

1 H.539

2 Introduced by Representative Scheuermann of Stowe

3 Referred to Committee on

4 Date:

5 Subject: Municipal and county government; municipal charters; Town of

6 Stowe; amendment; Stowe Fire District No. 3; merger

7 Statement of purpose of bill as introduced: This bill proposes to approve the

8 amendment to the charter of the Town of Stowe and to approve the merger of

9 the Town and Stowe Fire District No. 3.

10 An act relating to approval of amendments to the charter of the Town of  
11 Stowe and to the merger of the Town and the Stowe Fire District No. 3

12 It is hereby enacted by the General Assembly of the State of Vermont:

13 Sec. 1. CHARTER AMENDMENT APPROVAL

14 The General Assembly approves the amendment to the charter of the Town  
15 of Stowe and the merger of the Town and Stowe Fire District No. 3 as set forth  
16 in this act. Proposals of amendments and the merger were approved by the  
17 voters on March 5, 2019.

18 Sec. 2. 24 App. V.S.A. chapter 153, subchapter 15 is amended to read:

19 Subchapter 15. Merger Transition Provisions

20 \* \* \*

1     § 1508. MERGER OF STOWE FIRE DISTRICT NO. 3 AND THE TOWN  
2             OF STOWE

3             Effective as of July 1, 2019, Stowe Fire District No. 3 shall merge with and  
4     into the Town of Stowe. Stowe Fire District No. 3 shall, except as provided  
5     otherwise for transition purposes, cease to exist as a municipal corporation.

6     Sec. 3. TRANSITIONAL PROVISIONS; PLAN OF MERGER; ASSETS  
7             TRANSFERRED AND LIABILITIES ASSUMED

8             (a)(1) Upon the effective date of the merger, all of the right, title, and  
9     interest of Stowe Fire District No. 3 in and to the assets and property of Stowe  
10    Fire District No. 3, both real and personal, of whatever kind, nature, and  
11    description, shall transfer to and become assets and property of the Town of  
12    Stowe without any further act, deed, or instrument being necessary.

13            (2) To the extent that Stowe Fire District No. 3 is, as of a date one  
14    month prior to the effective date of merger, unable to document, to the  
15    reasonable satisfaction of the Town of Stowe, that Stowe Fire District No. 3  
16    has record marketable title to all of its real estate, title to and exclusive  
17    possession of all of its physical property and assets, and, to the extent that  
18    water lines, pumps, reservoirs, valves, shut-offs, curb stops, and any other  
19    assets comprising or appurtenant to the water system of Stowe Fire District  
20    No. 3 are located on, under, or within property owned by any entity or person  
21    other than Stowe Fire District No. 3, valid easements, rights of way, or access

1 rights over, upon, across, and through said private properties, Stowe Fire  
2 District No. 3 shall be obligated to pursue in good faith and to cure, to the  
3 reasonable satisfaction of the Town of Stowe, all such title or access “defects”  
4 on or before the effective date of merger.

5 (3) In the event Stowe Fire District No. 3 is unable, by the stated  
6 deadline, to cure any identified title or access defects, the Town of Stowe may  
7 nonetheless close on the merger and accept from Stowe Fire District No. 3  
8 such title and access rights as it then holds and possesses.

9 (b) Upon the effective date of the merger, all the liabilities, obligations, and  
10 indebtedness of Stowe Fire District No. 3 shall be assumed by and become the  
11 liabilities, obligations, and indebtedness of the Town of Stowe without any  
12 further act, deed, or instrument being necessary, except such consents,  
13 approvals, or actions of the lienholders or mortgagees of Stowe Fire District  
14 No. 3 as may be required.

15 Sec. 4. TRANSITIONAL PROVISIONS; PLAN OF MERGER;

16 SETTLEMENT OF FIRE DISTRICT AFFAIRS; FINANCES

17 (a)(1) Prior to the effective date of the merger, Stowe Fire District No. 3  
18 shall not incur any additional indebtedness or financial obligations and shall  
19 settle so far as possible its financial affairs.

20 (2) On the effective date of the merger, Stowe Fire District No. 3 shall  
21 turn over to the Clerk of the Town of Stowe all records, books, documents, and

1 personal property of Stowe Fire District No. 3 for the attention of the proper  
2 offices and departments of the Town of Stowe. Any funds (cash, investments,  
3 deposits, accounts, and receivables) in the possession or under the control of  
4 Stowe Fire District No. 3 on the effective date of the merger, and any monies  
5 or other revenues thereafter received by or addressed or made payable to  
6 Stowe Fire District No. 3, shall be transferred, endorsed to, and deposited in  
7 the Town of Stowe Water Fund.

8 (b)(1) If, at the effective date of merger, Stowe Fire District No. 3 has  
9 bonds or other long-term debt obligations or instruments outstanding, and its  
10 accumulated funds transferred to the Town of Stowe Water Fund pursuant to  
11 subsection (a) of this section are insufficient to fully retire (pay principal and  
12 interest payments thereof as the same come due from time to time until  
13 maturity) those long-term debt obligations, the current and any future water  
14 ratepayers, water customers, water users whose properties are located within  
15 the present boundaries of Stowe Fire District No. 3, and the owners of any lots  
16 within said boundaries classified as “R0” (collectively, “FD Customers”) shall  
17 be obligated to pay a surcharge, in addition to regular water rates, until  
18 sufficient funds are accumulated by the Town to retire the aforementioned  
19 long-term debt obligations.

20 (2) The surcharge shall be determined and apportioned among FD  
21 Customers consistent with the formula detailed in Article 5.2 of the Stowe Fire

1 District No. 3 Amended and Restated Rules, Regulations, and Schedule of  
2 Rates and Charges, adopted November 12, 2001.

3 Sec. 5. TRANSITIONAL PROVISIONS; PLAN OF MERGER;

4 INSURANCE COVERAGE

5 At all times prior to the effective date of the merger, Stowe Fire District  
6 No. 3 shall maintain in full force and effect all insurance policies in its name  
7 now in effect, shall fully cooperate with the Town of Stowe to ensure that  
8 insurance coverage continues on and after the merger date without gaps in said  
9 coverage, and shall take no actions or fail to take any action that, either alone  
10 or through the passage of time, shall cause any insurance coverage of Stowe  
11 Fire District No. 3 now in effect to lapse, expire, or terminate until after the  
12 date of merger.

13 Sec. 6. TRANSITIONAL PROVISIONS; PLAN OF MERGER;

14 CONTINUATION OF ORDINANCES, RULES, AND  
15 REGULATIONS

16 On the effective date of the merger, all ordinances, rules, and regulations of  
17 the Stowe Fire District No. 3 shall be repealed and cease to be in effect, as will  
18 the two agreements between Stowe Fire District No. 3 and the Town of Stowe,  
19 and thereafter, the ratepayers, customers, and users of the former Stowe Fire  
20 District No. 3 shall be ratepayers, customers, and users of the Stowe Water  
21 Department, and the terms, conditions, rates, and other provisions for the

1 delivery and sale of water to said ratepayers, customers, and users shall be  
2 governed by the ordinances, rules, rates, and regulations pertaining to the  
3 delivery and sale of water to ratepayers, customers, and water users of the  
4 Stowe Water Department, subject to Sec. 4, subsection (b) of these transitional  
5 provisions.

6 Sec. 7. TRANSITIONAL PROVISIONS; PLAN OF MERGER; CESSATION  
7 OF THE PRUDENTIAL COMMITTEE

8 (a) On the effective date of the merger, the Prudential Committee of Stowe  
9 Fire District No. 3 shall cease to exist.

10 (b) The Prudential Committee shall, until the General Assembly acts on the  
11 Plan of Merger, operate and manage Stowe Fire District No. 3 as it has been  
12 operated, but shall not:

13 (1) make any contracts, agreements, or other commitments to pursue,  
14 install, or construct capital improvements to its infrastructure;

15 (2) expend, commit, or dissipate in any way any accumulated capital  
16 reserve fund or funds of Stowe Fire District No. 3; or

17 (3) take any action or failure to act under circumstances reasonably  
18 foreseeable to be contrary to the intent or spirit of this Plan of Merger.

1       Sec. 8. TRANSITIONAL PROVISIONS; PLAN OF MERGER; COSTS OF  
2                   MERGER

3           (a) Each party shall bear its own costs and expenses related to developing,  
4           negotiating, and consummating this Plan of Merger, including but not limited  
5           to their respective attorneys' fees and the costs and expenses of warning and  
6           conducting meetings of the respective voters of Stowe Fire District No. 3 and  
7           Town of Stowe at which meetings this Plan of Merger shall be presented for  
8           approval by the voters, and any challenges or appeals thereto.

9           (b) If this Plan of Merger is approved by the respective voters of the  
10          parties, the Town of Stowe shall be responsible for the costs to submit the  
11          same to the General Assembly for its approval.

12       Sec. 9. TRANSITIONAL PROVISIONS; PLAN OF MERGER;  
13                   SEVERABILITY

14          If any provision of this enactment shall for any reason be held invalid, such  
15          invalidity shall not affect the remaining provisions, which shall be given effect  
16          without the invalid provision. To this end, the provisions of this charter are  
17          severable.

18       Sec. 10. EFFECTIVE DATE

19          This act shall take effect on passage.