Essex and the Village of Essex Junction will be used as the dates of hire for purposes related to benefits with the [name of municipality] and all accrued benefits shall carry over.

Commented [GD23R22]: Gov Sub: do we need to specify the personnel regs in the charter?

(d) Upon the effective date of the charter, employees of the Village as of June 30, 20\_\_\_ shall have the option to remain in the retirement program they are enrolled in as of June 30, 20\_\_\_ or to join the Vermont Municipal Employees Retirement System

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(e) ~~All new employees hired after the effective date of the charter will be considered [name of municipality] Town Employees and are subject to the Town Employee Manual and/or their respective labor agreement.~~

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~~(d)~~(f) All labor contracts in effect at the time of the effective date of the merger shall remain in effect until their expiration. Union/Association employees shall, as a matter of law, have the right to form a bargaining unit subject to the laws of the state of Vermont and bargain a successor agreement.

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#### § 110. Water and Sewer District

This provision should lay out any transitional provisions to unite the town and village water and sewer districts, or specify that [name of municipality] will have two water and sewer districts, including any necessary provisions for their management and eventual integration. (George: The current Village and Town water/sewer systems have very different rate structures and their physical infrastructures are serviced by their respective highway/public works departments. We haven't needed to designate them as separate 'districts' because they are presently owned and operated by two separate corporate entities. I therefore suggest we formally designate them in the charter as separate water/sewer districts. This is another important conversation we need to have at the board/staff level before finalizing the Charter language. Question for Dan: Can you please suggest language for stating that the two existing water/sewer systems shall be separate water and sewer districts in the new community?)

Do we need this section? (Yes!)

Commented [DR24]: I can, but I will need more time. This would be like setting up fire or water districts. It may make sense to keep this service unified. As well, based on the narrative, I am not certain you want this as a separate district.

#### § 111. Finances

Declaring all grand lists to remain in effect from the town and village and that any taxes due under the old entities will be payable to the new municipality. That the new entity will manage the existing budget of the old entities with the assistance of the existing selectboard and board of trustees. Transition provisions for assets and property, bonds, and obligations.

(a) *The existing real property tax system of the town shall become the system of the [name of municipality]. Upon the effective date of the charter, all grand lists will remain in effect and any remaining taxes due to the Village and Town will be payable to the [name of municipality]. The [name of municipality] will manage the existing budget of the Village and Town with oversight by the Interim Governing Body.*

[Special Debt Assessment District under § 104?]

All Tax and indebtedness incurred by the Village tax payers at the time of merger are to remain with these properties until final payment of said obligations are made in full.

All existing legal obligations made by the Village Board, including but not limited to tax stabilization agreements and any agreements to purchase real property, are to be considered obligations of the new governmental entity.

Commented [AJ25]: Raj: Again, this looks to me like a discussion we need to have sooner than later.

§ 112. Terms Extended

Extending the governing officers' terms for the length of the transitional period (if necessary).

*The Selectboard and Trustee terms set to expire in 20\_\_ shall be extended without further action necessary, until June 30, 20\_\_.*

**Commented [AJ26]: Raj:** This seems appropriate.

§ 113. Municipal Government Seat

As necessary provisions stating where the new municipality will conduct meetings and any provisions for town buildings affected by the merger that must be addressed prior to the new municipal government taking office. (George: I don't think this is necessary. I'm assuming 81 Main will continue to function as the main site of administrative operations, but 2 Lincoln will still be a municipally-owned building with a meeting room and offices. I'm concerned that specifically naming 81 Main as 'the' seat of government might limit the flexibility to also use 2 Lincoln for government meetings if 81 Main isn't available and for other government purposes. It also implies that if the government outgrows both buildings it would need voters to approve a charter change before moving into a new building. I don't see this in either of the existing charters so I'm not sure why it's needed. Question for Dan: Is it necessary for us to specifically designate a municipal government seat? Note that there is no such designation in either charter at present.)

**Commented [GD27]: Gov Sub:** preference to delete this section unless it's required for some reason

~~*Should the voters of the Town of Essex and the Village of Essex Junction, and the Vermont General Assembly approve the proposed [name of municipality] charter and plan of merger, the Transition Committee will prepare a detailed plan with cost estimates for the renovation of \_\_\_\_\_ to serve as the administrative seat of government along with any other facility improvements that may be necessary to meet the needs of the merged community.*~~ (George: Not necessary)

**Commented [DR28]:** No, it would be to avoid confusion, but it is not absolutely necessary.

§ 114. Transitional Tax Districts and Transitional Tax Provisions.

Create tax districts and set up timelines for their existence. Should follow the transitional districts created in Section 103.

(George: Will need to leave this blank for now until we confer with VT leg and tax department.)

*Two Temporary Tax Districts?*

*Special Debt Assessment District?*

**Commented [AJ29]: Raj:** We'll be discussion staffing at Lincoln Hall on Tuesday and I'd like to have the topic of what happens with physical plant assets and offices on an agenda for the gov sub and joint boards.

§ 115. Repeals

(a) 24 App. V.S.A. chapters 117 (Town of Essex Charter) and 221 (Village of Essex Junction Charter) are repealed.

**Memorandum**

**To:** Governance Subcommittee; Evan Teich, Unified Manager

**CC:** Greg Duggan, Deputy Manager; Sarah Macy, Assistant Manager and Finance Director

**From:** Ann Janda, Project Manager

**Re:** Discuss Plan for Meeting with Attorney and Legislators in Montpelier

**Date:** January 23, 2020

**Issue**

The issue is developing a plan for designated subcommittee members, Attorney Dan Richardson, and staff to meet with legislators as well as Legislative Counsel in Montpelier to discuss conceptual plans for taxation and representation in a merged municipal government.

**Discussion**

At its January 21 meeting, the joint boards discussed the taxation and representation language recommended by the Governance Subcommittee to be used in discussions with legislators to get feedback on the viability of those concepts passing in the legislature.

Dan Richardson would be able to attend this meeting the first or second week of February, but may have conflicts on February 11 and 12.

**Recommendation**

Staff recommends that Governance Subcommittee members decide on a plan for how to coordinate this meeting.

**Memorandum**

**To:** Governance Subcommittee; Evan Teich, Unified Manager

**CC:** Greg Duggan, Deputy Manager; Sarah Macy, Assistant Manager and Finance Director

**From:** Ann Janda, Project Manager

**Re:** Consider Designating a Subcommittee Member or Members to Represent the Boards in the Meeting with Legislators

**Date:** January 23, 2020

**Issue**

The issue is designating a subcommittee member or members to meet with legislators as well as Legislative Counsel in Montpelier to discuss conceptual plans for taxation and representation in a merged municipal government.

**Discussion**

At its January 21<sup>st</sup> joint meeting, the Town Selectboard and the Village Trustees voted to approve draft conceptual plans for taxation and representation for use in discussions with legislators. The Governance Subcommittee should decide who among them should be at these meeting(s). The representative(s) of both boards would ideally be a member or members of the Subcommittee given that Subcommittee members have been immersed in these details.

Dan Richardson would be able to attend this meeting the first or second week of February, but may have conflicts on February 11 and 12.

**Recommendation**

Staff recommends that Governance Subcommittee members designate who on the Governance Subcommittee should represent the joint boards at meetings with legislators to discuss conceptual plans for taxation and representation in a merged municipal government.



**Memorandum**

**To:** Governance Subcommittee; Evan Teich, Unified Manager

**CC:** Greg Duggan, Deputy Manager; Sarah Macy, Assistant Manager and Finance Director

**From:** Ann Janda, Project Manager

**Re:** Review Draft FAQ and Consider Approving for Use at Upcoming Public Meetings

**Date:** January 23, 2020

**Issue**

The issue is developing an Essex Merger Vote 2020 FAQ handout for the upcoming annual meetings and other public outreach meetings.

**Discussion**

The attached draft FAQ handout includes condensed versions of previously approved FAQ answers currently on [www.greateressex2020.org](http://www.greateressex2020.org) with some added some language suggested by George Tyler for your consideration.

**Recommendation**

Staff recommends that Governance Subcommittee members review the following draft FAQ and consider finalizing language for review and approval by the joint boards for use at the upcoming annual meetings, other public outreach meetings, and to update [www.greateressex2020.org](http://www.greateressex2020.org).

# Essex Merger Vote 2020 FAQs

## **Why merge?**

The Village Board of Trustees and Town Selectboard believe we will be stronger together as one united community. We can work as one to plan for the future, attract and retain a vibrant business community, protect our natural resources, restore and enhance our infrastructure, improve our services, overcome challenges we face, and establish ourselves as Vermont's premier livable community.

## **Aren't we already merged?**

The current governance structure we have now is two separate municipalities with separate charters, sharing some municipal services under contract. The Village of Essex Junction is an incorporated municipality within the municipality of the Town of Essex.

Starting in 2013, in an effort to improve services across the entire Essex community, some municipal services were consolidated. These consolidations have reduced the amount of taxes the municipalities need to raise – a combined savings of more than \$2.8 million (see page 2 for breakdown of savings).

## **Why are we doing this now?**

Each year that passes increases the cost of merging. Although consolidation efforts lowered the cost since the 2006/2007 vote, as long as Village taxes continue to increase, the tax impact of merger on residents outside the Village grows.

To continue consolidation efforts, the Town of Essex Selectboard and the Village of Essex Junction Board of Trustees have met jointly for the past few years and much research has been done by a joint Governance Subcommittee on possible governance structures of a merged municipality. Public input was also gathered via resident surveys and focus groups.

## **What about separating?**

If the Village and Town separated, the Town would lose about 43% of its tax base. The inconsistent sharing of the cost of municipal services caused the Village to vote to separate from the Town in 2000. The Town prevented the separation by voting to consolidate with the Village. The Vermont Legislature rejected both proposals and asked the two governments to negotiate a mutually acceptable agreement. In July 2018, the Selectboard and Trustees created a Governance Subcommittee to explore governance options. Committee members at the time (Elaine Haney, Max Levy, George Tyler, and Irene Wrenner) vetted over a dozen local governance reorganization models and agreed that separation ranked low in terms of meeting criteria that would benefit the community, and that some form of merger would be preferable. The Selectboard and Trustees supported the committee's recommendations.

## **Why are municipal taxes higher in the Village than the Town?**

The Village pays the full cost of most of Essex Junction's municipal services, but it also helps pay the cost of all municipal services provided by Essex Town such as the Town Fire Department and the Essex Free Library. It also helps pay for Town infrastructure repair.

## **If the Village isn't happy paying higher taxes, wouldn't it be easier just to cut its own services and only rely on Town services?**

Some Village services are essential municipal services that Essex Town doesn't provide inside the Village, such as community development, fire department, and public works. Other Village services such as the Village rec department and Brownell Library are available to all Town residents and are very popular and used by Town and Village families.

## How has consolidation of some services saved money?

### FY2014 - FY2019: \$2.13 Million

Service	Town	Village
Manager	\$367,000	\$606,000
Finance & Admin	\$378,000	\$179,000
Stormwater & Public Works	\$344,000	\$254,000
<b>Total Savings</b>	<b>\$1,089,000</b>	<b>\$1,039,000 = \$2.13M</b>

### FY2020: \$0.69 Million

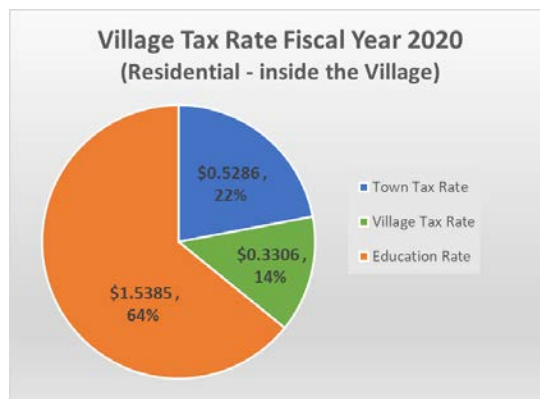
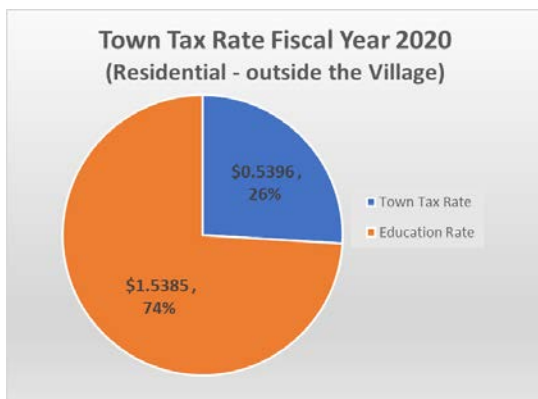
Service	Town	Village
Manager	\$67,200	\$113,500
Finance & Admin	\$194,300	\$195,600
Stormwater & Public Works	\$59,800	\$62,300
<b>Total Savings</b>	<b>\$321,300</b>	<b>\$371,400 = \$0.69M</b>

## How would a merger affect development?

Merging the Town and Village governments wouldn't change their comprehensive plans, but, over time, it would merge them into a single document. If merger happens, the long-term evolution of the newly unified Town-Village comprehensive plan would be under the control of a single planning commission, development office, and elected board. Changes and updates would reflect the coordinated strategic vision of the entire community.

## How would merger affect my property taxes?

Residents of the Town outside the Village currently pay municipal taxes only to the Town. Residents of the Village currently pay municipal taxes to both the Village and Town.



\*Does not include Town Highway Tax Rate, which is paid only by Town outside the Village residents.

The Town and Village coming together means the two different levels of taxation meet somewhere between the two. The tax impact of merger would be spread over 12 years to lower the annual impact for residents of the Town outside the Village that could cost the average Town property owner between \$20/\$30 a year over that time period. Please note:

- Actual numbers depend on assessed value.
- Education tax rates would not be impacted by merger.
- Only users of municipal water and sewer pay for these services. Residents in parts of Essex that do not have municipal water or sewer service do not pay for those services or infrastructure.
- A temporary "Village Debt Assessment District" would be established and sunset once all Village debt is paid in full by Village residents.

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

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

**ADMINISTRATION:** Evan Teich, Unified Manager; Greg Duggan, Deputy Manager.

**OTHERS PRESENT:** Brian Shelden; Ken Signorello, Irene Wrenner.

**1. CALL TO ORDER**

Mr. 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 p.m.

**2. AGENDA ADDITIONS/CHANGES**

Mr. Tyler requested the addition of a Suggested Introductory paragraph for Town of Essex Charter, to go with Item 5c (Consider Preparing Draft Transition Plan Language for Attorney Review prior to Discussion with Legislators).

**3. AGENDA APPROVAL**

**MAX LEVY made a motion, seconded by RAJ CHAWLA, that the Subcommittee on Governance approve the agenda as amended. Motion passed 4-0.**

**4. PUBLIC TO BE HEARD**

Ken Signorello wondered if he was being heard when he spoke about merger and governance topics. He brought up a facebook post made by Selectboard Chair Elaine Haney, in which she spoke about the potential tax impacts of a merger of the Town of Essex and Village of Essex Junction. Mr. Signorello said Ms. Haney was not qualified to speak about the tax impacts, and that he was concerned she was speaking as a Selectboard member about the issue. Mr. Tyler said the Selectboard and Trustees had publicly reviewed the potential tax impacts that Ms. Haney had posted. Mr. Signorello said he thought it was premature for Ms. Haney to make the comment. Ms. Cooper said Mr. Signorello’s statements that the boards were acting improperly are rude, and that the constant accusations are taxing.

**5. BUSINESS ITEMS**

**a. Consider Finalizing Transitional Taxation Proposal and Transitional Village Tax District(s) Language for review by Selectboard and Trustees prior to Discussion with Legislators**

Mr. Tyler reviewed the draft recommendation for Transitional Taxation Models in a Merged Essex Junction/Essex Town Municipal Government. He highlighted the “Important Forward” noting the expectation that current service levels would remain, and no big budget cuts are expected. He explained that a Village debt district would be required to pay off existing debt, and that the subcommittee could recommend adopting one or more other transitional tax schemes: designating the Village as a tax rate reconciliation district; a sidewalk district; a

47 capital improvement district; and/or designating the Village center as a downtown  
48 improvement district.

49  
50 Mr. Tyler said the Town and Village’s special counsel for merger, Dan Richardson, had  
51 talked to the Vermont Department of Taxes and was told that a 12-year transitional phase for  
52 taxes would be okay.

53  
54 Mr. Chawla asked about the amount of sidewalks in the Village compared to the Town  
55 outside the Village, and said he expected the service level expectations to rise in the Town  
56 outside the Village in the next 12 years. Mr. Chawla also said that he thought the idea of a  
57 capital improvement district for the Village had originally covered historical buildings, but  
58 now seemed to be proposed for all capital needs.

59  
60 **b. Consider Finalizing Transitional Representation Proposal Language for review by**  
61 **Selectboard and Trustees prior to Discussion with Legislators**

62 Mr. Tyler reviewed the draft recommendation for a transitional representation model with a  
63 merged governing board consisting of two members from what would be the former Town  
64 outside-the-Village district, two members from the former Essex Junction Town-inside-the-  
65 Village district, and three at-large members. The merged board would be tasked with  
66 determining a long-term governance model.

67  
68 The Subcommittee on Governance members discussed whether the length of time for the  
69 representative districts would align with the taxation timeline. They also discussed  
70 proportionality of the Village and Town-outside-the-Village districts, which currently have  
71 similar populations but could change over time.

72  
73 **c. Consider Preparing Draft Transition Plan Language for Attorney Review prior to**  
74 **Discussion with Legislators**

75 Mr. Tyler proposed an introductory paragraph for a new charter to provide historical context  
76 for the Town of Essex and Village of Essex Junction. Mr. Chawla said he would find the  
77 language useful.

78  
79 Mr. Teich said he planned to meet with Town and Village attorneys on how to transition  
80 existing contracts for employee associations.

81  
82 The subcommittee members discussed the timeline of a transition, which will need to  
83 accommodate organizational changes to departments, updates to ordinances and zoning  
84 regulations, and other items. Mr. Teich suggested specifying a five-year plan. Mr. Levy said  
85 the transition should take no more than five years, and transition plan language could leave  
86 open the possibility of a shorter timeframe.

87  
88 The subcommittee members discussed annual Town Meeting dates, the possibility of  
89 aligning voting dates with the Essex Westford School District, and whether to move to  
90 Australian ballot for approval of the municipal operating budget. The discussion touched on  
91 whether and how to incorporate voting recommendations from the Essex Governance Group.

92

**SUBCOMMITTEE ON GOVERNANCE  
(DRAFT)**

**January 16, 2020**

93 Mr. Tyler and Mr. Levy talked about the importance of an interim governing body of the  
94 current Selectboard and Trustees to organize the first election for the transitional  
95 government.

96  
97 The subcommittee talked about whether or not to include language in the transition plan for  
98 the future of Town and Village departments that have yet to consolidate, such as Fire and  
99 Community Development. Mr. Teich advised that the charter would become the law for the  
100 merged community, so specifying that the community would have two fire departments, for  
101 instance, would codify such a setup. He said the community does need the services provided  
102 by the two current departments. Mr. Tyler suggested holding a planning summit for  
103 Community Development to consider needs of the different parts of the community.

104  
105 **MAX LEVY made a motion, seconded by RAJ CHAWLA, to send the taxation and**  
106 **representation proposals in their current forms to the full Selectboard and Board of**  
107 **Trustees for their meeting next week. Motion passed 4-0.**

108  
109 Mr. Signorello said the subcommittee is threading the needle with its hard work. He said the  
110 tax information is not official yet, and no one should comment on it in their official capacity.

111  
112 Mr. Sheldon asked why terms for board seats would be staggered. Mr. Tyler said it keeps  
113 some continuity on the board. Mr. Sheldon said he was concerned that if redistricting  
114 occurred with staggered terms, people could be serving on seats that no longer represent the  
115 area from which they were elected.

116  
117 Ms. Wrenner said she was surprised to see the subcommittee consider a 10-member interim  
118 board, because when she had proposed a 10-member board in 2018 she was told it was too  
119 large.

120  
121 Mr. Signorello asked if the tax mechanism would result in an increase of approximately  
122 \$26/year for the Town outside the Village. Mr. Tyler confirmed the number.

123  
124 **d. Approve of minutes: December 19, 2019**  
125 **MAX LEVY made a motion, seconded by RAJ CHAWLA, to approve the minutes with**  
126 **subcommittee corrections. Motion passed 4-0, with no corrections.**

127  
128 **6. ADJOURN:**  
129 **ANNIE COOPER made a motion, seconded by RAJ CHAWLA, to adjourn the meeting.**  
130 **Motion passed 4-0 at 9:01 p.m.**

131  
132 Respectfully Submitted,  
133 Greg Duggan  
134 Deputy Manager

135  
136 Approved this \_\_\_\_\_ day of \_\_\_\_\_, 2020

137  
138 (see minutes of this day for corrections, if any)