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**MERGER TASK FORCE  
ESSEX/ESSEX JUNCTION  
MEETING MINUTES  
April 12, 2006**

**MEMBERS PRESENT:** Hugh Sweeney, Hans Mertens (via telephone), Linda Myers, Alan Nye, John Lajza, Deb Billado, Irene Wrenner, Barbara Higgins, George Boucher.

**STAFF PRESENT:** Pat Scheidel, Town Manager; Charles Safford, Village Manager; Todd Odit, Assistant Town Manager.

**OTHERS PRESENT:** Chuck Lloyd, Bob Marcotte.

**BUSINESS AGENDA**

Mr. Sweeney noted that Hans Mertens was participating in the meeting that night via the telephone.

**Public Input on Agenda Items**

There were no public inputs.

**Approve Minutes of March 22, 2006**

**DEB BILLADO MOVED AND GEORGE BOUCHER SECONDED A MOTION TO APPROVE THE MINUTES OF MARCH 22, 2006 WITH THE FOLLOWING CORRECTIONS:**

**Line 55: Replace “Mr. Overton” with “Mr. Dan Overton”.**

**THE MOTION PASSED 7-0-2. (George Boucher and Hugh Sweeney abstained)**

**Review Draft Town of Essex Junction Charter**

In regards to section (e) of Transitions, which addressed the Transition Committee, Mr. Sweeney felt that there could be a unique situation in which a Trustee could potentially serve as a Selectman at the same time. Therefore, he believed that it would be unfair if all five members of the Selectboard and all five members of the Trustees were on the Transition Committee because two people could potentially have two votes.

**JOHN LAJZA MOVED AND ALAN NYE SECONDED A MOTION THAT IN THE EVENT THAT ANY TRUSTEE OR SELECTPERSON HAD A SEAT ON BOTH BOARDS, THEN THE TRANSITION COMMITTEE WOULD BE REDUCED TO THREE AS APPOINTED BY EACH BOARD.**

Mr. Sweeney mentioned that the originally it was three members from each Board, with the addition of one member at-large, and Mr. Lajza accepted his friendly amendment. Mr. Safford

Approved

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48 asked how the at-large member would be appointed. Mr. Sweeney recalled in the original language  
49 where it stated that the one at-large member would be appointed by the six members of the  
50 Transition Committee, and Mr. Scheidel agreed that was the language in the 1999 Charter. Mr.  
51 Sweeney quoted the language, "Shall choose by a majority vote, a seventh member."  
52

53 Ms. Higgins stated that she was not a member of the Task Force when the original language in the  
54 1999 Charter was discussed, in regards to the size of the Transition Committee. However, she had  
55 heard and read subsequently that the consensus from the members was that a larger Transition  
56 Committee would be preferable during a transition to allow for more manpower due to the  
57 significant work load. If that consensus remained, Ms. Higgins suggested choosing an at-large  
58 member to replace any member that sat on both Boards in order to retain a larger Transition  
59 Committee. Ms. Wrenner, in regards to the language in the first sentence of (e), suggested  
60 changing "All" to "Equal number of" so that the Boards had time to determine the number of equal  
61 members for the Transition Committee.  
62

63 Mr. Sweeney was in favor of Mr. Lajza's motion because it was clear and that if every member held  
64 only one vote, then the Transition Committee would be comprised of all five members from each  
65 Board. Ms. Billado also favored the simplicity of Mr. Lajza's motion. Mr. Nye stated that he was  
66 not in favor of having one member at-large because it was not necessary to have an odd number of  
67 members. He did not think an at-large member was part of Mr. Lajza's motion when he seconded  
68 the motion. Mr. Lajza stated that having an at-large member was not originally in his motion, but  
69 accepted Mr. Sweeney's friendly amendment. Mr. Lajza stated in addition that the member at-large  
70 would not hold the legislative power of the other members, which could be problematic. Ms. Myers  
71 added that with either five and five or three and three, the total number was still even. She  
72 expressed that she did not think a seventh member on the Transition Committee was needed. She  
73 pointed out that an even number of members on the Transition Committee would perform a similar  
74 process as the Task Force Committee, which had an even number of members. Mr. Sweeney  
75 clarified Mr. Lajza's motion as being three members from each Board should there be a situation  
76 where two members sat on both Boards. Mr. Lajza pointed out that it could also be four and four  
77 and was also in favor of stating "even numbers". Mr. Mertens was in favor of having five and five  
78 and reducing the numbers evenly as required. He felt that the correct language would take a little  
79 while to develop. Mr. Sweeney asked if there was any further discussion.  
80

81 Mr. Mertens commented that there was good logic in having five members from each Board  
82 because he felt a consensus had been reached among the members that there would be quite a bit of  
83 work involved during the Transition year and therefore, having that many people involved would  
84 help share the work load. He agreed that if there was no need to reduce the number of members  
85 then having ten total members would work well. Mr. Nye remarked that another reason for their  
86 decision was that the three members would not have to go back to the Board to get a consensus  
87 from the rest of the Board. Mr. Boucher asked if a scenario of four members from each Board  
88 would be possible, and members agreed. He felt that with four members from each Board, there  
89 would be a higher number of members than three from each Board, which would result in a greater  
90 work force. Mr. Lajza stated that he was usually opposed to large Boards, but that in this case, the  
91 work load would be very heavy, and he felt that the more involvement from legislative members,  
92 the better it would be for the community. Ms. Myers pointed out that the only language the Task  
93 Force had to develop was language that would address Mr. Sweeney's concern. Mr. Sweeney

94 clarified that Mr. Lajza's motion was to keep the Transition Committee to five members from each  
95 Board, but if there was one person who served a dual role, the number of members would be  
96 reduced to four and four and if there were two people who served a dual role, the number of  
97 members would be reduced to three and three, and Mr. Lajza agreed. Mr. Lajza, regardless of  
98 whether it needed to be added to the motion or to the amendment, stated that the decision would  
99 remain with the Board for any reductions of Transition Committee members. Mr. Sweeney  
100 clarified that the respective Boards would appoint the members, and Mr. Lajza agreed. Mr. Safford  
101 suggested determining that if someone served on both Boards, that member would not participate in  
102 the appointments, and members agreed with that determination. Mr. Lajza deferred the exact  
103 language to be developed by Mr. Odit.

104

105 **THE MOTION PASSED 9-0.**

106

107 In regards to section (h) of Transitions, Mr. Sweeney referred members to Mr. Lajza's language  
108 regarding Personnel, that was located in their packets. Mr. Sweeney asked Mr. Lajza to explain his  
109 proposal. Mr. Lajza explained that the first sentence was from the Stowe Charter and the second  
110 sentence addressed the concerns from the Essex Junction Staff members about their date of hire and  
111 their accrued benefits as employees for the new Village of Essex Junction. Mr. Lajza quoted his  
112 proposal, "All employees of the Town of Essex and the Village of Essex Junction shall become  
113 employees of the Town of Essex Junction and come under the Town of Essex Personnel  
114 Regulations in effect as of 6/30/08. The dates of hire with the Town of Essex and the Village of  
115 Essex Junction will be used as the dates of hire for purposes related to benefits with the Town of  
116 Essex Junction and all accrued benefits shall carry over." Mr. Lajza stated that his proposal was an  
117 attempt to relieve the employees' fears and to avoid employees from both municipalities from  
118 leaving their employ prematurely.

119

120 Ms. Myers did not object to Mr. Lajza's proposal. She asked Mr. Odit if the Stowe Charter was an  
121 example of a Village becoming part of the Town, and Mr. Odit stated that the Stowe scenario was a  
122 statutory merger, which was different from what was being considered by the Task Force. Ms.  
123 Myers stated for that reason, she proposed a third sentence, which read, "The Merger Task Force  
124 recognizes that they have no authority after the new Town Council becomes effective or that  
125 section (h) had no ruling." Ms. Myers argued that the Task Force had no jurisdiction after the new  
126 Town Council was in office. She understood that each municipality felt they had the best  
127 employees in the world. However, the Task Force was appointed to craft a plan of merger and had  
128 no authority to bind the new Town Council. Mr. Safford explained that the proposed language did  
129 not guarantee employment after the effective date of merger, but did guarantee that if one remained  
130 an employee, the municipality would honor his/her date of hire. Ms. Myers did not object with the  
131 dates of hire or seniority issue and wanted to be as fair to the employees as possible. However, she  
132 expressed that the Task Force was only an appointed group and not an elected group, and she did  
133 not think that it was in their purview to bind the newly elected Town Council to any particular  
134 action. She supported the recommendation to the Trustees and the Selectboard to send a message of  
135 guaranteed employment through the Transition process, but for the Task Force to craft a statement  
136 that said the new Town Council would guarantee full employment as of July 1, 2008, was beyond  
137 their purview. Mr. Lajza suggested changing the wording to "recommends". He understood Ms.  
138 Myers' point, but in his opinion, the Task Force was developing a document that would be a  
139 recommendation to the two legislative bodies, which would then make the necessary changes. Mr.

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140 Safford explained that the Plan of Merger would be adopted, carried over and then would expire on  
141 its own terms or carry some elements into the merged corporation. He interpreted Mr. Lajza's first  
142 sentence as meaning that all employees would be employed as of day one of the merged  
143 community, but after that, the legislative body, the management and the budget process from year  
144 to year would determine employment. He felt that the language did not guarantee lifetime  
145 employment for all current employees. Mr. Safford determined Mr. Lajza's second sentence as  
146 meaning that for those employees of the new Town of Essex Junction, the effective date of hire  
147 would not change. For example, one was hired for the Village in 1996, and the towns merged July  
148 1, 2008 and one continued employment with the Town of Essex Junction, then for benefits  
149 purposes, one's date of hire would remain 1996. Ms. Myers agreed and had no objections to Mr.  
150 Safford's comments, but she felt that the members had to convey that regardless of what was in the  
151 Charter for the Transitional period, the Task Force could not bind the new Town Council to  
152 guarantee full employment. For example, if the merged community began on July 1, 2008, and it  
153 completed the transition year, the new Town Council would need time for budget preparation. The  
154 new Town Council at that time, for example might find that possibly in order to achieve some  
155 savings, there had to be some way of possibly reducing the work force of the Town of Essex  
156 Junction. In this situation, if the Task Force had previously developed language in the Charter that  
157 could possibly guarantee full employment for all employees and the new Town Council decided to  
158 lay off an employee who had understanding from the Charter and the Task Force that their  
159 employment with the new Town of Essex Junction was guaranteed, it would put the new Town  
160 Council in a very difficult position.

161

162 Mr. Safford reassured Ms. Myers that the staff understood her concerns. He suggested that the staff  
163 meet with their legal council to develop language to ensure it was not guaranteeing permanent  
164 employment or to adjust Mr. Lajza's proposal to meet that intent. Ms. Myers wanted to be sure the  
165 Task Force was looking at this in a realistic way and preventing potential problems and difficult  
166 situations for everyone. Ms. Higgins agreed to Ms. Myers' sentiment. She questioned whether the  
167 Task Force, as an advisory group, could bind the new Town Council theoretically and purposely  
168 with this language. Mr. Lajza also agreed and stated that he did not think the Task Force could bind  
169 the new Town Council to promises, but he did not know how to present that intent in the language.  
170 Mr. Scheidel, on the other hand, did not think that Mr. Lajza's proposal would bind the new Town  
171 Council. Mr. Sweeney was in favor of getting legal advise on Mr. Lajza's language as to whether it  
172 bound the new Town Council to anything. Mr. Sweeney felt that the more likely scenario would be  
173 that the taxpayers would expect from the new Town Council that there be a reduction from two  
174 employees in each respective municipality with the same position currently to one employee,  
175 should the needs of the job only demand one employee. Ms. Myers reminded the members that  
176 employment decisions of that nature were not under the purview of the Task Force and felt there  
177 had to be a way that the Task Force could make their recommendation without binding the new  
178 Town Council. Mr. Sweeney pointed out that in Mr. Lajza's proposal, it stated 6/30/08, which was  
179 the day before day one of the merged community, and Mr. Scheidel confirmed that statement.

180

181 Mr. Mertens commented that he appreciated Ms. Myers' comments and agreed with much of her  
182 sentiment on this issue. However, Mr. Mertens expressed that he had a different approach to the  
183 issue. He understood that the consensus from the members was to retain the employees, who were  
184 good managers and solid citizens. He was concerned that as the proposal stood, the Task Force was  
185 providing expectations that perhaps could not be achieved or guaranteed, which would result in

186 discontent. However, at the same time, he felt there was another aspect to the issue, which he  
187 attempted to address in his proposed language, "As positions are filled in the Town of Essex  
188 Junction, there is no requirement that employees retain their previously held position. The best  
189 qualified employees will assume the key positions." Mr. Mertens argued that if the Task Force did  
190 not develop language with that intent, residents, as suggested by Mr. Sweeney, would question the  
191 new Town Council's action of keeping two people for a position if only one was needed. Secondly,  
192 Mr. Mertens felt that employees should be entitled to a clear understanding of the implications to a  
193 merger, and he hoped that the managers would exercise that discretion to ensure they had the best  
194 people in the best jobs. Ms. Myers asked Mr. Mertens to repeat his proposed language, which Mr.  
195 Mertens repeated as the sentence that would follow Ms. Myers' sentence. He added that he was not  
196 fixated on this language as the final proposal.

197

198 Ms. Higgins remarked that Mr. Lajza's proposal addressed the issue of employment, whereas Mr.  
199 Mertens' language addressed the issue of positions. She stated that she was not familiar with the  
200 Town of Essex Personnel Regulations, but suspected it included provisions that related to lay offs,  
201 employee rights and contracts. She assumed that with reorganization, there must be provisions for  
202 employees to vie for different positions within the organization. She suggested that the Task Force  
203 educate themselves on those provisions before moving forward with a further discussion on  
204 positions. Mr. Lajza reminded the members that the main purpose of his proposal was to bring the  
205 issue to discussion and was not fixated on this particular language. Ms. Myers understood and  
206 stated that the Task Force needed to give the employees in both the Town and the Village a level of  
207 comfort in terms of the process for the Transition period. But at the same time, the Task Force had  
208 to be realistic as they could not bind the new Town Council. Mr. Scheidel informed the Task Force  
209 that they could, in fact, bind the new Town Council because contracts could not be broken. Mr.  
210 Scheidel, in regards to section (i) of Transitions read, "All contracts, agreements, trusts, and other  
211 binding written documents affecting the town or village shall remain in effect on the effective date  
212 of the charter, and the Town shall assume all those responsibilities formerly belonging to the town  
213 and the village." Mr. Scheidel emphasized that they could not walk away from the Union contracts  
214 and even though actions could be taken by the new Town Council, it was within the limits of the  
215 contracts. He stated that because they were becoming a new entity, contract law would determine  
216 the decisions the new Town council made regarding personnel contracts, bonds, financial  
217 obligations and responsibilities. He repeated that the new Town Council could not walk away from  
218 its obligations and recommended that the members in their deliberations be sure that they are clear  
219 about their intent and comply with all the laws with the state of Vermont. Within that framework,  
220 the Task Force could make recommendations but as of 7/1/08, the new Town Council could  
221 convene as soon as midnight on March 30, 2007 to discuss topics of immediacy if they wished, as  
222 quickly as possible. He informed the members that any non-union employee was not protected by  
223 any contract or by the Personnel Guidelines. In his opinion, the employees of the Village, through  
224 their feedback, had an understanding of these matters and therefore, wanted to ensure that their  
225 accumulated vacation and compensable benefits were not lost as they moved forward to a new  
226 merged entity. Mr. Scheidel suggested that when the discussion reached the issue of contracts,  
227 lawyers should be involved. He stated that his comments were in conjunction with what the Town  
228 lawyer had told him about this issue and that he was not giving any legal advise or professing to be  
229 a lawyer, but that everything he said was legitimate. In regards to pension plans in a merged  
230 community, he stated that he questioned whether those contracts would be carried over and that  
231 even though he had been told verbally that they would, he did not think it was a guarantee without

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232 anything in writing. He assumed that since a union contract would carry forward, that a pension  
233 contract would as well. Mr. Scheidel understood that the sentiment of the members was clear to  
234 send no false message of expectations, but reminded the members that the whole discussion would  
235 be depend on the requirements and what services the new government wanted to provide.

236

237 Mr. Safford added that Mr. Lajza's proposal was presupposing employment up to the effective date  
238 of merger and then after that, the language did not bind the new Town Council, other than carrying  
239 over the date of hire if an employee continued employment in the new Town of Essex Junction. He  
240 explained that the Village was making an effort to offer some comfort level for their employees as  
241 things changed in the name of progress and to keep employees from leaving their positions  
242 prematurely prior to the effective date of merger. He explained that years ago, due to the concern of  
243 a merger and the resulting effects on Village employees, the Trustees made a financial obligation  
244 under the Personnel Regulations, which although was not a contract, was a good faith agreement.  
245 Mr. Safford circulated section (e) from their Personnel Regulations, regarding compensation for job  
246 loss due to a merger. He explained that in that agreement, Department Heads would receive six  
247 month's severance with health benefits and a line employee would receive three months pay with  
248 health benefits. Mr. Safford suggested this agreement as an alternative proposal if the Task Force  
249 did not want to send the message of full employment and so that employees felt they had some  
250 ability to constructively transition and be treated in a respectful manner if the needs of the  
251 organization changed. Mr. Sweeney noted that he interpreted Ms. Myers' comments being in  
252 reference to non-contractual situations because there was a separate item (i) Contracts in the  
253 Charter. Mr. Sweeney asked if the Personnel Agreement within the Village would fall under (i)  
254 Contracts, and Mr. Safford stated, no because that it would be a Personnel guideline and not a  
255 binding contract under the new organization. He explained that it was a good faith obligation of the  
256 Village to its employees and added that the Village would like the new merged community to share  
257 in those financial obligations as he felt that there were similar employees in the Town of Essex who  
258 could benefit from this policy. He stated that the Personnel Agreement was not a contractual  
259 obligation, but rather a good faith obligation of the Village. He expressed that "one was as good as  
260 one's reputation" as an employer and that the Trustees had given the management no indication  
261 that, in the case of a merger, they would not intend to follow through on that obligation. Mr.  
262 Sweeney clarified that it was not a binding written document, and Mr. Safford agreed.

263

264 Ms. Billado felt that the Personnel Regulations for compensation would fall under (i) Contracts,  
265 even though it was not a contract. Mr. Lajza felt it would be part of the policy of the legislative  
266 body of the Village. Mr. Safford replied that certainly the employee would try to assert that, but that  
267 the employer would not concede that a Personnel Regulation was a contract. Members agreed that  
268 it was not a contract. Mr. Safford stated that regulations could be changed at any time as the Board  
269 wished, which was the reason for the language in Mr. Lajza's proposal that stated, "Personnel  
270 Regulations in effect as of 6/30/08". Therefore, theoretically, the Selectboard could change those  
271 regulations up to the effective date of merger, and the day after the merger the new Town Council  
272 could change the regulations. Ms. Higgins pointed out that the language also stipulated that the  
273 policies that went into effect were those that currently existed in the Town of Essex and as a result,  
274 did not see how there could be a conflict between the policies. However, she stated that there was a  
275 conflict between the Village regulation and Mr. Lajza's proposal. Mr. Safford explained that the  
276 first sentence in Mr. Lajza's language was from the Stowe Charter, which said that the Town's  
277 Personnel Regulations would be the Personnel Regulations of the new entity. He explained that the

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278 second sentence related to the carry over of effective date of hire and that Ms. Myers' proposed  
279 sentence would effect that sentence. He recommended soliciting legal advice and the staff  
280 developing appropriate language if they understood the intent from the Task Force on this issue.

281

282 Mr. Safford stated that at this point in the discussion, he understood the question to be whether the  
283 Task Force wanted to accept the first sentence as guaranteeing employment for all. Mr. Scheidel  
284 clarified that Ms. Myers did not object to the first sentence, and Ms. Myers agreed that she had no  
285 objection to "All employees". She explained her concern being that during the Transition period,  
286 there would be employees who might leave prematurely, and members agreed that they all felt they  
287 wanted to avoid that from happening. Ms. Myers wanted to give the employees some sort of level  
288 of comfort. Mr. Safford suggested providing some sort of severance pay as a result of any  
289 reorganization, which would give the employees more comfort, even after the effective date of  
290 merger. Mr. Odit suggested adding "not necessarily remain" after "become" in the first sentence of  
291 Mr. Lajza's proposal, which would be interpreted as saying that on the first day of a merged  
292 community, one was employed, but after that, there was no guarantee of employment forever.

293

294 Mr. Lajza agreed that this issue needed to be addressed. Ms. Higgins felt that there was a  
295 consensus that all employees at the Town of Essex and the Village of Essex Junction shall be  
296 employees of the Town of Essex Junction during the transition period. She also felt there was  
297 consensus to the second sentence regarding the dates of hire. However, she believed the question to  
298 be whether the Task Force should bind somebody to something beyond that transition period. Mr.  
299 Scheidel pointed out that they had to bind the new entity to one minute of employment for all  
300 because that would be the soonest that the new Town Council could make changes. The Task Force  
301 and the Transition Committee were not binding the Town Council to guaranteeing employment in  
302 the future, but from a practical standpoint, in order to lay off employees, they had to be employed  
303 for at least the first day of the merger and then the new Town Council could decide the future of the  
304 organization. He added that there could be a plan devised prior to that first day that was known to  
305 everyone, but that the plan could not be acted on until that first day of the merged community. Ms.  
306 Myers commented that the budget would be developed in March. Mr. Scheidel stated that the  
307 Boards might decide that there be an election of the new Town Council in March or April who  
308 would participate in the discussions of the Transition Committee. During those deliberations, there  
309 may be decisions on reorganization at that point in time about services and how many employees  
310 they needed to provide those services as a way to avoid this whole dilemma. However, he reminded  
311 the Task Force that they were making recommendations to the two Boards who would then review  
312 those recommendations and make changes. He stated that he and Mr. Safford get nervous once  
313 these discussions become public, because it did not matter how clear the intent was, the discussions  
314 would be internalized and employees would begin to draw their own conclusions that the Task  
315 Force was trying to avoid.

316

317 Mr. Mertens stated that he felt they were looking at the glass half-empty whereas the intent was to  
318 look at as a glass half-full. He thought that from the beginning, the Task Force had taken the  
319 approach to begin with all the employees employed, with the understanding that there was going to  
320 be change and expectations from the residents that the new government react to that change. He  
321 stated that the members would heartedly like everything to remain in their current positions, but  
322 that was not necessarily realistic as the community made progress. Similarly, he felt there was the  
323 obligation that the expectation of merging the communities together would improve the services.

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324 For example, if there were two clerks first class but in a merged community, they needed a clerk  
325 first class and a Recreation specialist, he thought it was important that they communicate to the  
326 employees that they had a job, but it might be a different role as there would be different needs in a  
327 larger community. He felt the message should be that the members valued their service, were going  
328 to be fair, but that the reality was as they progressed, things would change. He suggested using the  
329 old language in the 1999 Charter which might be more clear or if better, to develop different  
330 language that expressed this intent. He preferred the message be that the Task Force was trying to  
331 be honest with the employees and supported them as being employees but that fate was in the hands  
332 of the new Town Council. Ms. Myers asked if Mr. Mertens was in favor of the 1999 language, and  
333 members disagreed. Mr. Mertens suggested going back to the 1999 Charter that stated that the  
334 Transition Committee shall do the Personnel Plan, and Mr. Lajza stated that he had suggested his  
335 proposal as a substitute for that language. Mr. Safford reminded members that the Village  
336 Employee Association brought their concerns to their attention and that the 1999 Charter would not  
337 address those concerns, if that was the intent of the Task Force. He stated that the 1999 Charter also  
338 did not address the Village concern that employees be given some respect and some transition  
339 support should there be a loss of employment due to a reorganization as a result of a merger. He  
340 proposed, in that case, that the new Town Council include in the budget severance pay for those  
341 employees. Mr. Mertens felt Mr. Safford's suggestion was valid, but felt he was approaching the  
342 issue as a glass half-empty and thought that many of the employees would see this as a growth  
343 opportunity as there would be larger departments with different and new needs and new  
344 opportunities, which could be a positive, not a negative situation. Mr. Safford reminded Mr.  
345 Mertens that there was also discussion about lay offs. He stated that the Union and Associations  
346 were in the business of seeing the glass half-empty and had indicated that they would like some  
347 insurance for employment in the new Town of Essex Junction or some type of severance, similar to  
348 other organizations such as IBM. Although he did agree with Mr. Mertens that there would be some  
349 possible growth opportunities in a larger organization, he wanted to make sure the employees'  
350 perspective was understood by the members. From the management standpoint, Mr. Safford stated  
351 that there would be some tough decisions to be made and much work that would need to be done.  
352 The ability to hire good employees was as good as your reputation in how you treated those that  
353 you retain and those that you needed to let go. He stated that currently, Essex Junction and Essex  
354 were "magnet" communities and both Manages hoped to collaborate to retain the employees as  
355 such so they could effectuate public policy in the best manner possible.

356

357 Mr. Nye suggested that the staff consult with the lawyers to edit Mr. Lajza's proposal in order to  
358 address Ms. Myers' concerns. Mr. Safford understood that to be making sure that the members were  
359 not guaranteeing lifetime employment. Mr. Sweeney asked Ms. Myers to repeat her sentence. She  
360 read, "The Merger Task Force recognizes that they had no authority after the new Town Council  
361 became effective." She stated that this was just a draft to bring up the topic of conversation. Ms.  
362 Higgins emphasized that there was a whole separate issue of whether the Task Force wanted to  
363 recommend severance pay for employees, which had been discussed by Mr. Safford. Mr. Lajza  
364 agreed and was in favor of including severance pay as part of their recommendation, but would like  
365 to see it limited to a year as he did not think they wanted to carry on severance for forty years. Mr.  
366 Sweeney asked, within a year of July, 2008, and members agreed. Mr. Lajza stated that this was  
367 only a suggestion, but did not know how to state that in the correct language. He agreed with Ms.  
368 Myers' comments, but he also felt they needed to be fair and help their employees feel comfortable.  
369 Mr. Safford stated that if members were comfortable with Mr. Lajza's proposal, he felt that the staff

370 could collaborate and solicit legal council to develop the intent from the members' discussion along  
371 with the proposals and return at a future meeting with comprehensive language for members to  
372 review. Mr. Sweeney confirmed that the language would bind the Council to a one-year severance.  
373 Mr. Safford replied, not a one-year severance, but a provision that would be valid for one year from  
374 July 1, 2008. Ms. Higgins asked which would supersede the other, the Regulations or a contract?  
375 Mr. Safford replied that there was no "double dipping". He gave an example of regulations in their  
376 Union Provisions that stated if one benefit was given, then an employee was not entitled to other  
377 severance that he/she might otherwise receive. Mr. Nye confirmed that the severance pay would  
378 apply to Essex employees as well, and Mr. Lajza agreed. Mr. Lajza stated that the part of being a  
379 Trustee that he enjoyed most was the relationship with staff who had impressed him on many  
380 occasions.

381  
382 Ms. Higgins, in regards to the issue raised by Mr. Mertens, suggested the members consider that in  
383 the event an employee was offered a different position, if that employee did not choose to take that  
384 position, then in her opinion, that employee would not be eligible for the severance package. Mr.  
385 Nye suggested the last sentence be, "He or she is offered a position within his/her field with  
386 equivalent pay." Ms. Higgins felt offering a position of equal pay was difficult to do in a lot of  
387 cases. Mr. Mertens asked Mr. Scheidel if there were any employment projections that could be  
388 shared that night as his understanding from previous discussions was that there was little  
389 expectation of reducing staff. Mr. Scheidel stated that he could not answer that question and was  
390 not sure that it was their charge to go that far into the process. In general terms, Mr. Scheidel  
391 explained that every year, the departments were evaluated by the Trustees and the Selectboard at  
392 budget time, when they decided what kind of services they wanted to fund and who would deliver  
393 them. Mr. Mertens suggested that much of this discussion might not have been necessary as much  
394 of the results from merging the communities might naturally take care of itself, such as some  
395 employees leaving on their own accord. Mr. Safford understood, but for those positions that didn't  
396 resolve naturally, at least those employees who remained, their concerns would have that peace of  
397 mind that in the case that their employ ended when final reorganization occurred, that they would  
398 have the ability to transition their family and livelihood to something else. Mr. Sweeney felt it was  
399 a situation that was unknown or undetermined at this point in time. Mr. Safford argued that by  
400 providing some sort of severance package, the members would send the message to the employees  
401 that they were respected and would have the ability to transition if the organizational needs changed  
402 as a result of merger. Mr. Sweeney asked the managers if they felt comfortable with the intent of  
403 the discussion and could return with a proposal, and the staff agreed. Mr. Lajza thanked everyone  
404 for the discussion, and Ms. Myers thanked Mr. Lajza for bringing the issue to the Task Force's  
405 attention. Ms. Wrenner asked if the severance would be a part of Mr. Lajza's proposal, and Mr.  
406 Sweeney confirmed that the members asked for a one-year severance provision to be included in  
407 the language. Mr. Sweeney asked if there was any further discussion on this item, and Ms. Myers  
408 confirmed that they would return to section (h) of Transitions, and Mr. Sweeney clarified that they  
409 would return to newly drafted language from staff for both sections (e) and (h) of Transitions.

410

411 **Review Updated Organizational Chart with Duties and Definitions of Deputy and Assistant**  
412 **Town Manager**

413

414 Mr. Sweeney referred members to their information in their packets with regards to the job  
415 descriptions for the Deputy and Assistant Town Managers, along with updated Organizational

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416 Charts and a memo. He asked if there was any discussion. Mr. Mertens asked if the job descriptions  
417 were long-standing or recently-generated material. Mr. Scheidel replied that as long as he had been  
418 working as Manager for the Town of Essex, there had always been an Assistant Town Manager job  
419 description and that the Deputy Town Manager job description was about five to six years old.  
420 Therefore, both job descriptions had been in their classification system. Mr. Mertens confirmed that  
421 these were not drafted recently, but were pulled from files, and Mr. Scheidel agreed. Mr. Mertens,  
422 in regards to the Assistant Town Manager's job description, asked why it stated, "Supervises town  
423 manager's-secretary" and "Supervises one full-time employee". Mr. Scheidel stated that when they  
424 reviewed their job descriptions, the level of supervisory responsibilities was supposed to be  
425 included in the job description as an example of work, and that the language also made it clear, in a  
426 very small department, that the Assistant had the right to delegate to the secretary with the same  
427 authority as the Town Manager. He explained that it cleared up a problem a long time ago that  
428 existed that in the absence of the Manager of who could delegate responsibilities to the secretary.  
429 Mr. Safford added that in his experience as an Assistant Town Manager in Middlebury several  
430 years ago, one of his responsibilities was to oversee all the secretarial staff of the administrative  
431 offices. Mr. Mertens, in regards to the job description for the Assistant Town Manager, wondered  
432 why it stated, "The noise level in the work environment is usually quiet." Mr. Scheidel stated that  
433 it depended upon the copy machine and conversations in the building, which was a small space. He  
434 explained that if someone was trying to have a conversation on the phone, based on the present  
435 environment at the Town Office, it could potentially be a problem. Therefore, the person would  
436 have the right to go in the Manager's office or the assistants office to make phone calls, etc. or to  
437 relocate the workplace so they could complete their work. Mr. Sweeney asked if there was any  
438 further discussion, and there was none.

439  
440 Mr. Sweeney asked if there was any discussion on the updated Organization Charts. Mr. Mertens,  
441 based on his experience with Organization Charts and based upon the job descriptions, as he  
442 understood them, suggested using dotted lines for the Assistant Town Manager or at least to lower  
443 the Assistant Town Manager's box to be further below the Town Manager. Ms. Higgins did not  
444 think those changes would make a difference. Ms. Myers pointed out that there was a parallel line  
445 from the Town Manager across to the Assistant Town Manager, which indicated there was a  
446 working relationship between the two. In addition, there was a line connecting to the Deputy Town  
447 Manager below, which was also a working relationship. These lines showed the working  
448 relationship between the Assistant Town Manager and the Deputy Town Manager. She was in favor  
449 of the format for the Organization Chart, which presented a relationship between the three  
450 managers that worked closely together with some overlap on occasions. Mr. Mertens argued that if  
451 the Deputy was the number two person, then the Assistant Town Manager should be at least at the  
452 same level as the Deputy rather than above it, but would understand if members were in favor of  
453 the chart. Mr. Lajza replied that he was in favor of the Chart because it showed who was  
454 responsible for who. He read it as the Town Manager was responsible to the Town Council and  
455 was in charge. Then the lines followed down through the normal course of management to the  
456 underlying departments, with the next in line being the Deputy Town Manager. He read the chart  
457 showing that in the event of the Manager's absence, the duty fell upon the Deputy Town Manager.  
458 In the event that the Deputy Town Manager was absent, then the duty fell upon the Assistant Town  
459 Manager, who would be in charge of all the departments in the absence of the Manager and the  
460 Deputy. Ms. Wrenner, in response to the Organization Chart, reminded the members that there were  
461 problems with the voting system in Essex Town such as low voter turn-out, lack of competition and

462 especially fair representation, which was not evident in the Town of Essex. She strongly  
463 recommended that the Task force address these issues at the voter level, or there would be problems  
464 into the future. Mr. Sweeney asked if there was any further discussion. Mr. Sweeney felt that the  
465 members had reached consensus to accept the Organization Charts and the job descriptions, and  
466 members agreed.

467

468 **Develop Plan of Merger Template**

469

470 Mr. Sweeney stated that a Merger Template was an issue discussed at the last meeting. Ms. Higgins  
471 explained that they had discussed a cover letter that summarized major points, but not necessarily  
472 on each issue. Mr. Sweeney reminded members that he was not present at the last meeting. Mr.  
473 Safford reminded members that one idea that had been discussed in the past was to have a letter of  
474 transmittal to the legislative bodies explaining the key topics in the Charter, along with some of the  
475 reasoning behind those decisions. He clarified that Ms. Myers had asked the Managers to draft a  
476 transmittal letter after the members had finished their deliberations. Mr. Safford asked if this was  
477 still a task the members agreed upon and if so, to inform them of which topics to address. Ms.  
478 Myers suggested writing a paragraph that introduced and presented their document as a piece of  
479 work the members were proud of developing. Then she preferred the Boards discuss any questions  
480 they have with the members. She was not sure explanatory paragraphs were needed because the  
481 Village Trustees and the Selectboard were capable of reviewing the document and developing their  
482 own questions without a lot of explanation. Mr. Nye reminded the members that there were two  
483 members from each Board who could assist in those explanations. Mr. Safford confirmed that the  
484 members were asking for a one page letter that stated if the Boards wanted to meet with the Task  
485 Force to answer questions, they would be happy to do so. Ms. Myers agreed, and she added that she  
486 would like to express their pride in the work they had accomplished, which Mr. Safford understood.  
487 Mr. Sweeney stated that the main product of their work was the Charter, but argued that there had  
488 been other decisions that were not included in the Charter. Ms. Myers asked for some examples.  
489 Mr. Sweeney replied, the Organization of the Fire Department and the Organization Chart. Mr.  
490 Safford felt the only decision related to the Fire Department was that it would be an appointed  
491 office, not an elected one. Mr. Sweeney felt there was more background information such as the  
492 Fire Chiefs had presented a joint recommendation with one chief, etc. Ms. Higgins suggested  
493 having a list of attachments to the Charter. Mr. Sweeney also wondered if there should be  
494 attachments. He felt it may be worthwhile to review the information they had received and the  
495 decisions that were made and provide explanations and attachments. Mr. Safford recommended  
496 addressing those topics that were not discussed in the Charter, and Mr. Sweeney agreed. Mr.  
497 Sweeney stated that there were points and discussions that were not included in the Charter that the  
498 members might want to communicate to the Boards. He summarized that the document they would  
499 present to the Boards would be the Charter, a Plan of Merger, and then the attachments. He added  
500 that there might be additional points related to the Finances, which had not yet been discussed.

501

502 Mr. Mertens stated that he felt there were multiple reasons to have a transmittal document. One of  
503 those reasons included the action plan for the Library, which he felt the reasoning behind the  
504 decision and some back round information that led to the decision should be explained in a similar  
505 fashion as the Fire Department. He also felt the explanation should describe the steps the Task  
506 Force recommended in order to reach the goal of the library and similarly the Recreation  
507 Department. He felt some of those topics should be memorialized, at least based upon their

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508 deliberations and was in favor of developing a transmittal for the Transition Committee so they had  
509 that background in a concise, clear manner. Another reason for the transmittal was that the public  
510 was not necessarily going to read the Charter and would need a summary of high points highlighted  
511 in some fashion, which he suggested be a one or two page transmittal letter that would be easy for  
512 the public to understand and make an informed decision. He commented that of course the public  
513 was welcome to read the entire Charter, but that there would be some impacts such as the Financial  
514 Impact and examples from the Managers on tax rates and topics of that nature that were not in the  
515 Charter or the Transition piece, but were instead, background material, which he recommend be the  
516 essence of the transmittal. He understood that they had asked the Managers to draft a transmittal  
517 letter on key items that should be explained and once that was completed, he was in favor of  
518 allowing the Task Force members who sat on the Boards, as Mr. Nye suggested, present  
519 information about the document to the full Transition Committee. Otherwise, another idea was that  
520 he and Mr. Sweeney present the transmittal letter to the Boards. He concluded that the Transmittal  
521 letter would memorialize some of the discussion the Task Force had, would replace the necessity of  
522 Board members reading all the minutes and would provide a condensed summary for the public.  
523

524 Mr. Sweeney corrected Mr. Mertens that the Task Force was transmitting their recommendations to  
525 the Boards not the Transition Committee, and Mr. Mertens agreed. Ms. Myers was concerned that it  
526 was perceived that the Task force was preparing the document for the public. She emphasized that  
527 the charge of the Task Force was to prepare the document for the Selectboard and the Trustees. Mr.  
528 Mertens stated that he did not disagree, but felt it would be a public document and presumably it  
529 would be written and crafted well for those other than the Selectboard and Trustees to read. Ms.  
530 Myers understood, but emphasized that they could not craft a document with the idea that it would  
531 be easy for the public to read because they were not charged with educating the public, even though  
532 they had a public meeting for feedback. She stated that the final product was to be presented to the  
533 Trustees and the Selectboard, which would review and discuss the product and make the necessary  
534 changes. She understood this would be a public document, but she did not want to present a  
535 document to the public with one expectation that ultimately might change as a result of the  
536 deliberations from the Trustees and the Selectboard. In order to be fair to the voters of the entire  
537 Town of Essex, the Task Force had to follow their charge, which was to prepare a plan of merger  
538 for the Trustees and the Selectboard. Mr. Nye added that he thought there would be issues of great  
539 concern to the residents of the Village of Essex Junction that in the Town would be just business as  
540 usual, such as the Recreation Department. In that case, the Village would have to educate the  
541 Village residents of the process for Recreation as being different under the new proposal than what  
542 they knew. On the other hand, in the Town, there might be no change and therefore the need to  
543 explain the process would not exist. He did not think the Task Force needed to worry about a  
544 transmittal piece because he felt it was the responsibility of both Boards in their efforts to sell the  
545 Charter and the different pieces of the Transition to the community. Mr. Lajza agreed with both Ms.  
546 Myers and Mr. Nye, but as a Trustee, stated that it would be helpful to have attachments with some  
547 rationale as to why the Task Force made those decisions because the Boards were going to have to  
548 answer to the public with varying issues in both municipalities. He was in favor of having that  
549 background readily available to the Selectboard and the Trustees. Mr. Safford stated that part of the  
550 challenge for staff was understanding the difference between what topics to put into the transmittal  
551 letter and what was already in the Plan of Merger, other than perhaps the Organizational Chart. He  
552 did not think an explanation of the topics need be more complicated than, for example with the Fire  
553 Department, stating that there would be one department with one appointed chief. He added that

554 whether the new Town Council adopted the recommended Fire Department Organizational  
555 Structure in the future remained to be seen. He explained that it was a bit difficult for the  
556 management to decipher the members' understanding of explanations for each topic other than what  
557 was already in the plan of merger, with the exception of the Organization Charts. Mr. Sweeney  
558 pointed out that the Financial Discussion had not occurred yet, which might produce additional  
559 issues to be included in the transmittal letter. Mr. Mertens agreed that the staff was challenged with  
560 trying to interpret, and he offered that the intent was never for them to be in that position, but rather  
561 to develop a first draft for review by the Task Force members. Mr. Safford recommended that the  
562 members consider whether they wanted to include anything beyond the plan of merger, the  
563 Organization Charts and any additional issues from the Financial Discussion.

564

565 Mr. Mertens wanted to highlight the fact that the two Fire Departments met with the Merger Task  
566 Force and showed nothing but cooperation, quickly came to conclusions and informed the Task  
567 Force that they believed a single organizational structure would serve the community as well or  
568 better than before. He had nothing than good feelings about that discussion and felt it would be  
569 desirable to explain those situations rather than what was just in the Charter and to have a  
570 paragraph or three sentences explaining what he described and similarly for the Library and the  
571 Recreation Department. Mr. Lajza felt that Mr. Sweeney's suggestion of having attachments was an  
572 appropriate way to address this issue because it would provide the back round for the Boards to  
573 answer questions. Mr. Nye commented that throughout the process, he had kept interested public  
574 members abreast of the discussions and progress and felt that other members had done the same  
575 thing. Ms. Myers stated that she felt that all the discussions had been on television, along with a  
576 few articles in the Essex Reporter, and although she was not opposed to a small paragraph as an  
577 attachment, was opposed to a lengthy document of explanation. Mr. Sweeney asked members if it  
578 was acceptable that he and Mr. Mertens craft an outline of the topics that should be included  
579 beyond the Charter, Plan of Merger and other parts of the charge. This would be an outline of  
580 attachments that would translate into a short cover letter with some attachments. Mr. Sweeney  
581 confirmed with Mr. Mertens that he was willing to draft this summary with him and it was  
582 determined that in two weeks, a draft would be presented to the Task Force for discussion.

583

584 **Discuss Personnel Contracts (possible Executive Session)**

585

586 Mr. Sweeney asked for clarification about this Agenda Item. Mr. Mertens stated that it was an item  
587 from a few weeks ago and he was not sure it was necessary. Mr. Mertens clarified with Ms. Myers  
588 that the Selectboard was going to have a discussion about Personnel Contracts, so the Task Force  
589 had deferred this discussion until the Selectboard had that conversation. Members determined that  
590 it was a different discussion, and Mr. Sweeney concluded that there was no discussion for this topic  
591 that night.

592

593 **Discussion of Future Agenda Items**

594

595 Mr. Sweeney confirmed with the Managers that next week would begin the Financial Discussion,  
596 and Mr. Scheidel stated, yes and informed the members that the Finance Officers from the Village  
597 and the Town would be present along with the staff except for Mr. Odit who would be away. Mr.  
598 Sweeney asked if they should also review the edited language for sections (e) and (h) of  
599 Transitions, and it was determined that next week's meeting would be primarily dedicated to a

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600 Financial Discussion and that sections (e) and (h) of Transitions could be discussed in two weeks.  
601 Mr. Scheidel informed Mr. Sweeney that Mr. Odit would be away in two weeks.

602

603 Ms. Myers stated that she had another function to attend next Wednesday night and would most  
604 likely not be present. She noted that she had missed many functions on Wednesday nights, which  
605 was a popular night for meetings and functions. Mr. Sweeney suggested to Ms. Myers that she  
606 could be given the edited language of (e) and (h) of Transitions so she could provide her input on  
607 those issues. Mr. Mertens asked whether they wanted to discuss a finish date for their work? Ms.  
608 Myers felt the Task Force would continue their work until they felt they were done and ready to  
609 present the document. Mr. Sweeney felt they were getting close to the finish, and Ms. Myers  
610 agreed and stated that Ms. Billado had mentioned four-five weeks, which was probably a good  
611 guess. Mr. Boucher was not sure of his attendance for next week due to some family issues, and  
612 members understood. Mr. Sweeney asked if there was any further discussion of future Agenda  
613 Items, and there was none.

614

615 **Public Input-General Comments**

616

617 There was no public input.

618

619 **ALAN NYE MOVED AND JOHN LAJZA SECONDED A MOTION TO ADJOURN AT 8:30**  
620 **P.M.**

621

622 **THE MOTION PASSED 9-0.**

623

624

625 **Respectfully submitted,**

626 *Saramichelle Stultz*

627

628 *Saramichelle Stultz*

629 Recording Secretary

630

631

632

633 (THESE MINUTES ARE SUBJECT TO CHANGE AT THE NEXT MERGER TASK FORCE  
634 MEETING)

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**MERGER TASK FORCE  
ESSEX/ESSEX JUNCTION  
MEETING MINUTES  
April 19, 2006**

**MEMBERS PRESENT:** Hugh Sweeney, Hans Mertens, Linda Myers, Alan Nye, John Lajza, Deb Billado, Irene Wrenner, Barbara Higgins, George Boucher.

**STAFF PRESENT:** Charles Safford, Village Manager; Pat Scheidel, Town Manager; Doug Fisher, Town Finance Director; Lauren Morriseau, Village Accountant.

**OTHERS PRESENT:** Bob Marcotte.

**BUSINESS AGENDA**

**Public Input on Agenda Items**

There were no public inputs.

Mr. Mertens proposed approving the minutes of April 12, 2006 at the next meeting, since the minutes were late that week, and members agreed.

**Discuss Financial Issues (debt, projected budget, IBM agreement & tax rate)**

Mr. Mertens explained that the presentation that night would be in regards to Finances and that next week's meeting would address Sewer and Water.

Mr. Mertens invited Mr. Fisher and Ms. Morriseau to begin their presentation. Ms. Morriseau introduced herself as the Village Attorney, and Mr. Fisher introduced himself as the Town Finance Director.

Mr. Fisher, in regards to the Financial Handout, explained that the Town and Village budgets were combined as if the communities were merged, and a merged tax rate was calculated to be subject to all the taxpayers under the merged community. Under Grand List, on page one of the Handout, it listed a combined FYE 2006, of \$12,867,861 with a projected increase for FYE 2007 of 1.6%, based on the average of the last couple of years. Under Municipal Spending on page one of the Handout, it listed the Status Quo Town General Budget, including Capital, but not including Highway, with a figure of approximately \$7.3 million for FYE 2007. Mr. Mertens asked what the beginning and ending months were for a full fiscal year. Mr. Fisher stated that the year was July 1 through June 30, and Mr. Mertens confirmed that it was June to June. Mr. Fisher stated that both of the communities' budgets were recently approved, therefore the figures were updated numbers to reflect those approved budgets. The Town Budget was \$7.3 million and after subtracting the IBM subsidies and the non-tax revenues, it was determined that \$6.7 million was needed to be raised in taxes. This was estimated to be about a %0.518 tax rate, which would be paid by the taxpayers of the Town, outside the Village, and the Village taxpayers. The \$6.7 million also included the \$.02 capital rate that was recently approved at Town Meeting this year.

Approved

48 Mr. Fisher explained that the next line item was the Town Highway, which had a total budget of  
49 about \$1.6 million, with a tax appropriation of \$0.550, which generated a tax of about \$0.080 to be  
50 paid by taxpayers outside the Village only. The third line item was the Village General Budget,  
51 which was about \$2.6, million, with a tax appropriation of \$1.929 and a tax rate of \$0.311 to be  
52 paid by the Village taxpayers only. The fourth line item was the Village Recreation, which had a  
53 budget of \$1.19 million with a tax appropriation of \$0.638 and a tax rate of \$0.103. At this time,  
54 Mr. Mertens asked whether Mr. Fisher minded interruptions in the middle of his presentation or  
55 whether he would prefer to make the presentation and then answer questions. Mr. Fisher preferred  
56 questions throughout the presentation. Mr. Mertens commented that the budget was always higher  
57 than the tax appropriation and asked for clarification on the difference in the figure amount. Mr.  
58 Fisher replied that the difference was the non-tax revenues, the IBM subsidy agreement, which was  
59 a large piece of the money, state aids for highways, clerk's fees, such as recording legal documents,  
60 and animal licenses. Mr. Sweeney asked if there were real estate transfer fees as well, and Mr.  
61 Fisher stated, no, that only a recording fee was received for recording those transfers in the land  
62 records. Mr. Sweeney remarked that it was his understanding that when interest rates increased, the  
63 income would decrease because of the real estate market. He asked Mr. Fisher if the loss of revenue  
64 was only related to the recording fees? Mr. Fisher explained that they received \$7.00 a page for  
65 recording a document, with \$1.00 going towards restoration of records. Therefore, every time real  
66 estate was refinanced, it required 10-15 pages of recording at \$6.00 a page, which he considered  
67 good revenue. As a result, when rates decreased, there was more refinancing activity, which  
68 generated good revenue. However, when rates increased, there was less refinancing activity and  
69 instead, more property transfers, which did not generate as much revenue. He stated that the  
70 housing market drove those figures in part, but that the lower rates were a positive factor for  
71 increased revenue. Mr. Mertens, with regards to all the non-tax revenues, asked whether all the  
72 other line items were affected in a similar way? Mr. Fisher explained that all of the line items had  
73 some source of non-tax revenue, such as the Village Recreation, which had user fees. Mr. Mertens  
74 asked if the Town General, the Town Highway and the Village General were affected by the real  
75 estate fluctuation? Mr. Fisher replied that the non-tax revenue generated by real estate recording  
76 was included in the line item of Town General. Mr. Mertens clarified that there was risk for loss of  
77 revenue in those line items due to the sensitivity of the market and rates. Mr. Fisher stated that the  
78 staff had taken that aspect in account with the figures they presented in the Handout and would  
79 explain some of the trends, based on similar changes, further on in the presentation. Ms. Billado  
80 asked Mr. Fisher if the staff was following Uniform Commercial Code Forms for the community?  
81 Mr. Fisher stated that he believed they did. Ms. Billado confirmed that they received revenue for  
82 that, and Mr. Fisher felt that they did. Ms. Billado asked if it was a substantial amount, and Mr.  
83 Fisher replied that it was not a lot of revenue. He explained that at their peak of refinancing in the  
84 Town, \$200,000 was generated through that filing, but that at the present time, the figure generated  
85 had decreased by \$150,000.

86  
87 Mr. Fisher continued his presentation and stated that the estimated FYE 2007 tax rate for the  
88 Village was \$0.932 and for the Town taxpayer, outside the Village, was \$0.598. If the communities  
89 merged with no reductions to the figures already presented, there would be a budget of \$12.7  
90 million, a tax appropriation of \$9.890 and a tax rate of \$0.756. Mr. Mertens asked if they were  
91 discussing 2006 figures? Mr. Fisher stated that these figures were for FYE 2007. Mr. Mertens  
92 asked if Mr. Fisher inflated the numbers? Mr. Fisher stated that the figures were based on the  
93 budgets that were just approved recently in both communities. Mr. Mertens asked if they were in

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April 19, 2006

94 2006 dollars? Mr. Fisher replied, no, they were in 2007 dollars. Mr. Mertens asked if 2007 was  
95 June 2006 to June of 2007, and Mr. Fisher agreed. Mr. Mertens asked why was there a budget of  
96 \$12.7 million and a FYE 2007 budget of \$13 million shown at the top of the hand out? Mr. Fisher  
97 replied that those figures were the Grand List. Mr. Mertens added, which drove the taxes. Mr.  
98 Sweeney stated, correct. Mr. Fisher explained that the tax rate was calculated by the total amount  
99 of revenue to be raised, which for the merged community was \$9.89 million, and dividing it by the  
100 total Grand List. Mr. Mertens confirmed that \$13,073,747 figure was related to the property role,  
101 which drove the tax rate, and Mr. Fisher agreed. Mr. Fisher explained that the merged community  
102 tax rate would be \$0.756, which resulted in a decrease of \$0.176, or 19% of their current municipal  
103 tax rate for the Village taxpayer and an increase of \$0.158 or 26% of their current municipal rates  
104 for the Town taxpayer outside the Village.

105

106 Mr. Nye arrived at approximately 8:15 p.m. Mr. Mertens informed Mr. Nye that the minutes of  
107 April 12, 2006 would be approved at the next meeting as they were delivered a little bit late.

108

109 Mr. Fisher referred members to the bottom of the first page of the Financial Handout, which  
110 described some of the assumptions used by the staff when developing these numbers. He explained  
111 that basically the calculated rates under the combined municipality assumed that the IBM  
112 agreements were aggregated into one agreement and if they were to lose the IBM agreement, the  
113 resulting tax rate would be approximately \$.08 higher than shown. Mr. Fisher pointed out that they  
114 were not implying that they would lose the agreement, but wanted to show the impact if that  
115 occurred. Mr. Sweeney asked if in that situation, it was to be assumed that the payments would  
116 cease. Mr. Fisher confirmed, if for some reason the agreement ended earlier. Mr. Sweeney clarified  
117 that in the scenario that they lost the agreement with IBM, it would not be a phase-out of payments,  
118 but rather the payments would cease earlier than planned. Mr. Fisher agreed that if that happened,  
119 the result would be a tax rate of \$0.8 in the first year. Ms. Billado confirmed that it was only if they  
120 breached the contract they had with IBM. It was clarified that the assumption was if the IBM  
121 agreement should cease, as a result, there would be an increase of \$.08 in the first year. Mr. Fisher  
122 stated that the IBM agreement would be addressed further on in the presentation.

123

124 Mr. Fisher continued his presentation on the assumptions and explained that for the combined  
125 community, \$0.01 in the tax rate generated \$130,000 in revenue. He stated that there had been no  
126 assumptions made for cost savings and conversely, there had been no assumptions made for cost  
127 increases that might arise. The last assumption was that the FYE 2007 Grand List was projected for  
128 a 1.6% growth over FYE 2006. Ms. Myers asked if that percentage of growth had been an on-going  
129 trend? Mr. Fisher replied that the percentage was based on a two-year average. Mr. Fisher  
130 concluded the introduction of his presentation and reminded members that the figures discussed  
131 thus far were the total budgets and tax rates as status quo for a merged community. Mr. Mertens, in  
132 regards to the Village Recreation, commented that the Task Force made a recommendation that the  
133 Recreation Departments be merged and that the Village Recreation was currently under the purview  
134 of the School Department and budget. He asked Mr. Fisher how he addressed the Village  
135 Recreation Budget and wondered if it was clear or whether there were assumptions made to arrive  
136 at that figure? Mr. Fisher replied that it was straight forward because they was a separate  
137 Recreation budget within the school framework. Mr. Mertens stated that during at least one  
138 presentation that the Task Force had heard, he remembered information about some shared services  
139 between the school and the recreation and wondered if that factored into the figures. Mr. Fisher felt

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140 that the schools probably accounted for the sharing of facilities when they developed the Village  
141 Recreation budget. Mr. Safford suggested that in a merged community, when administrative  
142 services transferred, an Enterprise Fund could be developed to recognize some of the supportive  
143 services the Recreation Department received from the Chittenden Central Supervisory Union office.  
144 Mr. Mertens confirmed with Mr. Fisher that it had been a straight forward and uncomplicated  
145 process to determine the Village Recreation numbers for the purposes of their presentation, and Mr.  
146 Fisher agreed.

147

148 Mr. Fisher referred members to page 2 of the Financial Handout titled Assumptions of Financial  
149 Projections. He pointed out that they used three year trends between FYE 04 and FYE 07, used the  
150 base year as FYE 2007 for budgets, which was recently approved, and used the base year FYE 2006  
151 for the Grand List because that was the most recent one available. He explained that under the  
152 Village Recreation line item, the assumptions were that the tax appropriation increased 5.6% per  
153 year, the tax appropriation for capital was equal to \$.01 on Village Grand List, the Village Grand  
154 list increased 1.6% per year, and with reappraisal factored in, the Common Level of Appraisal  
155 (CLA) was 63.02%. Mr. Mertens asked for clarification on whether the assumptions were to  
156 project a future budget? Mr. Fisher stated that the assumptions were to complete the projections that  
157 followed on the next two pages of the Financial Handout. Mr. Mertens, in regards to the tax  
158 appropriation for capital that equaled \$.01 on the Village Grand List, asked if Mr. Fisher anticipated  
159 that factor being included in the future budgets. Mr. Fisher stated, yes and explained that the staff  
160 had taken the level of spending as it existed today for the Town, the Village and the Village  
161 Recreation and combined that spending without using any assumptions on whether that level of  
162 spending would increase or decrease. Mr. Mertens asked, should they merged the communities and  
163 there was one single Town of Essex Junction Recreation Department, would there still be a \$.01  
164 recreation fee for ½ the Town of Essex Junction? Mr. Fisher stated, no. The assumption meant that  
165 in recent history, the Village had taxed \$.01 capital for the Village Recreation so when the staff  
166 developed a projection of what would happen with the Village tax rate status quo, they included the  
167 \$.01. He explained that when they merged the budgets, they also included what that \$.01 would  
168 generate as a revenue for the merged community. Mr. Safford confirmed that it would be \$.01 on  
169 the Town-wide Grand List. Mr. Mertens confirmed that it would be \$.01 standard to everybody.  
170 Mr. Fisher disagreed and stated that the staff did not make any assumptions that the combined  
171 community would eliminate the \$.01 Recreation tax or not, but used it as a Village tax rate status  
172 quo for projection purposes. He stated that in the status quo scenario, the Village Recreation taxed  
173 \$.01 on the Village Grand List, which raised about \$60,000. Mr. Mertens confirmed that they were  
174 assuming that it would continue in a merged community. Mr. Fisher clarified that the staff  
175 maintained that dollar level of effort from the status quo of \$.01 on the Village Grand List and  
176 combined that figure for a merged community. Mr. Mertens confirmed that the purpose of that  
177 particular assumption was to retain the status quo base line for comparison, and Mr. Fisher agreed.

178

179 Mr. Fisher referred to Village General and explained that the assumptions were that budget  
180 increases were 3.9% a year, the non-tax revenues increased 1% per year, the IBM subsidy declined  
181 as scheduled in the agreement, the Village grand list increased 1.6% per year and the reappraised  
182 Grand List adjusted by a CLA of 63.02%. Under the Town General, the budget increased 6.1% per  
183 year, the non-tax revenues increased at 2% per year, the IBM subsidy declined as scheduled, the  
184 Highway tax rate remained at \$.08 and the Tax rate for debt service and capital remained at \$.0133.  
185 In addition, the tax rate for capital remained at \$.02, the Town Grand List increased 1.6% per year

186 and the reappraised Grand List was adjusted by a CLA of 62.87%. Mr. Fisher explained that under  
187 a Merged Community, the assumption was that the merged community was equal to the sum of its  
188 parts. They made no assumptions for cost reductions along with no estimates for increases. Other  
189 assumptions were that the budget was equal to the sum of the three entities and the tax  
190 appropriation was equal to the sum of the three entities. In addition, the IBM subsidy was equal to  
191 the sum of the three entities and declined as scheduled, the Total Grand List increased 1.6% per  
192 year and the Reappraised Grand List was adjusted by the CLA. Mr. Sweeney asked what the  
193 assumption was on the Highway Tax for the combined community. Mr. Fisher stated that the  
194 Highway Tax would be eliminated in a combined community, just as the Village Tax rate, but that  
195 for purposes of the status quo under Town General, it remained at \$.08. Mr. Mertens asked how the  
196 reappraised figures were calculated into the status quo. Mr. Fisher replied that the reappraised  
197 figures were calculated in the tax rates. They used the CLAs of 62% and 63%, which according to  
198 Mr. Viens, the Town Assessor, were based on a three-year average and were the best numbers to  
199 use for projections. He added that in his opinion, 62% and 63% were projected too high and that  
200 when the reappraisal was completed, he felt that the figures would be closer to 50%. However, in  
201 terms of taxes, there would not be much of a difference because as the property increased in value,  
202 the rate would decrease. Mr. Sweeney asked if they readjusted the numbers based on reappraisal  
203 and whether they used 50% or 60% in their presentation? Mr. Fisher replied that they used 63.02%  
204 for the Village Grand List and 62.87% for the Town Grand List.

205

206 Mr. Fisher referred members to the first chart on page 3, which was titled Essex Municipal Tax  
207 Rates. Ms. Billado, with regards to the tax rates previously discussed, wanted to be sure to clarify  
208 that the discussion related to the municipal tax, not the education tax, and Mr. Fisher agreed. Mr.  
209 Mertens asked Mr. Fisher to explain the implications of Ms. Billado's statement. Mr. Fisher  
210 explained that the tax rate was developed by taking the total amounts to be raised and dividing it  
211 with the Grand List. As an example, he gave a scenario of appraisal at 50% of the real value, after  
212 reappraisal, where the Grand List would double and the tax rate would be calculated and the  
213 denominator would double. Therefore, the tax rate would not be half of what it was, community-  
214 wide and individual homes would increase or decrease differently. However, he explained that as  
215 the Grand List increased, the tax rate decreased respectively, and taxpayers should not see much of  
216 a difference in their actual taxes. Mr. Mertens asked about the education tax. Mr. Fisher stated that  
217 there were laws at the state level that factored in the CLA and set the rates, which was out of the  
218 Town's purview. With regards to the Essex Municipal Tax Rates graph, Mr. Fisher apologized that  
219 it was not in color to differentiate more easily, but pointed out that there were three lines that  
220 represented the three tax rates, one for the Village taxpayer status quo, which was the top line, one  
221 for the merged community, which was the middle line and the Town, outside the Village municipal  
222 tax rate under status quo, which was the bottom line. He explained that for the very first year in  
223 2007, the municipal tax rate would be a little over \$0.90 for the Village taxpayer, about \$.76 for the  
224 merged tax rate and just under \$.60 would be the municipal tax rate for the Town, outside the  
225 Village. Mr. Mertens, in regards to the lines on the graph, suggested the tax rate decreased because  
226 of reassessment, and Mr. Fisher replied, correct and explained that in 2008, the tax rates decreased  
227 because the Grand List had increased by the 62% and 63%. Mr. Mertens asked why the lines  
228 formed an escalated slope as they entered the future years? Mr. Fisher replied that the increased  
229 slope after 2008 was related to budget increases based on the average of the last three years and  
230 other factors including the loss of the IBM agreement, which would raise the tax rate. Mr. Sweeney  
231 added, and a change in the Grand List, which were all the assumptions from the previous page, and

232 Mr. Fisher agreed and stated that all the assumptions that they reviewed went into developing the  
233 chart. Mr. Sweeney confirmed that this was in a fiscal year, so that it assumed that the new  
234 appraisal was in effect for FYE 2008, and Mr. Fisher agreed. Mr. Sweeney clarified that the graph  
235 showed the beginning to be July 1, 2007, which meant in a year. He asked Mr. Fisher if that was  
236 achievable, and Mr. Fisher replied that it was the current schedule. Mr. Fisher pointed out that the  
237 graph reached 2015, which was just after the IBM agreement expired. One member asked when the  
238 IBM agreement expired, and Mr. Fisher replied, in 2013. Mr. Mertens stated that the IBM  
239 agreement ended in 2013 and that the chart reached 2015. Therefore, based on the graph, he did see  
240 the IBM expiration having any effect on the tax rate? Members explained that it was a gradual  
241 phase-out agreement so that every year there was a loss, as opposed to a drastic cut in 2013. Mr.  
242 Sweeney added that the point of the agreement was to minimize the effect on the towns, and  
243 members agreed.

244

245 Mr. Fisher, with regards to the Essex Municipal Taxes graph on page 4 of the Handout, pointed out  
246 that these numbers were calculated for a \$300,000 home after reappraisal for FYE 2007, which  
247 meant prior to reappraisal, based on the CLA, the home was valued at \$186,000. Mr. Sweeney  
248 suggested putting that information on the chart. He felt that there weren't as many people with  
249 \$300,000 homes today as there were with \$186,000 homes. Mr. Fisher thought that \$300,000 was a  
250 little bit high, but stated that the current average for assessed value in the Town was \$144,000 and  
251 in the Village was \$125,000, with a combined Town and Village average assessed value being  
252 \$135,000. Therefore, if they were at only about 50% of value, those figures would double, which  
253 meant the assessment would be \$288,000, which was close to \$300,000. Mr. Sweeney suggested it  
254 might be beneficial to include the averages on the chart, and Mr. Fisher agreed to adding that  
255 information on the chart. Mr. Nye felt it was better to use a rounded figure such as \$100,000 or  
256 \$300,000 because it was a number that was much easier for the average taxpayer. It was determined  
257 that the value of \$187,000 before appraisal would be noted on the graph. Mr. Fisher pointed out that  
258 theoretically, the reappraisal factor did not have a large impact on actual taxes paid for by the  
259 property. Basically, he explained that the Village taxpayer in 2007 would pay about \$1600-\$1700  
260 in municipal taxes, the Town taxpayer would pay about \$1200 and the merged community would  
261 pay about a little under \$1500. In this chart, Mr. Fisher explained that it was based on the status  
262 quo and that they did not make any predictions that would reduce the capital tax rate or that they  
263 would reduce the amount the Village was putting aside for capital, but they wanted to show the  
264 impact on a home assessed at \$300,000.

265

266 Mr. Fisher referred members to the next chart on page 5, which showed that if they continued with  
267 the current funding strategies in the Town, which had a specific tax rate and in the Village, which  
268 had a dollar amount that changed year to year, what would be generated for capital funds under the  
269 status quo funding structure. In the first year of 2007, the chart showed capital funds generated to  
270 be a little under \$800,000, but after reappraisal, because the Town portion was based upon a tax  
271 rate, the number increased substantially. By 2015, under the current funding strategies, if the  
272 communities merged, the capital funds generated would be a little under \$1,600,000. Mr. Mertens  
273 clarified that in the Village, it was determined from year to year what each resident would  
274 contribute based on a sum of money, whereas in the Town, capital was generated by using a  
275 percentage of the assessed value. Mr. Fisher explained that the Town actually had a tax rate  
276 associated with the capital. This funding strategy was voted for in 1994, where they set a tax rate.  
277 The amount that was generated from this tax rate became capital, so that as reappraisal increased

278 the Grand List, the amount of money generated increased. Mr. Mertens stated, that was why there  
279 was a big increase in 2008, and Mr. Fisher agreed. Mr. Fisher explained that within the Village,  
280 there was a rolling stock fund or the capital acquisition fund, which had been increasing \$1100 or  
281 5% a year and every year, they increased that dollar amount 5%. He pointed out on the chart the  
282 middle section which represented the Village and showed the amount of capital increasing as they  
283 reached 2015 because the Village had planned for those increases. Mr. Mertens asked if the chart  
284 reflected, in any one year, what would occur if the capital began at a fixed amount, such as in the  
285 Village, and changed to a percent, such as in the Town. Mr. Fisher explained that the chart showed  
286 the status quo in terms of the level of effort at the present time. He stated that as they moved  
287 forward into the future, they could not predict whether there would be one overall tax rate or not.  
288 Therefore, the staff used the status quo numbers and combined them for the merged community.  
289 Mr. Mertens asked if it would be possible to mark "status quo" on those analyzes that were status  
290 quo and those that were "what ifs" analyzes to distinguish the two. Ms. Higgins clarified that the  
291 entire Financial Handout had been based on status quo and no other assumptions had been made.  
292 Mr. Fisher agreed that, in essence, the numbers were based on the status quo.

293

294 Mr. Fisher moved the discussion to the next page, which related to information on the IBM  
295 agreement and its the impact on the community. Ms. Morriseau explained this part of the  
296 presentation. She stated that there were two triggers that would cause IBM to terminate their  
297 agreement prematurely. The first one was if the entities made a charter change with the result of a  
298 reduction of the appropriation of 10% or greater and if the new municipality did not adjust IBM's  
299 payment to get the corresponding reduction. Assuming the merger would occur in FYE 2008, the  
300 appropriation in a merged community would have to be \$1.1 million less than in FYE 2007. She  
301 noted that on the Handout it stated \$1.8 million and should be \$1.1 million. Mr. Mertens asked if  
302 appropriation was a budget, and Ms. Morriseau replied, no, that appropriation was not being  
303 collected so it was the budget minus the other revenues, and Mr. Mertens understood. She added  
304 that appropriation was the word used in the IBM agreement. Ms. Morriseau explained that if that  
305 were to happen and they reduced IBM subsidy payment by 10%, IBM would have no reason to  
306 terminate the agreement. She added that the plan was shown to IBM.

307

308 The other trigger for the IBM agreement ending prematurely was that if a charter change resulted in  
309 10% or greater payments by IBM and the municipalities did not adjust IBM subsidies, so that the  
310 increase of IBM's payments was below 10%. She explained that the amount of appropriations  
311 would have to increase by \$4.4 million (it stated \$4.7 on the handout) in order to make IBM's  
312 payments increase 10%. Mr. Mertens asked what determined their payments? Ms. Morriseau  
313 replied that IBM payed a tax rate, just like everybody else, on their real estate. In addition, IBM had  
314 their subsidies, which were reduced each year. Mr. Sweeney confirmed that the subsidies were  
315 Machine and Equipment, and Ms. Morriseau agreed that they were based on Machine and  
316 Equipment. Mr. Sweeney asked if that was a fixed reduction, and Ms. Morriseau agreed. Mr.  
317 Sweeney confirmed that Ms. Morriseau was speaking of real estate taxes. Ms. Morriseau replied  
318 that she was speaking of both real estate taxes and the subsidies, which both went into the  
319 calculations. Therefore, she stated that IBM subsidies were decreasing their tax rates and budgets  
320 like the rest of the community. Mr. Sweeney clarified that the tax rate was the total tax payment of  
321 the real estate tax minus the reduction of Machine and Equipment scheduled reduction, which was a  
322 fixed reduction, so that meant that their real estate taxes would increase substantially, above 10%.  
323 Ms. Morriseau reminded Mr. Sweeney that IBM would be a smaller part of the merged community

324 as opposed to being just in the Village. In the merged community, IBM's taxes would decrease  
325 anyway. Ms. Billado stated that IBM would see a reduction in their municipal property taxes, just  
326 like any Village taxpayer, and members agreed. Mr. Nye expressed that he felt the chances of either  
327 of the triggers happening were very slim, and members agreed. Ms. Billado, in response to Mr.  
328 Nye, stated that they just had to make sure they stayed within the triggers. Ms. Morriseau explained  
329 that even if they didn't stay within the triggers, they could just modify the subsidies, which the  
330 process was explained in the agreement.

331

332 Mr. Fisher pointed out that merely by merging the communities with the current budgets, from the  
333 start, IBM saw a 10% reduction in their payments because their Village tax rates being were the  
334 same. Mr. Fisher concluded that if in fact for some reason IBM terminated the agreement, the  
335 impact of that termination was shown by chart on the last page of the Financial Handout, titled  
336 Effect of Loss of IBM Agreement on Tax Rate. He explained that there were two lines on the chart  
337 representing Tax Rate Increase and Subsidy Amount. The straight line was the amount of the  
338 subsidy that they were receiving combined and on the right side of the chart were the dollar  
339 amounts. For example in 2007, the Subsidy Amount would be just about \$1 million and then  
340 decreased to almost \$0 in 2013. The line that was bent represented the effect on the tax rate should  
341 they lose the IBM revenue and for example, in FYE 2007, it would mean an increase of \$0.08 in the  
342 tax rate to recover that lost revenue. In 2008, the chart showed a reduction to a little above \$0.04  
343 due to the impact from the reappraisal along with recovering from the assumed IBM loss as well.  
344 He stated that the staff did not think it was likely to lose the IBM agreement, but they wanted to  
345 show the worst case scenario, in terms of impact, should that occur.

346

347 Mr. Sweeney requested that on the Essex Municipal Taxes Chart, they make it clear that the  
348 \$300,000 was after the reappraisal in 2008 and in 2007, the value of the home was \$187,000. Mr.  
349 Sweeney remarked that earlier on in the Task Force presentations, they received a chart that  
350 compared the Essex tax rate with other communities and felt that with a new tax rate for a merged  
351 community, the chart showed that they compared well to other communities and felt it would be a  
352 valuable chart to include. Ms. Morriseau reminded him that those rates were effective tax rates.  
353 Mr. Sweeney remembered that there were two charts, one that was just the raw tax rate and one that  
354 was the effective tax rate accounting for the CLA that was different across the communities. He felt  
355 it would be a valuable piece of information to show that this new tax rate was not excessive  
356 compared to many other communities surrounding Essex and the Village. Mr. Safford stated that he  
357 presented that chart in his presentation as a follow up and suggested the staff could update that  
358 information for the Task Force, and Mr. Sweeney agreed it would be helpful to have that  
359 information. Mr. Sweeney asked Mr. Fisher and Ms. Morriseau whether the bond on the Maple  
360 Street Pool was included in their numbers? Mr. Fisher stated that the debt service on that bond was  
361 part of the Village Recreation budget, so it was included in the \$1,9 million. Mr. Sweeney  
362 suggested that the staff assumed that the bond would be payed out of those funds, regardless of who  
363 owned the bond, and Mr. Fisher replied, correct. Ms. Higgins confirmed that the numbers were still  
364 based upon the status quo of the Village. Mr. Fisher replied, for a status quo, yes, but for a merged  
365 community projection, the numbers would go into the total tax rate. Ms. Myers asked if there was  
366 any other debt included in their calculations. Mr. Fisher stated that there was the swimming pool  
367 for the Village, \$600,000 of debt in the Town, a little over \$100,000 for Indian Brook and the  
368 Library and Memorial Hall had a little over \$160,000 along with the Fire Station. Ms. Billado  
369 asked how much the Fire Station debt was, and Mr. Fisher replied that it was currently \$282,000.

370

371 Mr. Mertens asked whether the financial strength of the Village and the financial strength of the  
372 Town when merged, was a stronger entity? Mr. Safford stated that it was a stronger entity to the  
373 degree that you diversified the Grand List and helped the Village become less dependent on IBM  
374 by diversifying the Grand List along with decreasing the risks if something were to happen to IBM.  
375 He stated that some of that assessed value might be appreciated over time through lack of use or  
376 otherwise, but it was less likely to happen if they still had Machine and Equipment Real Properties  
377 retain its value. Mr. Mertens wondered if debt coverage would improve in a merged community and  
378 whether that by being merged it would provide them with a point less on the rate and whether they  
379 should be considering those factors even on a status quo basis. Mr. Fisher stated that it was hard to  
380 say exactly what a merged community would receive for debt coverage. Separately, he felt they had  
381 two strong financial entities, and merging them would not make them less strong. In regards to  
382 bond rates, Mr. Fisher explained that the process was completed through the Vermont Law Rates,  
383 which were based on the strength of the whole portfolio, not just Essex Town or Essex Junction and  
384 therefore, there might not be any impact on the bond rates by merging. Mr. Mertens felt that there  
385 still might be some possibility of effecting the bond rates as the merger would create less of an  
386 impact, and Mr. Fisher stated probably yes. Mr. Mertens reminded the Task Force members that  
387 there was a large sum of money in the Village that he remembered being discussed by Ms. Billado  
388 at one time. Ms. Billado clarified that the money was the Education Fund in the Village, which  
389 totaled about 4 million dollars. Members felt it was not the Education Fund, but the Rolling Stock  
390 Fund. Ms. Billado asked Mr. Mertens if he was referring to the Rolling Stock fund or the Education  
391 Fund? Mr. Mertens suggested talking about both. Ms. Myers stated that they could not discuss the  
392 Education Fund. Mr. Nye asked if the educational fund belonged to the Village or the Prudential  
393 Committee? Ms. Billado stated that the Prudential Committee was the Village, so it belonged to the  
394 Village. Mr. Nye pointed out that there was a Rolling Stock Fund and a Capital Improvement Fund.  
395 Mr. Safford added that there was also a Land Acquisition Fund. Mr. Mertens asked Mr. Fisher how  
396 those funds impacted their presentation? Mr. Fisher stated that it did not have any effect in terms of  
397 tax rates and taxes and that the staff focused on the budgets and appropriations only, and Mr.  
398 Mertens understood. Mr. Scheidel added that there was additional monies set aside in the Town for  
399 specific uses such as with the Police Station, which totaled about \$500,000.

400

401 Mr. Safford explained to the members that the staff did not address the projected capital plan, only  
402 the level of spending and effort that was currently in place and that in actuality, the capital plan was  
403 not merged. Mr. Nye stated that his reason for discussing this issue was that only the Village  
404 residents contributed for those three funds that were located in the Village and not the Town  
405 residents, and the funds in the Town were paid for by both the Village and the Town residents,  
406 which would be used by the new community for what was needed. He recommended that the  
407 Village determine how that money would be allocated in order to be fair to the Village taxpayers.  
408 He wondered if they would bring that money to the merged community to share or whether they  
409 would use those dollars to pay off the bond on the pool or whether they would give the money back  
410 to the Village taxpayers? Mr. Scheidel stated that similarly, the figure included developer impact  
411 fees from developers who were doing business solely and exclusively in the Town and that the fees  
412 were generated based on the impact for services such as Parks and Recreation impact fees and  
413 capital impact fees. Mr. Scheidel stated that a couple of separate funding entities should be  
414 discussed before making any conclusions. In his opinion, Mr. Nye stated that the Parks and  
415 Recreation impact fees took advantage of all of those residents of the Town and not just the

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416 residents living outside the Village and other factors, such as Indian Brook, always involved the  
417 Village residents. Mr. Mertens stated that this particular topic was a complicated one and asked the  
418 Managers to seek council from other experts and provide some feedback to the Task Force at  
419 another meeting, even if the members did not take a position on this matter, as he felt the Transition  
420 Committee would want more understanding on the issue. He asked if the Managers would take  
421 action about this, and they agreed. Ms. Billado suggested that collectively when they merged the  
422 community, there would be an indebtedness of approximately \$3 million and asked if that figure  
423 was correct, as there was about just over \$1 million debt between the pool, the library and the fire  
424 station in the Village and in the Town, there was about \$1.8 million dollars debt on the pool. She  
425 expressed that she did not think this amount was excessive for a community that size, and Mr.  
426 Fisher agreed. She expressed an opinion that the combined debt was fairly low for a community the  
427 size of the Town and the Village merged, considering what the community at large had to offer to  
428 the taxpayers. Ms. Billado added that the figure was just related to municipalities only and did not  
429 include the schools. Mr. Mertens asked if Ms. Billado was suggesting they collect some data on  
430 nearby communities to put the debt into perspective. Ms. Billado asked what Mr. Safford felt about  
431 that issue. Mr. Safford did not think it was pertinent. Mr. Nye stated that the Essex and Village  
432 communities had not yet invested in their infrastructure, which was evident in both the Town and  
433 Village offices and other departments. Other communities, such as Williston, which recently  
434 invested in a new Fire Station, would have close to a \$10 million dollar public safety indebtedness  
435 in the near future. Members agreed that the the Essex and Village communities had not yet  
436 invested in their infrastructure.

437

438 Mr. Scheidel provided Bond Bank as one possible resource if necessary, which had a whole list of  
439 ratios and data that they had to compile each year statewide. Even though he did not recommend  
440 expending the effort at this time to compare the communities indebtedness, he agreed that \$3  
441 million was a small number for even the common level person's understanding of budgets. Mr.  
442 Mertens stated that the other pertinent vital statistics might further demonstrate the viability of this.  
443 Ms. Myers had no issue with finding out the municipal tax rates of other communities but that  
444 researching the bonded indebtedness might bring about some proprietary problems and did not  
445 know if that would be very forthcoming. She also agreed that \$3 million was a low number and  
446 stated that she thought it would certainly be a lot easier to get the municipal tax rates from other  
447 nearby communities for comparison. Mr. Mertens suggested an initial search. Mr. Safford  
448 confirmed that Mr. Mertens would like the staff to research if any information on bond  
449 indebtedness in nearby communities was readily available for comparison purposes. Mr. Mertens  
450 agreed and added that it should also be readily understandable. Based on what he had heard, Mr.  
451 Mertens felt that their community was in very good financial shape and comparing it to other  
452 communities would be just one parameter to demonstrate that. Mr. Safford referred to Mr. Nye's  
453 comments and stated that it was not just the matter of what the debt was, but the condition of the  
454 infrastructure, which would begin to drive the debt figure. He suggested they had low debt because  
455 they had not invested in certain improvements. Mr. Sweeney asked if the Task Force had previously  
456 received a list of their indebtedness in the Town and Village. Mr. Safford stated that they did  
457 provide that information, but could compile that again easily. Mr. Safford asked if Mr. Sweeney  
458 wanted the General Fund debt. Mr. Sweeney clarified, whatever debt existed, and Mr. Safford  
459 agreed. Mr. Sweeney stated that he wanted to give this issue due diligence, and Mr. Scheidel  
460 confirmed that he wanted just a statement of the debt, which Mr. Sweeney agreed. Mr. Scheidel  
461 asked if the members intended to have analyzes that led to objective and subjective conclusions or

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462 just an factual report comparing budgets, debt service and the cost on the current tax rate?  
463 Members agreed that the information should just present the facts for the Task Force, and members  
464 could draw their own conclusion from the data.  
465  
466 Ms. Billado asked if there were debts on their Enterprises? Mr. Safford stated that the Town did and  
467 the Village did not. Ms. Billado asked about what the debt was in the Town? Mr. Fisher stated that  
468 it was a little over \$6 million, with a good portion being paid by specific users. Mr. Mertens asked  
469 if there were any further questions. Mr. Nye asked if there had been any discussion on the  
470 Enterprise Funds and whether it was on the Agenda to discuss. Mr. Mertens informed him that  
471 Water and Sewer was on the Agenda for next week and asked if that addressed Mr. Nye's question?  
472 Mr. Safford explained that their intent for next week was to show the members similar information  
473 as that night's presentation, which would include projections of rates for the Enterprise Fund, with  
474 similar assumptions. Mr. Nye suggested a different option for addressing the Enterprise Funds,  
475 which was to have separate Water and Sewer Districts. He stated that if you combined the Water  
476 and Sewer that currently existed outside the Village, that would leave one community paying off  
477 the bond and the other not paying off a bond and as a result, he felt they may need to look at other  
478 options such as separating the Water and Sewer Districts. Mr. Safford commented that there would  
479 be a chart that would show the status quo and the results of the combined districts. Mr. Nye felt it  
480 was important to see that on a chart. Ms. Billado stated that leaving the Water and Sewer Districts  
481 separate seemed like the simplest thing to do, but wondered what would happen if further into the  
482 future there was a surplus and one community needed a surplus from the other community. Mr. Nye  
483 stated that he felt the new community would develop policy similar to the Town's at the present  
484 time, which had a sewer allocation policy that managed the capacity in the Town. Mr. Lajza added  
485 that the Town already had a procedure to address that issue. Mr. Nye stated that the water and sewer  
486 capacity was driven by the amount of sewer available as well as the zoning. He stated that the  
487 question was did the zoning drove the sewer allocation policy or did sewer allocation policy drive  
488 the zoning?  
489  
490 Mr. Nye stated that in his opinion, he would take the Village's surplus and allocate it to the area of  
491 future growth, but felt that the Transition Committee or the new Town Council would address the  
492 issue in a way to ensure potential growth occurring in business areas. Mr. Sweeney concluded that  
493 the topic of Water and Sewer was very complex and assuming the merger was passed, the new  
494 Town Council would have a unified Town Plan. The questions raised by Mr. Nye would include  
495 questions related to zoning, which was driven by sewer capacity, subdivision regulations and  
496 commercial development location. He felt however, that this would occur in a couple of years and  
497 would become the job of the new Town Council and that their job as a Task Force was to ensure  
498 that the new Town Council did not have significant barriers to complete their work and address  
499 these issues. He stated that having the discussion next week would be very worthwhile. Ms.  
500 Higgins, in response to Mr. Nye's comments and with the assumption that the districts would be  
501 separate, thought that he was questioning whether the Village over time would sell their capacity to  
502 the other district. Ms. Billado felt the members could draw a lot of scenarios of what would happen  
503 in the future. Ms. Higgins stated that nothing would have to happen along those lines if you kept the  
504 districts separate. Mr. Nye added, or if the sewer capacity remained the same as it was today in the  
505 Village Center. Ms. Billado wondered if in the future, the situation reached expansion and growth  
506 and the Town was out of capacity, who would pay for that expanded capacity, that one district or  
507 the entire community? Mr. Sweeney replied that the Town would not run out of capacity because it

508 had a policy that allocated sewer and water capacity carefully and managed it appropriately when  
509 increased requests were made. Ms. Billado gave Williston as an example of a community that  
510 expanded twice within a six-year period. Mr. Boucher stated that there could be no way of  
511 perceiving what would happen in terms of growth. He suggested that the Village could grow  
512 upwards, need more capacity and use a substantial amount, even though it would be compact, but it  
513 was unknown. Mr. Lajza pointed out that the building infrastructure was already there in the  
514 Village Center, which might be less expensive for the community. Mr. Mertens moved the  
515 discussion back to the Financial Discussion and asked members if there were any further questions  
516 related to that Agenda Item of Finances. There were no questions, so the members thanked Mr.  
517 Fisher and Ms. Morriseau for their presentation.

518

519 **Discussion of Future Agenda Items**

520

521 Mr. Mertens informed the members that Mr. Sweeney drafted some points for the Transmittal  
522 Letter for the Charter. Mr. Sweeney stated that he drafted an outline for their final report and would  
523 like to discuss it with Mr. Mertens and present their summary to the members via e-mail and  
524 discuss it next week. He felt the outline addressed the list of charges for the Task Force, along with  
525 the information the Task Force wished to pass along to the Trustees and the Selectboard. Mr.  
526 Mertens assumed that the members would receive the outline by Friday and asked them to be aware  
527 of receiving it at that time for review. Mr. Mertens stated that they would also look forward to  
528 hearing Mr. Safford's report on Water and Sewer next week. Mr. Safford informed the members  
529 that Ms. Morriseau and Mr. Fisher would return next week to present that information and the  
530 presentation would be similar to the one they received that night and would include the Enterprise  
531 Funds from an Operating Budget standpoint and trends. Mr. Mertens stated that along with  
532 discussing the Transmittal Letter, they still had some final language in the Charter to review. Mr.  
533 Sweeney reminded Mr. Mertens that last week, the Task Force had asked Mr. Odit to finalize two  
534 sections of Transitions, sections (e) and (h) of the Charter. Mr. Safford stated that the staff would  
535 have those for the members next week. Mr. Sweeney confirmed that he would add sections (e) and  
536 (h) to the Agenda. Ms. Myers stated that she would not be present for next week's meeting. Ms.  
537 Higgins informed members that she would not be present the next two weeks. Ms. Billado stated  
538 that she might not be present next week either. It was determined that there would not be a quorum  
539 for next week's meeting so the members decided to cancel next week's meeting and postpone it to  
540 May 3, 2006. Mr. Mertens encouraged members to make a strong attempt to attend the meeting  
541 for May 3, 2006 and to send comments about the Transmittal Outline that would be sent to them via  
542 e-mail by the Chairs.

543

544 **Public Input-General Comments**

545

546 There was no public input.

547

548 **ALAN NYE MOVED AND GOERGE BOUCHER SECONDED A MOTION TO ADJOURN**  
549 **AT 8:15 P.M.**

550

551 **THE MOTION PASSED 9-0.**

552

553 **Respectfully submitted,**

**MERGER TASK FORCE**

**April 19, 2006**

554 *Saramichelle Stultz*

555

556 *Saramichelle Stultz*

557 Recording Secretary

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559

560 (THESE MINUTES ARE SUBJECT TO CHANGE AT THE NEXT MERGER TASK FORCE

561 MEETING)

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**MERGER TASK FORCE**

**April 19, 2006**

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