This Memorandum of Agreement (Agreement) is entered into this 15th day of January 2015, by and between the Town of Essex ("Town") and the Village of Essex Junction ("Village").

**WITNESSETH:**

WHEREAS, the Town and Village continue to work cooperatively on a shared services model to improve the delivery of services for the mutual benefit of the residents of the Town and Village; and

WHEREAS, pursuant to this model, a shared "Municipal Manager" is in place, tax billing and collections for the Town and Village have been unified, and a storm water permitting and management services agreement has been approved; and

WHEREAS, the Village and Town now propose the incremental development of a combined public works department for the management of highway and engineering functions as well as any other public works-related functions as may be mutually agreed upon by the Town and the Village; and

WHEREAS, the incremental development of combining public works departments is necessary due to the relative cost impacts of consolidation to each municipality, presently-unidentified cost savings that may be achieved from consolidation, and the lack of required staffing within the existing Town public works department to provide the full range of services under consolidation within the first year of this Agreement; and
WHEREAS, section 4901 of Title 24, Vermont Statutes Annotated, allows a municipality to contract with another municipality to perform any governmental service, activity or undertaking which each municipality is authorized by law to perform, provided the legislative body of each municipality approves the contract and the expenses for such governmental service is included in a municipal budget approved under 17 V.S.A. § 2664 or comparable charter provision; and

WHEREAS, the Village and the Town desire to continue their coordinated efforts with respect to shared services by creating one cost center within the Town’s annual budget for a portion of the Village’s public works functions, and to continue studying the consolidation of those functions;

NOW THEREFORE, in consideration of the mutual covenants and agreements hereinafter set forth, the parties hereto agree as follows:

1. **Term**: This Agreement shall be effective upon execution, and shall continue in effect for the three (3) fiscal years ending (“FYE”) June 30, 2016, 2017 and 2018 (“Term”).

2. **Village Highway Budget**: On or before January 15, 2015, and by January 15th of each year thereafter during the Term of this Agreement, the Village Board of Trustees shall prepare and provide the Town Selectboard with a “Village Highway Budget” for its consideration and consolidation within the Town’s Highway Budget, which is a component part of the Town’s General Fund Budget. Except as set forth in section 3 below, the Village Highway Budget shall consist of items previously identified within the Village’s “Street Department Budget” including, without limitation, all salaries and benefits of Village employees within its highway department. During the Term of this Agreement, the Village shall not
increase the annual Village Highway Budget as defined herein by more than six percent (6%) over the previous year's budget amount without agreement of the Town Selectboard.

3. **Exclusions from Village Highway Budget:** Unless otherwise agreed by the Town and Village, the Village Highway Budget submitted by the Village Board of Trustees for inclusion in the Town budget shall not include funds for capital project paving or equipment replacement, which shall continue to be a Village expense separate and apart from the Village Highway Budget. The Village Highway Budget also shall not include any storm water permitting or management costs, which are covered under a separate Memorandum of Agreement between the Parties hereto. Additionally, any indebtedness for highways and related infrastructure incurred by either municipality prior to the effective date of this Agreement shall not be included as part of any combined highway budget, but rather shall remain the separate obligations of the respective municipality.

4. **Town Highway Budget:** The Town Selectboard shall incorporate the Village Highway Budget as prepared and provided by the Village Board of Trustees pursuant to section 2, above into the Town General Fund Budget for approval by the legal voters of the Town at its annual meeting in March pursuant to 24 V.S.A. Appx. Ch. 117, § 303. In the event the Town voters do not approve a budget that includes the Village Highway Budget, or approve a lesser amount than what was prepared and presented by the Village Board of Trustees, then the Town will so inform the Village and the Village shall be and remain responsible for raising such funds through the Village budgeting process.

5. **Payment:** The Town shall pay all Village Highway Budget costs as incorporated into the voter-approved Town budget as incurred. In the event actual Village Highway Budget costs differ from budgeted amounts, the Village Board of Trustees and Town Selectboard may
adjust future budgets to account for any under or over collections between the two municipalities.

6. **Integration Study**: On or before November 1, 2015, the Town Public Works Director and/or his designees, in coordination with the Village Public Works Superintendent and/or his designees, shall prepare a plan for presentation to the Municipal Manager for fully consolidating and integrating public works functions within the Town and Village. The plan shall identify potential cost savings and/or efficiencies, non-monetary benefits, and added service capabilities to be gained under a combined public works department, and shall include, at a minimum:

   a. An integrated communications plan, including all hardware, internet and software computer costs, allowing unfettered and seamless communication between the two communities as part of a consolidated department;

   b. Recommended changes or improvements necessary to provide better customer service, improved dissemination of work to be performed in the community, and centralized management of complaints;

   c. A written Winter Operations plan applicable to both municipalities; and

   d. A written procedure for procuring outside engineering and contract services that is beyond the capability of in-house resources, which shall include a list of qualified firms and their fee schedules.

7. **Employee Relations**: Any shared public works services between the Town and the Village during the Term of this Agreement shall be managed by the Municipal Manager. The Town public works department will advise the Municipal Manager and make recommendations with respect to public works related operations in the Village, but shall have
no direct management or supervisory functions within the Village, unless it is determined on the basis of the integration study and agreed upon by both municipalities that the management and supervision functions will change as a result of the study findings in years two and three of the agreement. Village highway and Town highway employees shall remain employees of their respective municipalities subject to their existing personnel policies and collective bargaining agreements. The Village Public Works Superintendent shall continue to supervise and set the work schedule for Village employees, and the Town Public Works Superintendent shall continue to supervise and set the work schedule for Town employees. When employees of either the Town or the Village perform work in the other municipality, the employees shall remain members of their respective collective bargaining units but will be supervised by the individual in charge of the work being performed. Town and Village management shall meet with Town union (AFSCME) and Village Association representatives concerning the structure of labor contracts under an integrated management system of public works delivery prior to the expiration of existing collective bargaining agreements.

8. Review Committee: A committee consisting of two (2) Town Selectboard members, two (2) Village Board of Trustees members, and one (1) qualified outside technical agent as mutually agreed to by the Town and Village shall be created to review the shared public works operations. On or before October 1, 2017, the review committee shall make recommendations to the Village Board of Trustees and the Town Selectboard on whether to continue or modify the shared public works services model developed pursuant to this Agreement, revert to the model existing prior to this Agreement, or establish a permanent and combined public works department for the Town and Village to become effective on July 1,
2018. The Town Selectboard and the Village Board of Trustees shall act on the recommendations of the review committee on or before December 1, 2017.

9. **Miscellaneous:** This Agreement may be modified only by a written amendment signed by the Parties. If any provision of this Agreement shall be found to be invalid, inoperative or unenforceable in law or equity, such finding shall not affect the validity of any other provisions of this Agreement, which shall be construed, reformed and enforced to effect the purposes of this Agreement to the fullest extent permitted by law. This Agreement shall be governed by and construed under the law of the State of Vermont, without application of principles of conflicts of laws, and constitutes the entire agreement of the Parties with respect to the subject matter hereof, superseding all prior oral and written communications, proposals, negotiations, representations, understandings, courses of dealing, agreements, contracts, and the like between the Parties in such respect.

IN WITNESS WHEREOF, the parties hereto have set their hands the day and year first above written.

For the Town of Essex Selectboard

Max G. Levy, Chair

Brad M. Luck, Vice Chair

Andrew J. Watts, Clerk

R. Michael Plageman

Irene A. Wrenner

For the Village of Essex Junction Board of Trustees

George A. Tyler, President

Daniel S. Kerin, Vice President

Andrew Brown

Elaine Sopchak

Elaine Sopchak

Lori A. Houghton