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**CITY OF ESSEX JUNCTION  
CITY COUNCIL  
SPECIAL MEETING – FY26 BUDGET  
MINUTES OF MEETING  
December 3, 2024**

**COUNCILORS PRESENT:** Raj Chawla, President; Amber Thibeault, Vice Chair; Tim Miller, Clerk; Marcus Certa, Elaine Haney.

**ADMINISTRATION:** Regina Mahony, City Manager; Greg Duggan, Town of Essex Manager; Karen Adams, Deputy Town of Essex Manager; Colleen Dwyer, HR Director; Chris Gaboriault, Fire Chief; Michael Giguere, City Planner; Ron Hoague, Chief of Police; Wendy Hysko, Library Director; Ricky Jones, Public Works Superintendent; Karen Lemnah, Assessor; Brad Luck, EJRP Director; Susan McNamara-Hill, Clerk; Chelsea Mandigo, Water Quality Superintendent; Jess Morris, Finance Director; Harlan Smith, Grounds & Facilities Director; Ashley Snellenberger, Communications & Strategic Initiatives Director; Chris Yuen, Community Development Director.

**OTHERS PRESENT:** Dorothy Bergendahl, Alex Carmical, Diane Clemens, Jeanne Grant, Sheila Porter, Hannah Tracy, George.

**1. CALL TO ORDER**

City Council President Chawla called the meeting to order at 8:30 AM.

**2. AGENDA ADDITIONS/CHANGES**

None.

**3. APPROVE AGENDA**

None needed.

**4. PUBLIC TO BE HEARD**

a. Comments from public

None.

**5. BUSINESS ITEMS**

a. Discussion of the proposed FY26 General Fund and Enterprise Fund Budgets

**Overview, Revenues**

City Manager Mahony began by noting that FY26 will be the third City budget and will be the first year that a comparison to actuals (FY24) is available. She noted that staff were asked to produce a budget with no greater an increase than 3%, and that this proposed budget includes a 2% increase on expenses for the General Fund and a 1.4% increase on the tax levy. She said that staff have also prepared preliminary rates for enterprise funds to give the Council and public a sense of the overall impact on residents and taxpayers for FY26. She noted that overall, this translates to a \$38 tax increase per year on a \$280,000 home over FY25.

City Manager Mahony provided overall comments about General Fund expenses. She noted that while personnel costs account for the largest share of the General Fund budget (about 35%), staff are the City's greatest asset. She noted that no new positions are included in this budget except for a Stormwater Coordinator, in anticipation of the development of a stormwater utility for the City. She spoke about General Fund reductions, which include conservative budgeting across departments, moving expenses out of the General Fund to enterprise funds where it makes sense to do so (EJRP, for example), achieving efficiencies in a number of service contracts and vendors, reductions in IT expenses, and an increase in the share of health insurance premiums paid by employees. She spoke about potential challenges for the FY26 budget, noting that some specific lines are tight (like repair and maintenance), that reducing line items this year may result in larger increases in future years, and that the proposed budget works against best practices of having a larger maximum unrestricted fund balance. She also noted staffing challenges with vacancies and difficulty

57 hiring for some positions, and noted that the City did not receive a state energy grant to help defray costs for  
58 2 Lincoln Street renovations. She noted several additional budget items for consideration that are not  
59 currently in the budget, including an additional \$50,000 for wages and benefits, \$25,000 for cost-sharing a  
60 position at CCRPC that would work specifically on DEI initiatives with municipalities, items on the Strategic  
61 Action Plan Project List, \$3,750 for GBIC, and items related to the Historical Society, COTS, and the Cancer  
62 Patient Support Foundation.

63  
64 City Manager Mahony then spoke briefly about the Strategic Plan and Department Workplans, and how the  
65 Strategic Plan and the Council's prioritization list have informed each department's workplans, and how that  
66 ultimately feeds into this proposed FY26 budget. City Council President Chawla asked about an opportunity  
67 to have a Council retreat on the work plans, and City Manager Mahony replied that they anticipate having  
68 work plan updates and then a retreat in the spring.

69  
70 City Manager Mahony provided a summary of General Fund revenues. She noted that they are largely  
71 comprised of property taxes, but also include PILOT payments, administrative fees, Act 60 and Act 68  
72 revenue, interest, and a new line item for cannabis control fees.

73  
74 **Fire**

75 Chief Gaboriault began by noting that the budget has largely remained consistent with the prior year, with  
76 noted expense increases over FY25 in part time salaries, social security, and the Act 76 childcare tax. He  
77 noted that the turnover among personnel has been relatively low, and that the roster of staff remains strong.  
78 He noted that fire calls for the 2024 calendar year have been about 10% higher than last year. City Council  
79 President Chawla asked how many of those calls are EMT or rescue-only, and Chief Gaboriault replied that  
80 EMS volume has been down, which he suspects is due to Essex Rescue's staffing of a second ambulance  
81 during weekdays. He said that this is generally a very workable budget, and noted that they have planned  
82 for future capital expenses within the rolling stock and capital budget. He spoke about the inclusion of a  
83 command vehicle in the capital requests for future years, and that this vehicle would be assigned to chief  
84 officers.

85  
86 **Town – Police, Assessing**

87 Town Manager Duggan provided an overview of the Police budget, which is a shared service between the  
88 Town of Essex and City. He noted that salaries increased modestly, due to a number of retirements. He  
89 noted that there are currently five vacancies in the department, and that they are working to fill those. Chief  
90 Hoague noted that salaries in other municipalities (such as Milton) are higher, which could make it difficult to  
91 attract recruits at current salary levels. He also spoke about increases in the animal control line items in the  
92 budget, potential cuts to the Community Justice Center line items in the budget due to a change in funding  
93 streams at the state level for those services, and an increase in expenses for the Howard Center street  
94 outreach team, due to reduction in funding at the state level. He spoke about the value of the services  
95 provided by the Howard Center through this program, which include more specialized social work, and that  
96 more funding from Essex could result in more consistent coverage from the team in the Essex community.  
97 He also spoke about the third vehicle they would be replacing in FY26, and Town Manager Duggan spoke  
98 about the vacancy allowance in the budget, which assumes that some of the vacant positions within the  
99 Police Department will remain unfilled for the year.

100  
101 Assessor Lemnah spoke about the Assessing budget, noting that the largest increase is in the IT line, given  
102 the need for more robust technology. Town Manager Duggan noted that because the reassessment will not  
103 be completed by June of 2025, there will still be a shared services agreement for assessing between the  
104 Town and City. Assessor Lemnah noted that the delay is due to the difficulty in finding and retaining data  
105 collectors.

106  
107 **Brownell Library**

108 Library Director Hysko spoke about the Library budget. She noted that to stay within the 3% limit for increases  
109 and accommodate salary and insurance increases, other items had to be reduced, such as digital services,

110 technology, and collection expenses. She noted that staff continue to feel stretched thin, which has been  
111 challenging. She also spoke about the non-traditional items that are available through the library, such as  
112 tents and other equipment. City Councilor Certa noted that the state's department of libraries reports wildly  
113 different statistics across libraries in Vermont and asked why that might be, and he also noted that the budget  
114 has been over actuals since 2022 by \$30,000 or more, and asked whether this budget may also be over-  
115 projected. Director Hysko replied that the state's department of libraries website does not give guidance on  
116 costs, so the numbers across municipalities are not comparable. Councilor Haney said she went through  
117 these comparisons with the Library trustees last year and volunteered to do so with Councilor Certa as well.  
118 Ms. Bergendahl, a Brownell Trustee, noted that the budget is a worst-case scenario and that coming under  
119 budget isn't necessarily a bad thing, and also cautioned that looking at the years immediately post-Covid  
120 does not give a good picture of the library's normal budgetary performance. Councilor Miller noted the high  
121 proportion of the budget that is for personnel, and asked about the possibility of having more volunteers at  
122 the library working part-time. Ms. Grant, Chair of the Brownell Trustees, noted that there are a large number  
123 of volunteers, but that there is a lot of specific knowledge that is required to help patrons using the library.  
124

### 125 **Buildings, Building Maintenance Fund**

126 City Manager Mahony began by speaking about the Buildings budget specifically for Brownell Library, noting  
127 that though it was presented at a 3% increase, she noted that the utility, cleaning, and repair and maintenance  
128 costs were increased to acknowledge the heavy use of the historic building. Councilor Certa asked whether  
129 the roof can be replaced with metal, rather than costlier copper and slate. Buildings and Facilities Director  
130 Smith noted that slate outlasts metal and that the overall roof doesn't need replacement but some repairs,  
131 both in its slate and copper components. He spoke about the need to make the front entrance ADA compliant,  
132 as well as replacing that portion of the roof in FY26.  
133

134 Director Smith noted that other than 2 Lincoln Street, the City's buildings are generally in good shape. He  
135 said that staff are constantly trying to make sure items that need attention are included in the repairs and  
136 maintenance line items so that they can stay in good condition and out of the capital budget. He provided an  
137 update on the renovations currently occurring at 2 Lincoln Street. He also provided more detail on the  
138 buildings line items for the Fire Station, Police Station, Park Street School, and Maple Street Park and  
139 facilities. Councilor Certa asked whether there are buildings other than the Library that need work to bring  
140 them into ADA compliance, and Director Smith replied that some of the buildings' bathrooms will require  
141 replaced toilet tanks to be ADA-compliant, but that the City's buildings are generally ADA-compliant.  
142

### 143 **Public Works – Streets**

144 City Manager Mahony began by noting that personnel costs are shared between Streets (within the General  
145 Fund), and Water/Wastewater/Sanitation, and that they are allocated based on the work each staff does for  
146 each. Councilor Haney asked about the \$50,000 called out by City Manager Mahony as a potential extra pot  
147 of funds to deal with some of the staffing issues and compression, particularly in Public Works. City Manager  
148 Mahony replied that public works positions are consistently underpaid, and that the pool of \$50,000 could be  
149 helpful to increase recruitment success. She also noted that the association contract required work to be  
150 done in the spring to study the compression issue, which some of that \$50,000 could also be used for. City  
151 Council President Chawla asked if the City has any mechanisms or flexibility to address salary issues prior  
152 to July, and City Manager Mahony replied that currently, the only way to adjust someone's pay is through a  
153 promotion, which is a fairly limited mechanism.  
154

### 155 **Enterprise Funds – Water/Wastewater/Sanitation/Stormwater**

156 Finance Director Morris began by noting that the Water budget is up about 7.4%, with the largest increase  
157 being the capital transfer. She noted that in the Wastewater budget, the department is scheduled for 11  
158 computer replacements, which will be covered by \$15,000 that otherwise would have been included in a  
159 capital transfer. Water Quality Superintendent Mandigo added that the City's biggest costs in this department  
160 are biosolids and chemicals. Councilor Haney asked if the City will no longer be able to do land application  
161 of biosolids, and Superintendent Mandigo replied that this will occur on the federal government's timelines  
162 for PFAS regulations, and the City will need to then solution for what to do with this portion of its biosolids.

163 Director Morris spoke about the Sanitation budget, noting that the largest expense is a \$50,000 capital  
164 transfer. Superintendent Mandigo noted that a significant amount of funding has had to be put into the pump  
165 stations this year. She noted that six of the City's eight pump stations have not been retrofitted in the last 20  
166 years, and that these costs are starting to add up. City Manager Mahony then spoke about the Stormwater  
167 budget, saying that it is largely focused on getting the stormwater utility up and running, and entails hiring a  
168 Stormwater Coordinator to help do so. City Council President Chawla asked what staff would include in the  
169 budget without the 3% growth increase, and Superintendent Mandigo replied that she would have allocated  
170 more funds for unplanned replacements. City Manager Mahony noted that enterprise fund budgets have  
171 generally come in above 3% in terms of increases from FY25.  
172

173 Director Morris then spoke about the enterprise capital reserve balances for water, wastewater, sanitation,  
174 and stormwater. She said that they all include projections out to FY40. She said that for wastewater, given  
175 the projected increased costs for biosolids and biosolid changes, she feels that they could reduce the capital  
176 transfer to help absorb some of the costs on the operating side of the budget, to blunt the negative impact to  
177 rate payers. She said that the sanitation fund is not in great shape, but should grow over time. She said that  
178 with some of the projects coming up, the City will likely have to bond or come up with a creative funding  
179 solution. She provided an update on the bond that will be on the ballot this year, but noted that there are no  
180 other anticipated bonds in the near future.  
181

### 182 **Capital/Rolling Stock/Transfers**

183 Director Morris walked through the capital, rolling stock, and transfer components of the budget. She showed  
184 projected spending, revenues, and ending fund balances for the capital and rolling stock funds through FY40.  
185 She said that the General Fund Capital Reserve contains the projects that are ranked by the Capital  
186 Committee, and said the committee has been working over the last several months to get better pricing  
187 estimates and cost estimates, particularly factoring in how inflation could affect those estimates. She said  
188 that most projects that go through the Capital Committee relate to streets, water, and sanitation, and that  
189 building-related capital projects have their own capital fund. Councilor Thibeault noted that the list of projects  
190 from the Capital Committee are what is known today, and that the continued transfer to the Capital Fund also  
191 allows for a cushion, should an unanticipated need come up in the future.  
192

193 Councilor Haney noted the best practice of having an unassigned fund balance of around 15%, and said that  
194 boosting this fund is more of a priority for her than the capital transfer. She asked whether they can allocate  
195 a portion of funding to the unassigned fund balance instead of the capital transfer, or allocate some of the  
196 Local Option Tax (LOT) funds to the unassigned fund balance. Director Morris replied that the City's  
197 unassigned fund balance policy requires no more than 15%, but does not contain a minimum threshold. She  
198 also noted that the City's unassigned fund balance policy was approved by the voters (which is not typical).  
199 Councilor Haney said she would be in favor of changing that fund balance language to a requirement, and  
200 said that the voters will likely support that. Councilor Thibeault said that she would be reluctant to take more  
201 funding out of capital transfers, given future known (and also unknown) capital needs. City Council President  
202 Chawla asked staff to put together scenarios of what it would take to reach a 15% unassigned fund balance  
203 by certain years (FY30 and FY32, for example), and different strategies for reaching that threshold. Councilor  
204 Haney emphasized the importance of continuing to search for additional revenue streams.  
205

### 206 **Economic Development/HHS/County-Regional/Economic Development Fund/LOT Fund**

207 City Manager Mahony began by speaking about the Economic Development Fund, noting that it was at \$0  
208 last year and they are proposing to keep it at \$0 for this year, even though it was identified as a priority in the  
209 strategic planning process. She said that despite this, a strong argument could be made that the Amtrak  
210 Station project, the Main Street Park project, the housing and urban amenities features that will come out of  
211 the Connect the Junction project will all help advance economic development in the downtown area. She  
212 also spoke about the Human Services category, which includes the Police Department, Essex Rescue, and  
213 the Essex Junction Cemetery Association. She then spoke about County and Regional functions. She noted  
214 a large percentage change for CCRPC, but this mostly has to do with going from an estimate to a known  
215 cost after separating from the Town. She noted a large increase for Green Mountain Transit (GMT), due to

216 the special assessment (but she noted that the special assessment is within the City Council's purview). City  
217 Council President Chawla noted that a lot of GMT's future (including the special assessment) hinges on what  
218 the legislature decides to fund during the next legislative session. Councilors agreed that this is an extremely  
219 difficult situation for GMT and municipalities to deal with. Councilor Haney noted that she would be open to  
220 speaking to GBIC and exploring what the City would get out of adding a line item back into the budget to  
221 fund their request. City Manager Mahony then spoke about the Economic Development Fund, which is at  
222 1% through FY27, and is currently being used to help fund the local match for the Amtrak project, the minor  
223 City expenses for the Crescent Connector project, and the match for the Main Street Park project. Director  
224 Morris spoke about the estimated revenue from the LOT, which is now at around \$900,000 per year. She  
225 noted that the current policy dictates that 25% of the revenue from the LOT goes to sidewalks and the  
226 remainder goes to capital.

227  
228 **Community Development**

229 Community Development Director Yuen began by noting that the revenue is increasing significantly for the  
230 Community Development budget due to the increase in zoning permit fees. He said that now that the rental  
231 registry program is not contemplated to fall under the Community Development Department, there are no  
232 anticipated staffing increases, and those expenditures are relatively flat. He noted that though the legal  
233 services line was level funded, it is possible to be over budget if the City is involved in litigation. He noted  
234 that as the City concentrates on more enforcement efforts, it should also anticipate putting more funding into  
235 legal services. He noted reductions in professional services, trainings, conferences, and travel. He noted  
236 anticipated funds for matching grant funds related to studies for pedestrian crossings on Pearl and Park  
237 Streets, which the transit-oriented development study will likely call for. He also noted that there is \$10,000  
238 associated with updating the Comprehensive Plan, but he hopes to leverage municipal planning grants at  
239 the State level to do more of a public engagement effort.

240  
241 **Administrative/Legislative**

242 City Manager Mahony spoke about the Administration budget, noting that the FY24 actuals were over budget.  
243 She said that there is \$15,000 included for another salary study, in anticipation of the next association  
244 contract. She noted that the potential \$25,000 for DEI work with CCRPC is not included in the budget (but is  
245 on the list of items for the Council to consider). She then spoke about the Legislative budget, which includes  
246 potential consulting services to help with the Governance Committee, as well as shifting actual hours for  
247 recording secretaries, and additional legal services support for any charter changes that come out of the  
248 Governance Committee.

249  
250 **Essex Junction Recreation & Parks General Fund/Program Funds/Capital**

251 City Manager Mahony began by noting some shifts between the General Fund administrative and program  
252 funds for EJRP. Director Luck added that the EJRP budget is up 7.5% for the Parks & Facilities budget,  
253 largely related to the regular and part-time salary increases. He also noted that EJRP staff have been  
254 devoting their time to more buildings-related activities than they had in the past, which is pulling them away  
255 from their parks-related duties and has been a source of angst. Director Luck then spoke about the EJRP  
256 program fund, saying that some of these projections have been hard to determine, given that it is difficult to  
257 predict next summer's enrollment and programming at this juncture. He spoke about the EJRP Capital Plan,  
258 which is funded by 1% on the grand list, and the allocations for next year include resurfacing the Main Street  
259 basketball court and skate park, paying off maintenance equipment, redeveloping Cascade Park, and putting  
260 an addition on the maintenance garage, and landscaping, tree, and turf maintenance.

261  
262 **IT**

263 Director Morris noted that the IT budget is down 8% overall. She noted where some expenses moved from  
264 one line item to another, noted that the pricing structure for some of their subscriptions and licenses through  
265 Open Approach has now been bundled (and there is a 7% increase in fees over a two-year period), and  
266 noted that device replacements that need to come out of enterprise funds are no longer included in this  
267 budget.

268

269 **Finance, Debt**

270 Finance Director Morris noted that the Finance budget is one where the City does not have much flexibility  
271 as far as working within the 3% target, as the budget is primarily staff salaries, services, and subscriptions.  
272 She noted increases in workers compensation and passive insurance that are driving overall increases.  
273 Director Morris also spoke about the Debt budget, noting that debt payments to the Town are still being  
274 included for the police station, as well as the capital improvement bond principal and interest.  
275

276 **Clerk**

277 City Manager Mahony and Clerk McNamara-Hill spoke about the Clerk budget. City Manager Mahony noted  
278 that Clerk McNamara-Hill will be reducing her hours to 32 per week beginning in January 2025, which also  
279 means a decrease in the salary line for FY26. The Council spoke about potential changes to election  
280 processes and timelines for FY26 and beyond, given more flexibility as a result of approved charter changes.  
281

282 **GENERAL DISCUSSION:**

283 City Council President Chawla expressed appreciation that the entire budget as a whole came in under the  
284 3% target, and acknowledged the number of difficult choices that staff needed to make to present a budget  
285 that met this request. Councilor Certa also expressed appreciation for the streamlined review process this  
286 year, and thanked staff for their efforts to present this budget. Councilor Haney said that she has taken a  
287 long-view lens of the budget, which is why she has been focused on the capital transfers and unassigned  
288 fund balance, saying that these are challenges that the City is going to have to tackle. City Council President  
289 Chawla expressed support for putting \$50,000 toward salary compression. He said he would also like to  
290 explore what it would take to start up a human services grant program similar to that of the Town. He also  
291 said it would be helpful to hear more from CCRPC about the DEI position that was proposed. Councilor Miller  
292 asked if the special assessment from GMT is going to be a separate ballot item, even if just as an advisory  
293 item. City Manager Mahony said staff would look into this. Councilor Haney expressed support for both the  
294 \$50,000 to address salary compression and the \$25,000 to help fund the DEI position through CCRPC,  
295 though she said she would like to see CCRPC's white paper prior to agreeing to help fund the position. She  
296 said she also agrees with supporting the other additional items for consideration, but would also like to  
297 explore setting up a more formalized process, such as a human services grant program.  
298

299 City Manager Mahony said that the Council will further discuss the process and timeline for the FY26 budget  
300 at its December 11, 2024 meeting.  
301

302 **6. COUNCILOR COMMENTS AND CITY MANAGER REPORT:**

303 None.  
304

305 **7. ADJOURN**

306  
307 **Councilor Certa made a motion, seconded by City Council President Chawla, to adjourn the meeting.**  
308 **The motion passed 4-0.**  
309

310 Respectfully Submitted,  
311 Amy Coonradt  
312