



**Town of Berlin  
Municipal Office Building  
108 Shed Road**

**Berlin, VT. 05602  
Regular Select Board Meetings  
1<sup>st</sup> & 3<sup>rd</sup> Monday of Each Month**

**Monday, December 7, 2015  
6:15 PM**

Selectboard Members: Ture Nelson, Chair; Jeremy Hansen, Vice Chair; Roberta Haskin, Secretary; Brad Towne and Pete Kelley. Present: Dana Hadley, Town Administrator; Diane Isabelle, Town Treasurer. All items are unanimous unless otherwise noted.

**APPROVED MINUTES**

**Call to Order**

Meeting called to order by Chair Nelson.

**Local Options Tax Hearing**

A presentation was given by Selectman Hansen about the local options tax. Information about what is and is not applicable to the tax as well as monetary figures and ways in which the estimated \$420,000 could be spent. Discussion was opened after the presentation. Brian Zecchinelli from the Wayside restaurant presented his opposition to the LOT. Susan Rich asked what would happen if the state changed sales tax to 7% and if the town would then have 8%. The answer given was yes. She voiced an opinion in opposition. She then asked if the towns who currently have a LOT have lower property tax rates because of it. Hansen explained that analysis had not been done on the topic. Kelley explained that it would depend on what a town decided to use the money for (tax reduction, roads, police, fire department, etc). Haskin explained that one of the reasons the board had been asked to consider the LOT was discussion about how active the police are due to the amount of people who are not residents. The police spend a lot of time dealing with people who are not residents and the LOT came up as a way to combat the added expense of having police tied up with issues that are caused by out of town residents (such as accidents and retail thefts) and to maintain the roads. Haskin explained her stance as one that is not opposed to the tax but she does not support adding the tax to rooms and meals. A resident asked about use tax, Jeff Dooley from the Department of Taxes was present to answer the inquiry. He explained that there is not additional local options tax in a situation of use. A resident of Barre who works in Berlin at Bouchard-Pierce explained that he has never had people from the Burlington area come to their store but has heard of people going to Burlington area to shop from this area and end up paying a local options tax (Williston was mentioned). He discussed a slide on the presentation that named the towns in Vermont that have a LOT and that the towns were all in tourist areas where many people are doing business. He expressed the opinion that the expectations are optimistic. Bob Wernecke explained that he is not sure how he would vote but is generally against any new tax but recognizes some of the benefit. He explained that he knows for sure he would vote against it if the profits were used for anything other than reducing property tax. He would want 100% of the income to go towards tax reduction. Nat Shambaugh asked if there is any idea how much of the potential income would come from Berlin residents. There were no figures to accurately predict that answer. Kelley explained that his take on the thinking behind trying a LOT was that if traffic is predicted to be 40-60% out of town people then more would come from them. That is estimated on traffic flow so there is no proof but there is an out of town traffic estimate from traffic flow. Chair Nelson explained that he has been saving his receipts over the last few weeks and of the estimated \$170 spent, about \$.30 would be added for LOT as a case study/example of how he would be affected by the tax. Chuck Storrow, a lawyer in Montpelier who

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represents Berlin Mall and was accompanied by Gerry Halifin who manages the mall, started by stating that the mall pays about \$300,000 a year in property tax and took on a \$250,000 project to redo the traffic lights on Fisher Road in order to receive approval for expanding the Walmart as examples of the tax paid and projects agreed to by the mall. He asked that it be kept in mind and expressed opposition to the tax as it is difficult for “brick and mortar” shopping to compete with the increase in internet shopping and it adds another factor. The mall manager explained the difficulty faced by retail shopping companies. Greg Isabelle of Barre Electric explained how a tax free holiday greatly increased business and agreed with representatives of other retail businesses in his opposition of the LOT. He discussed that a lot of traffic in his West Lebanon store is out of state, often Vermont, residents wanting to get that 6% break from tax. He has had discussion with people at the Berlin store and remarked that he had yet to talk with someone in favor of the 1% increase. Hansen asked how many of those people have been Berlin residents. Mr. Isabelle estimated 1-2%. Nelson asked if LOT is exempt on sales tax holidays which it is. Jeff Blow from Jet Service Envelope, who admitted to being a non-resident, explained he was perplexed to hear that the Economic Development Committee (EDC) was presenting the LOT. He explained he was confused about a tax proposal coming from the EDC. Hansen explained the original proposal came from an economic analyst around 2008 and that one of the options (of about 20) that had been presented by that person was to look into a LOT as an avenue for other revenue and has been actively discussed for about a year at EDC meetings. Mr. Blow praised the board for looking at all options to raise revenue as he understands it is not an easy task to balance the needs of residents. He expressed the opinion that he pays taxes and enjoys a relatively low commercial rate but also believes that should not be taken as an invitation to raise taxes. He explicitly stated that he does not support a LOT. He explained that it would lead to cumbersome work to figure out who, what and what is not taxable and making sure that money got set aside and delegated to the LOT. It would be more accounting and paperwork. He explained the ratio should be \$1 to \$1. He believes small local businesses would be most negatively affected. George Malek from the Central Vermont Chamber of Commerce opened by explaining that he, personally, is not a tax payer but that they pay taxes as a corporation. He expressed disapproval of the tax on behalf of the Chamber of Commerce. He explained a few discrepancies in a recently released flyers and apologized for the mistaken content. He noted that Berlin businesses pay more than half the property taxes so do contribute to services such as police. He went on to explain that the perception of high tax could lead people to avoid it. He explained that big ticket items are most vulnerable to being hurt by LOT. A resident expressed general disapproval of the tax and went on to ask if the logistics of spending the money would also be in the budget that is discussed every two years and how it would be decided what percentage to reduce property taxes. Nelson agreed that it was a good question and something that would need consideration. Gary Hass, a commercial business owner, explained his belief that though nine towns in the state have the tax Berlin is better off without it so Berlin will look attractive for shoppers and businesses. Chair Nelson closed the public hearing at 7 pm.

### Changes to Agenda

None.

### Public Comment

None.

### Treasurers Report

Isabelle reported that she will be scheduling one tax sale within the next month and there is the possibility for one other. The Board of Abatement will be creating a form to ask for the information more precisely so that it is easier to do the required paperwork.

### Approval of Licenses, Permits, Vouchers, and Applications

Hansen asked about a charge for an internet router purchased from Staples. Hadley replied that it was purchased for use by the police department. Hansen then asked who configured the router. Hadley to find

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that answer. Hansen asked because if it was set up with default settings those settings may not be best for the police department. Hansen moved to approve payroll warrant number 16-12 for November 15, 2015 – November 28, 2015 in the amount of \$44,155.50. Accounts payable warrant number 16g14 with checks 15720-15761 in the amount of \$99,291.08. Also accounts payable warrant number 16-w6 water division with checks 10021-10023 in the amount of \$3,963,584.55. Reconciled bank statements for November 15 to the general fund and water division. Seconded by Haskin. Passed unanimously.

### David Armstrong- Green Mountain Transit Authority

Armstrong, planning manager of GMTA and CCTA, was present to discuss the 2015 annual report and letter of request. He provided the documents and explained that they are level funded again and are asking for \$10,920 from Berlin. He explained the regular routes as well as the special medical busses. 91 Berlin residents used the latter service. Nelson asked if any changes are expected to the planned routes. There are not any changes expected though routes are being considered for augmentation to increase services. Some time is being added to latest two shifts. Hansen asked if there are stops for the Northfield commuter in Berlin. The building that was previously a gas station in Riverton is used as a stop for that route. Hansen mentioned possibly having the Muzzy Road park as a stop. Armstrong discussed a route sponsored by CVMC as an example of the type of partnership that CVTA is pursuing. Hadley asked what percentage of income comes from riders. It was discussed that \$1 is made on local routes but he will provide the percentages once he has found the accurate information and will send it to Hadley.

### John Mudgett- Mudgett, Jennet & Krogh-Wisner, P.C. – Presentation of FY '15 Audit

Mudgett explained the two items that had been sent. One was a packet containing financial statements and auditor reports. The other was a three page letter to the board to explain communications important during an audit. He went on to explain a few changes in the audit. One was an addition of an item regarding pensions as the result of auditing rules changes. He pointed out the areas where this new item is present in the audit. He briefly reviewed the pages of the provided materials. He explained the audit findings. Isabelle discussed one of the findings with Mudgett as it was timely but there was an error in an entry. She also discussed that one of the findings was something she asked about when the auditor was in the office. Mudgett encouraged Isabelle to contact the auditors any time during the year to have questions answered ahead of time. She asked about the new rules on pensions and what will be expected of her in preparation for the next audit. Nelson asked how far off the numbers were on finding three. Isabelle recalled it was around \$900 because she had tried to fix it. Hadley asked about the water project and how to make sure that the accounting is done well for that project and upon completion. Mudgett explained that the accounting for the water system is much like that of a business so to be on top of recordings and call with any questions. Kelley asked if there is a set depreciation rule for the water project. Mudgett answered that he does not believe there is any set rule for the water project specifically but that depreciation will apply to buildings and equipment. Hansen moved to approve the final audit as presented. Seconded by Towne. Passed unanimously.

### Charter Change Amendments

Nelson asked for a list of proposed changes and a warning for town meeting. Hansen will send a copy to board members.

### Bid Result from Water RFP- Contract Operator

One bid received from Simon Operational Services from Waterbury with a bid of \$4900 per month to manage the system. The bid has been reviewed by the engineer and Hadley and it is recommended that the bid be rejected. The engineer has reached out to that operator and a revised bid was sent for a total of \$26,000 per year instead of \$60,000 per year. The cost factors out to \$500 per week. The board discussed other options. Hansen moved to authorize Dana Hadley to sign the water facility operation and maintenance agreement with Simon Operational Services effective December 9, 2015 for the duration of 1 year at \$2200 per month. Seconded by Kelley. Passed unanimously.

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Bids Received for 2011 Chevrolet Tahoe

One bid received. Thomas Stacey (of Route 302 auto sales in East Barre) submitted a bid for \$7,777. The minimum asked was \$6,000. Hansen moved to accept the bid from Thomas Stacey in the amount of \$7,777 for the 2011 Chevy Tahoe. Seconded by Towne. Passed unanimously.

Town Administrator Report

The water project has kept Town Administrator Hadley busy and the project is progressing well.

A letter was received from the Vermont Association of Chiefs of Police. The board has been invited to attend a luncheon at the Capital Plaza in Montpelier on January 12 to sit with legislators and discuss police legislation.

A letter was received from the Vermont League of Cities and Towns. They had gone to the town garage to check safety and was impressed with the improvements made and that their impression was that it looked like a safe and neat shop.

Approval of Minute(s) of Previous Meeting(s)- 11/16/15

Kelley moved to approve minutes of the Monday November 16 meeting as presented. Seconded by Hansen. Passed 4-0 with 1 abstained.

Round Table

Hansen asked if there had been contact with the resident who had been having trouble with gravel in the road. An email had been sent but no reply received.

Hansen moved to adjourned. Seconded by Haskin. Passed unanimously.

For the Select Board:

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Bethany A. Towne