Attendees

* Selectboard Members: Beth Foy, Eben Patch
* Village Trustees: Steve Hatfield, BJ Putvain (via Zoom)

# Definitions

“Town of Johnson” will be referred to as “TOJ”

“Village of Johnson” will be referred to as “VOJ”

“Joint Town of Johnson Selectboard and Village of Johnson Trustees” will be referred to as “Joint”

The “Committee” will refer to the Merger Committee tasks with financial analysis to report back to the two TOJ and VOJ boards.

# Agenda items with minutes

## Call to Order / Review of Agenda and Any Adjustments, Changes and Additions

Eben called the committee order at 5:06pm. No additions to agenda.

Vote on roles of the committee

Beth nominated Eben to serve as Chair, Steve seconded. Vote unanimously passed.

## Discuss the yearly financial impacts of a town merger for town and village residents

Collectively agreed to use FY21 for both Town (TOJ) and Village (VOJ) in calculations

TOJ financials used come from the FY21 Actuals in the most recent budget.

VOJ financials provided from Meredith using budgeted FY21. Meredith recommends using General budget as the focus, with consideration for lost Pilot revenues. (see [Figure 1](#figure1) below)

Sub-committee unanimously agrees to use these as the baseline for analysis.

Discussion around VOJ Pilot revenue (Pilot money is paid by the State for Village loss of revenue from Northern Vermont University). The committee agrees to use worst case scenario of no state pilot payment with a merger for this exercise, understanding there is a strong likelihood that payment would still be paid at a reduced amount. $162,518 will be used for Village Tax Revenue based on VOJ FY21 numbers provided by Meredith.

There was discussion about having best-case and worst-case scenarios available when reporting back to the Joint Boards. All agreed having a range of best case and worst case is the goal.

The question of legal fees came up and how to incorporate those costs in the analysis. It was mentioned that we were tasked with finding the impact to the tax rate first and additional costs. Meredith hasn’t provided information she is collecting from other towns yet, so the committee does have information to consider yet.

It we proposed that we categorize the financial analysis into 1. project-based merger activities and 2. baseline analysis for known Annual Budget numbers. This will help determine long-term and short-term impact, as well as keep the committee focused on what is known. The committee agreed to stay focused on the baseline analysis using annual budget numbers until the Joint boards request further analysis and Meredith has had time to gather numbers from other towns/villages to better inform the Committee.

Committee walked through the following tables:

Figure 1



Figure 2



**Value** = Assessed Tax Value

**GL Value** = Grand List value

**Tax Rate** = FY21 TOJ Tax Revenue divided by FY21 TOJ Grand List to determine primary resident tax rate without tax adjustment

**Tax Bill** = GL Value x Tax Rate

Figure 3



**Value** = Assessed Tax Value

**GL Value** = Grand List value

**Tax Rate** = FY21 VOJ Tax Revenue divided by FY21 VOJ Grand List to determine primary resident tax rate without tax adjustment

**Tax Bill** = GL Value x Tax Rate

Figure 4



**Value** = Assessed Tax Value

**GL Value** = Grand List value

**Tax Rate** = FY21 TOJ + VOJ Tax Revenue divided by FY21 TOJ + VOJ Grand List to determine primary resident tax rate without tax adjustment

**Tax Bill** = GL Value x Tax Rate

Figure 5



**Value** = Assessed Tax Value

**GL Value** = Grand List value

**Cost Increase** = Difference between “Sample Tax Bill TOJ FY21/22” and “Sample Tax Bill Merged 21”



**Value** = Assessed Tax Value

**GL Value** = Grand List value

**Cost Increase** = Difference between “Sample Tax Bill VOJ FY21” and “Sample Tax Bill Merged 21”

The tax impact for TOJ residents would be an increased “TOWN” tax $70.42 per $100,000 assessed tax value.

The tax impact for VOJ residents would be a combined “TOWN” and “VILLAGE” savings of $11.18 per $100,000 assessed tax value. The “VILLAGE” tax would be eliminated, and the “TOWN” tax would increase. Discussion that the current $181.60 VOJ tax would be spread among more people. So, their combined tax, on a single Property Tax Bill from TOJ, would be a $111.18 savings for FY21.

Discussed TOJ increase percentage and VOJ percentage savings

Figure 6



Using all the same tables previously discussed, the Committee walked through the Sample TOJ Bill FY21 (Figure 1) divided by Sample Tax Bill Merged (Figure 6) could be used to calculate the cost increase to TOJ residents.

Using all the same tables previously discussed, the Committee walked through the Sample VOJ Bill FY21 (Figure 2) divided by Sample Tax Bill Merged (Figure 6) could be used to calculate the cost savings to VOJ residents.

Committee unanimously approved this approach to present back in the next Joint meeting.

Steve spoke with Gordy Smith about some point to consider for Merger cost considerations. There will need to be considerations around the union contracts and the financial implications. Also, there will need to be discussions about control from the “proper players” and not the entire town for some areas of the village. The Committee agreed there will be opportunities for community concerns and considerations, including in public meeting.

Committee confirmed by consensus that the financial data is a good representation of Budget impacts, if the TOJ and VOJ were already merged for FY21. This format will allow for easy cascading updates as additional financial adjustments are needed, outside of one-time costs.

Meeting adjourned at 6:05pm.

## Merger committee issues/concerns, Adjourn