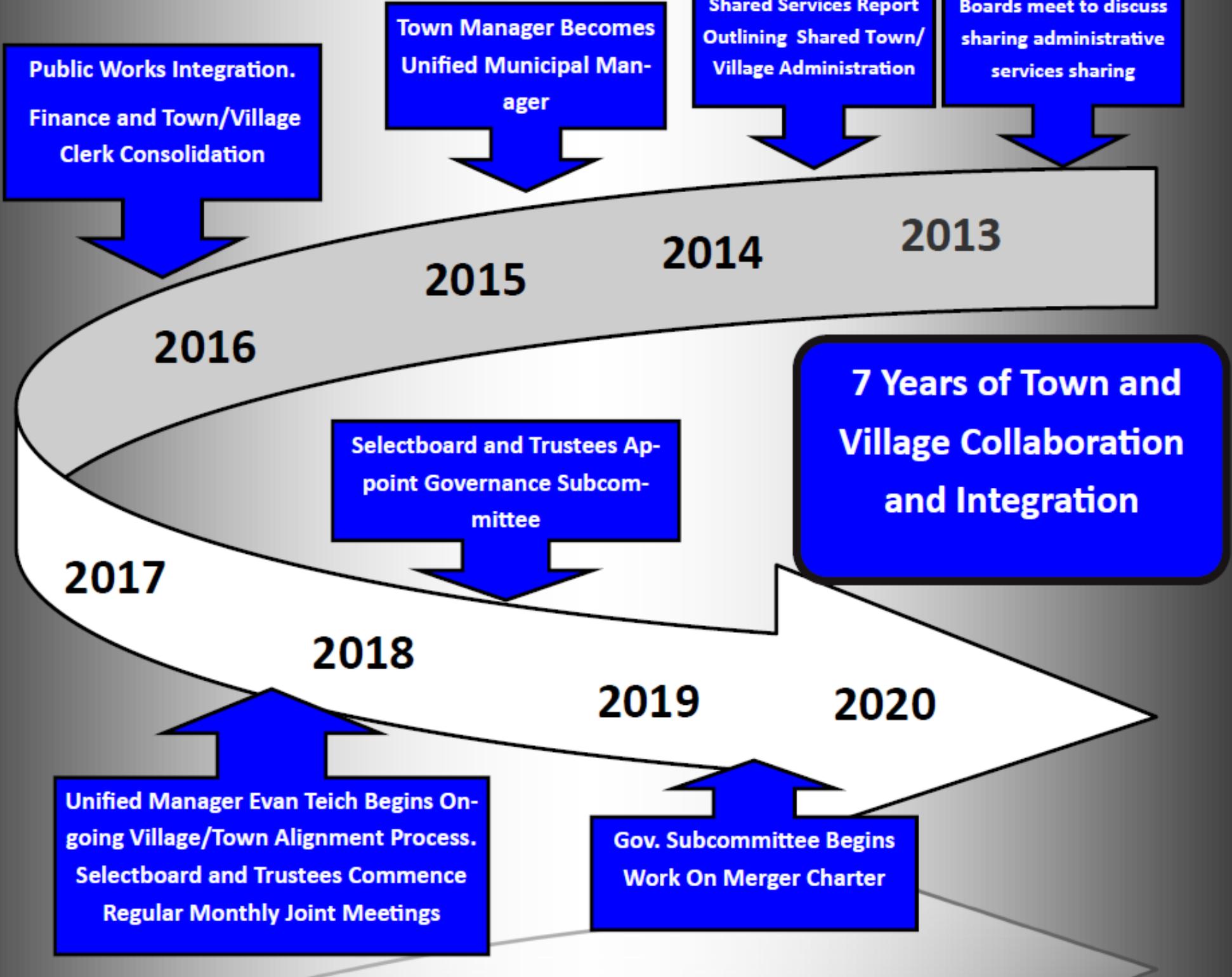


**Plan of Merger
for the
Town of Essex
and the
Village of Essex Junction
2021**



A Stronger Future Together

Why are we considering merger?

- One government.
- More transparency.
- One set of ordinances.
- Australian ballot budget voting.
- Informational Town Meeting.
- One land development code.
- More organized, consistent planning.

A Stronger Future Together

Why are we considering merger?

- A unified community with a common vision.
- A unified community setting its course together on a host of issues:
 - Ensuring racial justice, equity, and safety
 - Becoming a welcoming and inclusive community
 - Housing that meets the needs of our entire community
 - Community and economic development
 - Preservation of open space and stewardship of the environment
 - First-class recreational facilities
 - Building resiliency and sustainability

A Stronger Future Together

Benefits for the Village:

- Lower taxes, temporarily.
- Tax equity.
- Predictable representation.
- Fewer voting days.

Benefits for the TOV:

- Predictable representation.
- Equal access.
- More say in spending.
- More input on planning and development.
- Better, less expensive childcare.

A Stronger Future Together

What's not changing?

- Our high quality of services.
- Our community identities.

Four Challenges for Merger

1. Integrate the \$3.5 M Essex Junction tax levy into the \$15 M Town of Essex budget AND
2. Maintain the high quality of municipal services residents expect and pay for AND
3. Achieve eventual tax equity AND
4. Preserve the identities of the Town and Village.

A Gradual Timeline

- The Town of Essex levies taxes on all Town properties, including the Village. The Village levies taxes on Village properties only.
- As a result, the average Village property owner pays an additional ~\$925/year in taxes.
- Merging the Town and Village budgets all at once would result in a single increase of ~\$330 for Town outside the Village properties.
- An all-at-once increase could also result in a desire for significant cost cutting that would negatively affect municipal services, undermining a primary goal of merger to maintain the current quality of service.

A Gradual Timeline

- A gradual approach was adopted to keep tax increases for the Town outside the Village reasonable, affordable, and predictable.
- The 12-year time period coincides with the end of the Village's bonded debt and is the length of time preferred by most Town residents who responded to the 2019 survey on merger.

A 12-Year Transitional Period

- Starting the first merged year, the Town and Village budgets would merge into one budget, with Town and Village tax rates gradually equalized over 12 years.
- Town taxes would increase about \$26/year (for average property of \$280K). Village taxes would decrease about \$35/year. After 12 years the rates would be equal, and the merger-related increase/decrease would end.
- Grand list growth and consolidation efficiencies over the 12-year period will offset tax impacts on the Town outside the Village.
- Special taxing districts included in the merger will also offset tax impacts on the Town outside the Village.
- Village taxpayers only would pay off Village's remaining bonded debt until retired in 2035.

Annual Merger-Related Tax Changes

What is the **TOTAL** impact of taking the amount raised by the Village general tax and spreading it over the entire grand list?

Property Value	Town Outside the Village	Village
\$280k	\$329	(\$487)
\$350k	\$412	(\$609)
\$500k	\$588	(\$871)
\$1M	\$1,176	(\$1,741)

Figures based on FY2020 voter-approved revenue. All figures are approximate.

Annual Merger-Related Tax Changes

\$280,000 Property Value

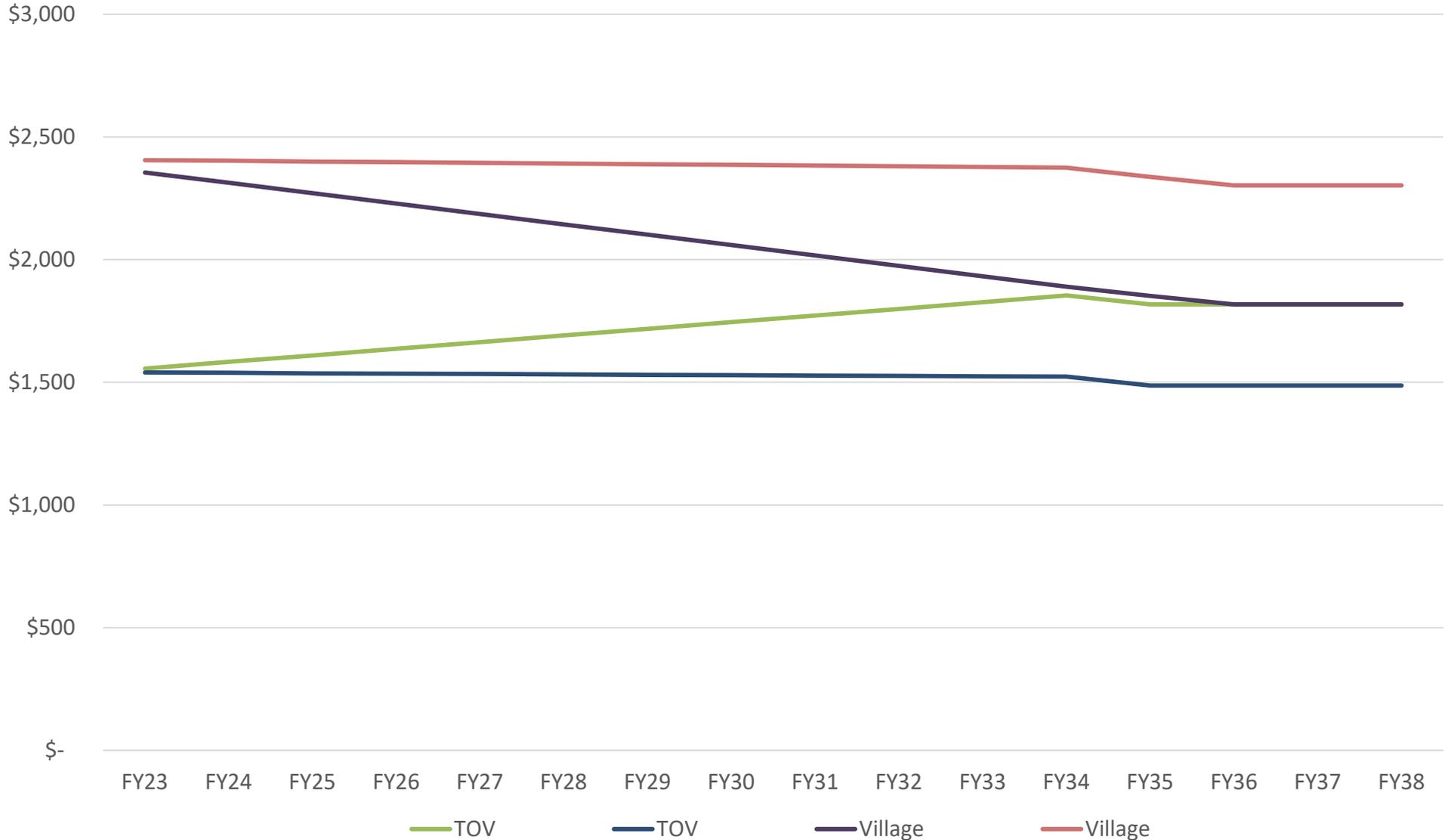
Town Outside the Village														
Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10	Year 11	Year 12	Year 13	Ave. over 13 years	
\$11	\$24	\$24	\$24	\$24	\$24	\$24	\$24	\$24	\$24	\$24	\$24	\$24	\$52	\$25
Village														
(\$20)	(\$35)	(\$34)	(\$34)	(\$34)	(\$34)	(\$34)	(\$35)	(\$34)	(\$35)	(\$35)	(\$34)	(\$73)	(\$36)	

Figures based on FY2020 voter-approved revenue. All figures are approximate.

The total change is an increase of approximately \$330 for Town Outside the Village and a decrease of approximately \$470 for the Village.

Annual Merger-Related Tax Changes

Compared to non-merged taxation



Special Taxing Districts

The merger charter includes five special districts:

1. **Debt Repayment District:** This district must be established to limit the repayment of the Village's bonded debt to only Village residents. After 12 years the Village debt would be retired. This district cannot be renewed. This district does not affect the cost of merger.*
2. **Tax Reconciliation District:** This district allows the Town to assess different tax rates to the Village in order to phase in the cost of Village expenditures. After 12 years the Village budget will have been entirely phased into the Town general fund and the tax rate should be equal for all taxpayers at this point. There would be no reason to reestablish this district. This district does not affect the cost of merger.*

** Both of these districts are required by the state.*

Special Taxing Districts

3. Sidewalk District: This district allows the Town to raise taxes from Village residents to pay for the same level of sidewalk maintenance in the Village that Village residents are currently paying for. These services are estimated to cost \$125,000 a year. This district reduces the cost of merger to Town outside the Village residents slightly.*

At the end of the 12-year period, the additional cost and service for Village sidewalks would come to an end. The elected board and community could seek to continue the district and/or expand the district to include other areas of the Town, which would require a charter amendment and community vote.

** Only Village residents would pay these taxes during the 12-year transition period.*

Special Taxing Districts

4. **Capital Improvement District:** This district allows the Town to raise taxes from Village residents to enable some Village capital projects to be funded solely by Village taxpayers. After 12 years, this district would sunset and moving forward, costs of all capital projects, both Town and Village, would be paid by all taxpayers, as Town capital projects are currently paid. This district reduces the cost of merger to Town outside the Village residents slightly.*
5. **Downtown Improvement District:** This district allows the Village to maintain its Downtown Designation. At the end of the 12-year transitional period, this district would end. This district does not affect the cost of merger.

** Only Village residents would pay these taxes during the 12-year transition period.*

Representation Voting & Governance

- Interim Governing Board: After merger is approved by the full Legislature, the Town Selectboard and Village Board of Trustees would merge into a single body for an interim period until a new, permanent Selectboard is elected.
- Ward 1 = All of Essex outside the boundaries of the unincorporated Village
- Ward 2 = All of Essex within the boundaries of the unincorporated Village
- The new, permanent Selectboard would have 6 members, with 3 designated seats for Ward 1 and 3 seats for Ward 2. (Selectboard version)

Representation & Voting & Governance

- Even number of board members honors 2020 Town-wide voter approval of 3+3 charter change.
- Three seats for each ward assures both newly created wards will be fairly and predictably represented.
- Ward boundary lines can be adjusted in the future to account for variations in population growth.
- Village voters in November approved a merger charter including an odd numbered board.

Other Important Features

- The name of the new community would be the Town of Essex. The incorporated Village of Essex Junction would become the unincorporated Village of Essex Junction.
- Voter-approved (in Nov. 2020) Australian Ballot for voting on the Town municipal budget with one informational Annual Meeting in March.
- Reorganize Town and Village departments to reduce duplicative services, building codes, municipal plans, ordinances, policies, etc.
- Current Town and Village water/sewer rates are not affected by merger. Water/sewer costs, including repairs, are paid by water/sewer bills, not property taxes. The 'new' Town of Essex will 'own' the Essex Junction wastewater treatment facility as well as all assets currently owned separately by the Town and Village.

Challenges of Merger

What are the challenges of merger for the TOV?

- Higher merger-related taxes over 12 years.
- Shared responsibility for all capital projects.

What are the challenges of merger for the Village?

- Dissolving their government.
- Giving up priority for certain services.
- Less autonomy.

What is a challenge for everybody?

- Potentially longer wait times for infrastructure projects.

Voting & Next Steps

- Public hearings on Monday, February 1st and Tuesday, February 16th.
- Ballots will be mailed to all active voters in early February.
- Town Meeting will be an Informational Meeting on Monday, March 1st online.
- Voting on the budget and the merger plan will also be via Australian Ballot on March 2nd.
- If merger passes, the charter and the charter the Village passed in November will go to the Legislature for consideration of reconciliation and approval.

Learn More

- www.EssexVT.org
- www.EssexJunction.org
- www.GreaterEssex2020.org

Reach out to the Selectboard:

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