

My questions/concerns will focus on Waitsfield although these subjects are also applicable to our sister towns of Fayston and Warren, although to a lesser extent.

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1. The proposed LOT is a tax that will increase the tax on a vast array of currently taxable transactions. For those who already struggle with the expense of living in Waitsfield, there appears to be no provision in the current LOT proposal to address the disproportionate impact of this added expense on those least able to afford it. ****REPLY**** – The state statute governs the LOT and makes no provision for distinguishing income levels as to application of tax, it is just a 1% add to existing sales tax. The committee did do an analysis based on state data to see the impact on lower income individuals and families. Since most all the necessities are not subject to sales tax, the LOT was not seen as overly burdensome impact on those at the lower level of income.
 2. Why should Waitsfield agree to this LOT proposal when: a) it will create an alternate sovereign-like authority over taxing and spending, at a minimum; b) there are few safeguards for Waitsfield, beyond the makeup of the LOT commission; c) our sister towns of Fayston and Warren will each have an equal fraction of decisional authority as Waitsfield, despite the significant Waitsfield focus for LOT taxation and funded endeavors; d) this deference of government-like authority, at a minimum relating to LOT taxation and spending authority, may undermine and complicate Waitsfield's local governance and decision-making. ****REPLY**** The approach of the committee is one looking at the whole Mad River Valley community. In order to protect any one town from being isolated in the decision process, the by-laws provide that all towns must vote in the affirmative to decide on an award. As to the significant Waitsfield focus of LOT taxation, it is the taxpayers of all towns as well as visitors to the MRV who would be paying the LOT, not just Waitsfield residents. It is fully recognized that Waitsfield is the commercial hub of the MRV; thus, it is only logical that the majority of retail LOT taxes collected would be collected by Waitsfield located businesses, which may be owned by non-Waitsfield residents.

Waitsfield is on a trajectory of fiscal austerity designed to alleviate long term debt and manage current budget needs, which in tandem will provide relief for Waitsfield taxpayers. The proposed LOT tax does not seem to align with the town's goal of tax relief and, in fact, appears to undermine it. ****REPLY**** – Paying debt service is not recognized as an investment for the future. Waitsfield needs to address its debt challenge and adjust the property tax accordingly.

3. If Section 902-4(6) of the draft charter survives, dealing with "public safety measures," what exactly does this measure mean? Into what investment category does this fall? And, how will this be funded? ****REPLY**** The committee sees public safety as a community benefit. The funding would be come from the MRV FLO based on grant application made by a town or NGO as it relates to public safety.

4. The draft charter, at 902-26 (b)(1) and (2), specifies that the PD will develop its own budget and shall: a) assess each town's portion of that budget; b) decide when those assessments are due and payable from the towns, and (c) mandate that the towns will include those assessments as a line item on the property tax bills in order to collect the appropriated amount. In the event that the actual expense of a LOT funded project exceeds, for any reason, the tax revenues intended for that endeavor, would (could) that tax shortfall make its way into the PD's budget demand of member towns? ****REPLY**** – This section is merely codifying the existing budget process at the MRVPD, which a charter must do; dictating how the organization must function. As per the original Articles of Agreement for the MRVPD, if a member was to leave the MRVPD and/or the MRVPD were to dissolve, any remaining liabilities of the MRVPD not covered by assets of the MRVPD, the members would be equally responsible for covering those liabilities. However, the MRVFLO and the MRVPD budgets are separate and no monies or liabilities would be comingled. If in the opinion of legal counsel that door is open the charter will need to be changed to close such door.
5. What is the plan to fund ongoing or recurrent LOT project expenses, both planned and unanticipated? Could/would any such expenses be transferred to the member towns? ****REPLY**** It should be clear the grantee is responsible for project expenses. The MRV FLO accepts no responsibility for a project other than as grantor of funds. However, there may be a situation where a grant is awarded with subsequent year grant awards; these would become ongoing liabilities of the MRV FLO. Future collections of the LOT by the MRV FLO would be reduced by those liabilities. There is no imaginable situation where a future grant award could be transferred to a member town.
6. What is the plan to fund litigation, whether brought against or by the PD, associated with a LOT funded endeavor? Under what circumstances could those litigation expenses pass through to the member towns? ****REPLY**** These funds would be funded through the reserve and administration allocations of the fund. As grantor the MRV FLO might sue a grantee for misrepresentation or fraud. These are highly unlikely situations, albeit anything is possible, in that we are envisioning dealing with municipalities and NGO as grantees and in very limited situations with private individuals or businesses.
7. It is foreseeable, if not likely, that litigation brought against a LOT funded project will also identify and name member towns as defendants. Will towns be expected to fund their own litigation costs, even if only to defend against a pro forma or frivolous claim? ****REPLY**** Anyone can sue anybody, so yes there is such a possibility. The MRV FLO has no such intention and would have members named as additionally insured on their general liability policy.
8. The 7/18 version of the proposed charter was amended by an 11/18 version that eliminated PD borrowing, bonding and capital reserve authorities. However, Section 902-4, "Powers," gives the PD, per 24VSA4866, all powers listed therein, which include any powers possessed by the member towns. Does this latter reference in the charter in effect reinstate municipal authorities of borrowing,

bonding, capital reserve funding and other financial authorities? ****REPLY**** It is not the intent and it is not stated as a right of the MRVPD, now or in the charter. The MRVPD has no intent or envisioned need to borrow, bond or establish a capital reserve fund.

9. Has the PD compiled and evaluated the many endeavors, from tangible projects to town plan improvements, Waitsfield has undertaken over the last 5-10 years? If so, can the PD articulate its dissatisfaction, if any, over the number, quality or value of these activities and whether that dissatisfaction served to inspire the current LOT proposal? ****REPLY**** There is no dissatisfaction with any projects Waitsfield has implemented over the past years. The need for making investments is not a town specific issue. The WHY as explained in the presentation and case statement and is MRV wide.
10. Has the PD fully considered an alternative model that would operate through an inter-local agreement among the member towns to consider the support and funding options for new proposed projects? Such a model would: 1) invite the three towns' officials to jointly consider proposals; 2) place the decision making squarely in the hands of elected officials who would be directly accountable to the public; 3) invite the use of a LOT, if necessary and prudent, tailored in duration to a particular proposed project; 4) require no new charter; and 5) employ the services of the PD to construct and assist the towns to implement the inter-local agreement, a task seemingly in line with the purposes originally intended for the PD. ****REPLY**** Such an idea was explored but due to the desire to remove as much as possible political manipulation from the process, a regional collection and a more public process of managing the funds was seen as the best solution for a long-term investment strategy.
11. During a presentation of the LOT proposal it was explicitly stated that any significant project development in Waitsfield will necessarily involve the construction and operation of a central waste water collection system. In light of Waitsfield's prior, expensive work on, and ultimate rejection of, the "big pipe" option, should Waitsfield citizens prepare themselves to re-engage over this divisive issue? Further, what costs from such an expensive project could/would become a Waitsfield-only expense? Does such a project run counter in any way to the decentralized systems currently in operation in Waitsfield ****REPLY**** Fair question – to answer this question intelligently is to say the amount of available land within the Waitsfield Town Plan designated as growth centers needs to be inventoried. From that inventory the level of density can be assessed, and then a determination of the type of solution to wastewater can be made. It is envisioned the MRV FLO could provide up front funding to this assessment work, it could also provide the match for a state or federal grant, it could provide an annual long-term contribution to fund bond payments thus eliminating a property tax impact. The issue of housing and related wastewater and infrastructure is not a Waitsfield issue. The issue is MRV wide and the solutions should be shared by the whole Valley.

12. In what ways, if any, could/would LOT taxation, spending and project work interfere or conflict with the town's exercise of similar authority or project work?
****REPLY**** Yes, if this plan as presented was enacted, all member towns would give up their right to implement a LOT. Any town could make a grant request to the MRV FLO for a project