

Separation Yields Faster Tax Relief Similar Amount of Tax Shift as Merger

by Ken Signorello & Irene Wrenner
 September 29

Finance Director Sarah Macy presented a much-anticipated analysis, "What would Separation cost?", at the September 28th Joint Board Meeting.

Her report answered a late-July request for this data from 27 residents to help everyone better understand merger and its alternatives.

In her systematic and thorough report, Macy showed how she homogenized the Town and Village expense budgets — despite the interplay between them, different budgeting procedures, and variety of revenue

sources — so that she could combine their costs. Then she separated each department into TOV and Village Tax shares. A lot of work to accomplish in two months' time!

To calculate TOV and Village Tax shares, she applied the grand list ratio (42% Village, 58% TOV) to the cost of each Town-provided service. (The grand list shows the assessed value of taxable properties.)

A simple example:

The Essex Police Department is

entirely paid out of the Town Budget, so its cost gets split 42% Village, 58% TOV.

The two libraries are more complicated. Macy had to take into account the small stipend the Town pays to the Village to support the Brownell Library (\$15,000) and account for the amount paid by Town taxpayers living in the Village that goes to Essex Free Library.

At least three other departments have a similarly complex situation.

For merger, it's just a matter of taking the two adjusted amounts, adding them together and splitting them by the

Grand List ratio. Simple, right? Macy did this for 31 segments of the budget.

An initial set of assumptions comes into play here. Macy began with the FYE20 Budget and

assumed no changes.

For separation, grander assumptions are required: 23 of them to be exact, all laid out on two pages in the report.

For example, if separated, how would the Village satisfy its need for Police — and other services currently received by its residents from the Town?

(Continues on page 2)

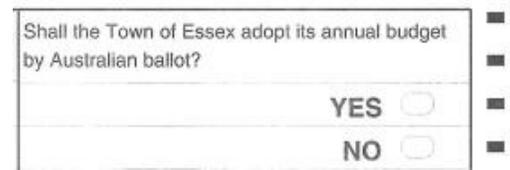


CCTV Center for Media & Democracy

Town Meeting on the Ballot

by Irene Wrenner, October 2

Your November ballot contains an epic local government question, in the last section on side two. Look closely, so you don't miss it; it's not highlighted like the other sections:



A prevailing YES vote to change from a floor vote to a ballot would end the 200-year-old in-person Town Meeting tradition, in favor of the expediency and access that an Australian ballot provides.

Essex wouldn't be the first large Vermont town to make this move. In fact, we're one of the holdouts.

(Continues on page 4)

"The People's Orchard"

by Ken Signorello and Irene Wrenner
September 21

The Essex Retorter interviewed Phil Murdock, owner of Chapin Orchard. The resulting eight-minute documentary commemorates the 20 years that Phil's family and staff have enticed customers to Chapin Orchard with rustic scenery and more than 30 varieties of apples, plus cider donuts and unpasteurized cider.

Phil tells how his plan to move to a new house in the country back in 2000 quickly turned into the purchase of an established orchard and, eventually, a whole new career.



Before or after you head over to pick-your-own, take a gander at this glimpse from "the rest of the 05452". Video link available at www.EssexRetorter.com and on our [Facebook page](#).

(Separation, continued from page 1)

Would the Village need to hire its own Assessor? Would the Town Recreation Department need new space? Many, many assumptions.

Readers are encouraged to form their own conclusions after taking some time to [study this document](https://tinyurl.com/SarahSepReport) (https://tinyurl.com/SarahSepReport).

[Village Trustee George Tyler claimed](#), "If you imagine the Town of Essex by itself ... without the Village tax base, I don't think ... you'd quite have the extent of services that the Town has evolved."

Although the Town saw no tax increase this year, while the Village did, Tyler asserted, "The Village, I think, has existed for many years living with a much tighter belt. ... And I think [separation] would be some big adjustments for the Town."

Even though Macy's report showed how similar the costs for merger and separation could be, Tyler asserted: "I think separation would be a kind of a catastrophic scenario for both sides. I think we would have to think long and hard before we took that step."

[Resident Tracey Delphia shared her thoughts](#): "For three years folks have been looking at merger.

"We just got the separation numbers, and I don't think that anyone in good conscience should look at those numbers and say 'no one wants this' and not look at them again.

"You need to digest them, take a step back, really focus on what that means, what those possibilities could be. ... Ask yourself some hard questions and talk to your neighbors. You may be surprised."

The Bottom Line: Separation vs Merger

In comparing the two, Macy observed, "[Separation] results in the same change in taxes for TOV and Village taxpayers as the merged scenario — about 20% each.

"The primary difference with a separation scenario is that change happens all in the first year, instead of spread over a negotiated time frame." Again, based on many assumptions.

Macy also observed that some services may go unused by certain taxpayers, but they are still included in everyone's taxes. The Fire Department is an

(Continues on page 4)



Merger/Separation Quick Study

by Irene Wrenner, October 1

- 1) Essex is one town, chartered in 1763. The Village of Essex Junction was chartered in 1893 within the town. The remainder is known as the Town-outside-the-Village (TOV) or "Essex Center".
- 2) "Merger" is used to describe various unsuccessful efforts, since 1958, to dissolve the Village of Essex Junction's government and transfer its assets, liabilities, services and taxes to the Town of Essex.
- 3) Village and TOV residents are all citizens of the town and pay Town taxes for a variety of Town services. They tend to identify by their geographic area.
- 4) Village residents also pay Village Taxes for a variety of Village services. Some are quite similar to Town services.
- 5) "Double taxation" describes how Village residents pay taxes to the two, nested municipalities in which they reside. Village residents vote each year to pay for services that may or may not resemble those they also vote to pay for as Town residents.
- 6) The populations of both areas are equal, but they have never been equally represented in Town government as the Selectboard has always been an odd number.
- 7) A plan for equal representation was passed in March by 61% of voters, but the Village Trustees haven't included that model in the Merger Charter being voted on in November.
- 8) The Selectboard's version of the Merger Charter provides for equal representation. Because both boards haven't yet agreed on a common plan of merger, the SB didn't warn a November vote.
- 9) To eliminate paying toward two budgets, Village residents have several options:
 - ◆ **Merger** would shift Village taxes, assets, liabilities and control to the Town as a whole;
 - ◆ **Separation** would no longer nest the Village and TOV within a larger entity. Village and TOV residents would no longer pay for each others' services. Each would gain local control;
 - ◆ **Separate-and-Share** would preserve identity and local control, by separating as municipalities but still sharing some services; or
 - ◆ **Dissolution** in which assets, liabilities control automatically shift to the whole Town in a less-organized way than merger.

An Imagined Village Ballot

040081
ESSEX
CHITTENDEN 8-2

UNOFFICIAL

Should Essex Junction cast off its charter and merge with the Town of Essex?
Vote for at least one

This is a non-binding political gimmick with no teeth.

Where's the huge tax break we were promised?

What if the 1 member of the 3+3+1 Selectboard is from the Town-outside-the-Village?

Enough already!
Yes to Whatever.

Do we get to keep our logo on the trucks?

All of the Above.

None of the Above.

The Essex RETORTER

(Ballot, continued from page 1)

While smaller towns see robust turnouts and often day-long discussions on a variety of matters, Essex long ago moved to an evening meeting format, in which the approval of next year's budget is the main event.

In all cases, the Town Meeting tradition has provided a unique opportunity for each attending citizen to act as a legislator.

In other words, any registered voter in attendance can offer a motion to increase or decrease the budget total with the support of their fellow residents.

Along the way, questions and comments, via a moderated dialogue between and among taxpayers and elected officials, allow new details to inform the final vote, which happens that same night.

Moving to Australian ballot would drop the "gold standard" degree of citizen participation, but it would allow thousands, rather than hundreds, to cast votes (in person or by mail) for or against a budget determined solely by officials.

If that budget passes, all's well. If it fails, officials must determine why, and then conduct a re-vote(s) until a revised budget passes.

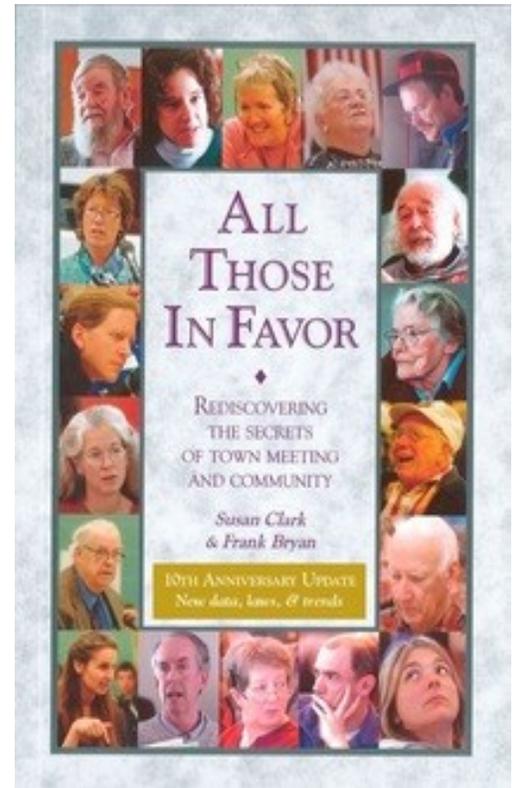
Subsequent re-vote elections cost money and time that Town Meeting does not.

Nevertheless, the rich tradition

of Town Meeting may have run its course in Essex. The switch to Australian ballot received overwhelming support in a survey conducted last summer by a consultant on behalf of the joint boards.

If it's true that, "You don't know what you've got till it's gone," take a peek at one of Vermont historian Frank Bryan's books on the topic he's studied for 40 years, direct democracy in New England towns: *Real Democracy* and *All Those in Favor*.

Essex Junction voters will also decide on whether to change the Village Annual meeting format via a separate ballot.



(Separation, continued from page 2)

example: you hope you don't need it, but you pay to have it available.

Due to a variety of intangibles, the separation numbers don't tell the whole story for either part of town.

A merger, as proposed, causes the Village to forfeit its autonomy and control of its assets.

On the other hand, separation would keep those intact and allow both parts of town to maintain local control of the departments they hold most dear: libraries, planning, fire, recreation and parks.

The Village Trustees warned the merger question for the November ballot four days earlier, rather than wait for the separation report.

Hopefully, pre-election merger materials will mention the separation option as well.

The Essex RETORTER

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