

Memo



To: Abbie Sherman, Executive Director Vermont Economic Progress Council
From: Matthew Cooper and Jeffrey Carr, Economic & Policy Resources, Inc.
Date: June 21, 2022
Re: **Requested Support Discussion for VEPC Executive Staff Review of the Town of Killington “Master” TIF Application**

The purpose of this memorandum is to convey the results of our assessments of key criteria in our assigned areas of responsibility relating to the “Master TIF” application filed by Town of Killington (hereafter “the applicant”) seeking approval to utilize the State’s TIF financing tool to fund a defined set of future private sector growth enabling public water and transportation infrastructure investments. This memo report is intended to supplement the VEPC staff assessment as set forth in the Executive Staff Review memos dated March 3, 2022 and May 26, 2022. These materials overall are intended to assist the members of the Vermont Economic Progress Council (hereafter “VEPC”) in conducting its review of the Killington “Master TIF” application.

A Master TIF approach is generally undertaken as a risk mitigation strategy in the case where the TIF plan presented by an applicant demonstrates a sound overall strategy for grand list growth within the proposed TIF boundary, but lacks specificity on private, taxable development in the middle and long-term periods of the TIF retention horizon. The Master TIF approach allows the VEPC Board the option of approving the municipality’s use of the State TIF financing tool but requires the applicant to submit further, more detailed information in future prospective “phased filings” to further detail its plans prior to the issuance of TIF supported municipal debt that will be used to finance the prospective infrastructure spending, thus allowing further, more detailed review by the VEPC staff and Board of the specifics of each infrastructure development phase to help assure that the plans are sound and that the financial feasibility of the plan provided by the applicant stands a reasonable chance of generating the financial results necessary to successfully execute the TIF financial plan.

In the revised Master TIF filing by the applicant, we note that the developer of the Six Peaks Killington project has now been identified. Before this was provided, we expressed some concern about portfolio substitution risk¹ surrounding the prospects of the future development and timing of the Six Peaks development—which was proposed to be the sole private sector development project that would provide TIF grand list growth increment which would fund the bond repayment. The concern centered around the possibility that the developer of the project might not execute on the Six Peaks Development plan as presented because any money earmarked for that project would have likely had to compete with other investment opportunities that could be undertaken during the same time frame by a prospective private developer. Now that more information on the developer/builder relationship and agreement has been provided, that

¹ That is, the Six Peaks Development would need to potentially compete with a portfolio of other potential development projects on the prospect list of a prospective developer of the Six Peaks Development. The identification of the developer and the continuity with the analyst involved with the newly identified private developer for the private development of the Six Peaks project has reduced that previously higher level of “developer portfolio risk.”

previously expressed risk appears to have been significantly reduced relative to the original risk assessment we provided to the Council and VEPC staff when the identity of the developer was not known.

EPR staff has participated in numerous discussions between the applicant and VEPC staff with respect to having this application reviewed as a Master TIF application with partial findings on the various TIF District program review criteria—given the still developing nature of many aspects of the application. As such, this memo sets forth the results of the EPR Team’s analysis of the Town’s application materials in our areas of review under a Master TIF review protocol. This supplemental memo presents discussion, analysis and conclusions where information was complete (or nearly complete), and EPR was able to conduct a thorough review of the information and analysis provided.

As requested by the Executive Director of VEPC, the information provided in this memo is intended to assist the VEPC Board in its “Master” consideration and deliberation of the applicant’s information that has been provided through this stage of review. Pursuant to the VEPC staff’s request, EPR has been tasked with assisting the Council with addressing the following TIF assessment criteria:

But For Criterion: The EPR review team has been asked to evaluate key aspects of the so-called “But For” question—or more specifically: whether or not the proposed infrastructure developments, and the subsequent real property developments, would occur “but for” the approval of the TIF District and the use of the TIF District revenues, and/or would otherwise occur in a significantly different and less desirable manner using a “Master TIF review approach.”

Nexus: The EPR review team was also asked to evaluate the so-called “nexus” issue—to determine if the Council can make positive findings for this criterion under a Master TIF review approach. More specifically, we were asked to provide a review and analysis as to: (1) whether or not there are areas of the TIF district which are not served by the TIF-funded infrastructure improvements, and (2) whether or not there are aspects of the proposed infrastructure development plan which were not intended to serve development within the TIF district area.

Proportionality: The EPR review team was asked to evaluate whether or not the applicant’s project cost estimates for the proposed infrastructure and the proportions of infrastructure costs that are to be paid for with TIF revenues as proposed by the municipality were “reasonable and supported.”

Criterion A: Need: The EPR team was asked to complete an evaluation of whether or not the municipality’s proposed infrastructure development required substantial public investment over and above the municipality’s normal operating and/or capital budgets (including any prospective expenditures to be supported by general obligation bonded debt) in order to build the public infrastructure that is intended to catalyze the private sector development in the TIF District Plan under this criterion.

Criterion D: New or Expanded Business Providing New Full-Time Jobs: The EPR team was asked to evaluate whether the private development will likely result in the establishment of a new or expanded business, and that the new or expanded business will lead to the creation of one or more new, quality, full-time jobs that meet or exceed the prevailing wage for the region.

In addition, EPR was asked to provide review, analysis, and commentary on the information and projections provided by the applicant in the Master TIF Financial Plan from the standpoint of fiscal viability. EPR was also asked to provide a review on issues related to the market viability of the private development plan as contained in the updated Master TIF application from the Town.

Based on our review the criteria and issues that we were asked to review, EPR is recommending that the Council make positive findings on the “but for,” nexus, and proportionality criteria. EPR is also recommending that its review of the Town’s application includes sufficient information, data, and analysis for the Council make positive findings under Criterion A and Criterion D for those TIF Project Criteria. Finally, and based on our review and analysis, we are recommending that the Council leave “open” determinations on the viability of the TIF financial plan as presented and with respect to the market viability of the expected private sector development.

For the market viability assessment of the private sector development, we recommend the Council leave its review of the evidence open subject to the receipt and review of a complete and fully-executed development agreement between the applicant and developer and/or operator(s) of the Six Peaks development, and any additional information data, and analysis that is or would be reasonably considered to be material to the current anticipated infrastructure component and the private sector development construction cost estimates and timeline currently unknown to the Council affecting the market viability of the project.

With respect to the viability of TIF Financial Plan, we recommend the Council leave open this criterion until the applicant provides a detailed update to the financial plan that fully accounts for final development plan and timing of the Six Peaks Development, includes any augmentations to the TIF Financial Plan associated with any alternative grant funding secured for use in the TIF plan, and also includes a final or “close to final” infrastructure cost and development schedule at the point which “best estimates” for each can be made are presented either through a phased filing or some other convenient means.

However, even with positive findings made by the Council as recommended under the above-referenced criteria, we recognize it is customary under the Master TIF determination policy that TIF applicants file additional detailed information, data, and analysis regarding each infrastructure development increment as part of a phased filing (or phased filings—whichever is applicable) under this Master TIF application plan.

The following items are listed according to the order of the VEPC Executive Staff Interim Review document and where additional analysis and input was requested from EPR.

B. The “But For” Criterion: 32 VSA §5404a(h)(1)

“(1)(A) Review each application to determine that the infrastructure improvements proposed to serve the tax increment financing district and the proposed development in the district would not have occurred as proposed in the application, or would have occurred in a significantly different and less desirable manner than as proposed in the application, but for the proposed utilization of the incremental tax revenues.

(B) The review shall take into account:

(i) the amount of additional time, if any, needed to complete the proposed development within the tax increment district and the amount of additional cost that might be incurred if the project were to proceed without education property tax increment financing;

(ii) how the proposed development components and size would differ, if at all, including, if applicable to the development, in the number of units of affordable housing, as defined in 24 V.S.A. § 4303, without education property tax increment financing; and

(iii)(I) the amount of additional revenue expected to be generated as a result of the proposed development;

(II) the percentage of that revenue that shall be paid to the education fund Education Fund;

(III) the percentage that shall be paid to the municipality; and

(IV) the percentage of the revenue paid to the municipality that shall be used to pay financing incurred for development of the tax increment financing district.”

The Council must determine:

1. Whether the infrastructure development would occur without the utilization of the TIF-based incremental property tax revenues; and
2. Whether the real property development would occur without the infrastructure development as presented in the Master TIF Application plan.

Materials Reviewed:

Master TIF Application Plan and Narratives submitted by the Town of Killington
TIF Data Workbook – as of April 6, 2022
Amended TIF District Plan Map
Transportation Improvements Map

EPR Summary Discussion-Commentary:

For consideration of the “But For” question with respect to the proposed infrastructure development to be funded by revenues from the TIF increment, a key component for analysis is whether the development activity within the proposed TIF District is likely to have otherwise occurred without the TIF application approval, and/or would have

otherwise occurred in a substantially different and less desirable manner. The Killington Master TIF application plan narrative clearly states that the needed infrastructure investments would not otherwise occur (and indeed have not actually occurred in the past) without the upfront infrastructure development funding assistance that is to be provided through the Master TIF application approval subject to subsequent phased filings with further details regarding the plans for issuance of municipal TIF-supported debt. The application cites as evidence the multiple previous unsuccessful attempts to execute on many past development plans in and around the base of the ski mountain since the 1980s—all of which have failed because of the substantial upfront financial costs associated with building a municipal-like water system that would be capable of serving the planned private developments. In particular, the narrative speaks to the lack of significant private development at the base of the mountain and constraints on further development along the Killington access road down to the intersection of Route 4—primarily because of the lack of upfront and catalyzing water and transportation infrastructure development. The application materials present information and analysis from the Town’s most recent private partner (S & P Land),² which includes a multi-year, comprehensive, and already permitted ski village development plan which has clearly identified the need for a municipal water system as the key up-front, private sector development catalyst for that under-developed area. The application also extends that same argument in support of the need for additional transportation infrastructure investments to be financed by the Master TIF approval, and the subsequent phased filings for the municipal debt issuance associated with road infrastructure improvements to the Killington Access Road corridor through the border of the amended TIF District from the base of the mountain towards U.S. Route 4.

The application does not contain specific information about the scale, nature and timing of additional private investments, which is represented as potentially catalyzed by the road improvements and eventual completion of municipal water system access (Phases 2, 3, and 4, which are not included in TIF-funded infrastructure projects) along the Killington Access Road, other than to indicate that such development is likely should the applicant receive Master TIF approval to use the TIF financing tool. Even though the updated Master TIF application only includes Phase 1 of the water system improvements, the application also emphasizes the substantial water quality enhancements that would occur with the potential access to a municipal water system along the Killington Access Road. The Master TIF application also emphasizes the “complete streets,” multimodal, and safety enhancing nature of the transportation infrastructure investments Phase 1 through Phase 4 included in the Master TIF application—again assuming sufficient levels of positive “Master TIF” findings to enable the Town to utilize the State TIF financing tool.

From the above and based on the information and analysis provided by the Town, EPR believes there is sufficient information and analysis in the application to conclude that, without the significant infrastructure investments into the amended TIF District area’s water and transportation systems, the private development which would generate the

² Since the “Interim” version of this report, S&P Land has made an agreement with Great Gulf Group, who will be developing and building the Six Peaks Killington project. This partnership is not expected to change the fact profile, scope, or assumptions embedded within the overall development plan, and the application materials presented by S & P Land are expected to remain valid.

incremental property tax revenue would not likely occur as envisioned, and would very likely proceed in a materially different and less desirable manner than is proposed in the Master TIF application materials. In fact, without the municipal water system and transportation improvements, the only presently available alternative is for water requirements to be met through a system of on-site, individual wells (despite existing water quality issues), and for development to occur along the Town's major transportation corridor that already has safety issues, and includes a substantial amount of lower density, strip-like development.

As a result of the above, EPR believes it is reasonable and appropriate for the Council to conclude that the infrastructure investments and the corresponding private developments would not occur, or would occur in a significantly different and undesirable way, "But For" positive findings by the Council regarding the Town's compliance with this TIF criterion as set forth in the Master TIF filing.

C. Nexus: VSA 24 §1897

*" The legislative body may pledge and appropriate in equal proportion any part or all of the state and municipal tax increments received from properties contained within the tax increment financing district **for the financing for improvements and for related costs in the same proportion by which the infrastructure or related costs directly serve the district at the time of approval of the project financing by the council, and in the case of infrastructure essential to the development of the district that does not reasonably lend itself to a proportionality formula, the council shall apply a rough proportionality and rational nexus test...**"*

The Council must determine:

1. First, from the infrastructure perspective: What areas within the amended TIF District are being served by which infrastructure projects? If there is infrastructure proposed that does not serve the amended TIF District or would not have anything to do with causing the development to occur, the Council should question whether it be financed, in any proportion, by TIF revenues.
2. Second, from the TIF area perspective: Are there areas (Parcels included in the amended TIF District) that apparently are not being served by any of the infrastructure projects? Or are there areas that are already developed to their full market potential?
3. Finally, from the development perspective: Are there private development projects that are expected to occur regardless of the infrastructure improvements? If so, there may be an issue with the "But For" criterion, and the Council should ask whether there is truly any nexus between the infrastructure and the development project if the project is already developed or started.

Materials Reviewed:

Master TIF Application Plan as provided by the Town of Killington

EPR Summary Discussion-Commentary:

As noted in the Executive Director’s Staff Interim Report, the actual location of the infrastructure improvements is not a consideration for the Nexus question. In the case of the TIF funded infrastructure development phases proposed by the Master TIF application, there is a significant portion of the Water System and Road Improvement project which is physically located outside of the amended TIF district area. Even though this is the case, in considering the “nexus” of the infrastructure developments, the Master TIF application materials (including the narratives) do clearly state the nature and purpose of each type and phase of infrastructure developments. The revised application also clearly delineates the infrastructure developments’ connections to the anticipated private sector property value increment **inside the proposed amended TIF district’s boundaries** as a result of TIF funded infrastructure improvements. For example, the Master TIF application narrative states:

“...The water system is essential at all three locations because individual wells are not sustainable or considered safe. The alternative to a municipal water system for Six Peaks Killington is a private water system.”

“...Capacity, safety, and multimodal access on Killington Road are critical to building out these key parcels in Town. Six Peaks Killington will house residential homeowners and renters, host visitors, and employ service industry workers, office professionals, and maintenance staff. These users have varying needs for transportation – some in cars, some on bicycles, some who will walk from nearby lodging or housing (especially when the workforce and affordable housing projects are built), and some who will commute by bus from nearby communities. Without a road system to accommodate these users adequately and safely, the project cannot be built.”

We observe that the wells, pumping, piping, and storage infrastructure which are part of Phase 1 are planned as primary components of the water system which provide water services to the area within the amended TIF district. Lack of sufficient and affordable water sources have historically been a significant barrier to private sector development within the district area—even though most of that infrastructure is physically located outside of the proposed amended TIF district. The amended Master TIF application plan retains Phase 1 through Phase 4 of the proposed improvements to the road infrastructure, and much of Phase 2 through 4 is located outside of the amended Master TIF area. Since all Phases of the road improvement project are also necessary to improve capacity, safety, and access to and along the Killington Access Road, which is the main transportation artery in the immediate area of the district and one of the key transportation assets of the Town and the Killington Resort as a whole, the nexus with amended Master

TIF area development appears established. The Town in its updated Master TIF application also states that it intends to continue to pursue the initially proposed Phase 2 through Phase 4 of the Water System by funding the part of those improvements which are located outside of the amended TIF area using other potential funding sources.

Based on VEPC staff initial review of the original TIF District application and subsequent discussion with the Town, these elements have been withdrawn from the Master TIF application plan. As a result, we recommend that the Council make positive Master TIF findings that the entirety of the area within the amended TIF district is to be served by both the water system and road infrastructure improvements included in the Master TIF plan. The absence of both infrastructure improvement projects is also clearly represented by the applicants and supporting partners as two of the primary barriers to the parcels contained within reaching their full development potential.

For these reasons, EPR believes it is reasonable for the Council to make positive findings under this criterion; thereby concluding that the elements of the proposed TIF development plan, including all infrastructure projects and subsequent private development projects, do satisfy the Nexus requirements for the planned TIF-financed infrastructure developments as outlined in the Master TIF application.

D. Proportionality: 24 VSA §1897

“ The legislative body may pledge and appropriate in equal proportion any part or all of the state and municipal tax increments received from properties contained within the tax increment financing district for the ***financing for improvements and for related costs in the same proportion by which the infrastructure or related costs directly serve the district at the time of approval of the project financing by the council, and in the case of infrastructure essential to the development of the district that does not reasonably lend itself to a proportionality formula, the council shall apply a rough proportionality and rational nexus test...***”

The Council must determine:

1. What proportion of proposed infrastructure costs can be financed with TIF revenue based on the portion that serves the amended TIF District area? Remember that the proportionality you are determining is what proportion **serves** the proposed, amended TIF District area, regardless of the non-TIF revenue that might be available to the municipality. The proportionality determined by the Council is the maximum level of total project cost that can be financed with incremental TIF revenue generated by the prospective private development within the amended TIF District area.

Materials Reviewed:

Updated Master TIF Application Narrative provided by the Town of Killington
TIF Data Workbook – April 6, 2022
Infrastructure and Private Development Map
The submitted Proportionality Matrix

EPR Summary Discussion-Commentary:

The applicant has proposed that, for all 5 phases of infrastructure development projects (including the Water System Phase 1 and the Killington Road Improvements/Enhancements Phases 1 through 4), a total of 100% of the TIF District will be funded by incremental TIF revenues. Under TIF rules, three factors contribute to the calculation of the proportionality estimate: (1) percent of infrastructure that is constructed within the TIF district boundaries; (2) the percent of use of infrastructure within the TIF district; and (3) the percent of increased value that accrues to properties within the TIF district. The first two factors can be determined objectively and, in both cases, the applicant's representation of the percent of the infrastructure investment both within the boundaries of the proposed TIF district (as amended by the Master TIF application) and the percent of the proposed amended TIF district which will be served by the improvements appears to be reasonable and accurate. While a significant and vital portion of the Water System Phase 1 project, namely the water well, pumps, and storage components, is located outside of the district boundary, it is also true that 100% of the proposed, amended TIF district's geography will be served by these improvements. In addition, it is also true that the other 3 remaining phases of the planned Water System, which are not part of the amended TIF plan submitted for Master TIF approval, and will not be funded through TIF, are 100% dependent on the completion of the Phase 1 portion of the infrastructure development plan.

The third factor requires some subjective reasoning in order for the Council to make positive Master TIF findings under this criterion. However, it is worth noting that it is widely agreed upon, by both public and private stakeholders, that additional private sector development activity and the corresponding property value increases, will be dependent upon the infrastructure investments being made into public municipal water and transportation infrastructure improvements as presented in the updated Master TIF application's plan.

In addition to the representations of the applicant in the Master TIF application narrative, there are also multiple attestations attached to the application from public and private stakeholders which clearly state that the lack of such municipal water and transportation infrastructure as a significant, essentially insurmountable, barrier to private sector development of the type, scale, and timing as envisioned by the updated Master TIF application plan. These attestations are further bolstered by the reality that the private sector development projects as envisioned within the Master TIF application have been "proposed" in various forms for more than 20 years, with multiple public and private partners citing lack of upfront municipal water infrastructure development and an "inadequate" Killington Access Road as the primary financial and operational barriers to the private investment activity envisioned by the updated Master TIF application.

For these reasons, EPR staff believes it is reasonable for the Council to make positive findings that the proposed infrastructure "proportionality values" within the amended TIF District area as contained in the updated Master TIF application, appropriately reflect

reasonable proportionality values for both the planned municipal water and transportation infrastructure enhancements.

G. Project Criteria: 32 VSA §5404a(h)(4)

“Project criteria. Determine that the proposed development within a tax incentive financing district will accomplish at least three of the following five criteria:

(A) The development within the tax increment financing district clearly requires substantial public investment over and above the normal municipal operating or bonded debt expenditures.

(B) The development includes new or rehabilitated affordable housing as defined in 24 VSA §4303.

(C) The project will affect the mitigation and redevelopment of a brownfield located within the district. For the purposes of this section, "brownfield" means an area in which a hazardous substance, pollutant, or contaminant is or may be present, and that situation is likely to complicate the expansion, development, redevelopment, or reuse of the property.

(D) The development will include at least one entirely new business or business operation or expansion of an existing business within the district, and this business will provide new, quality, full-time jobs that meet or exceed the prevailing wage for the region as reported by the department of labor.

(E) The development will enhance transportation by creating improved traffic patterns and flow or creating or improving public transportation systems.”

In the revised Master TIF application, the applicant notes that it is addressing Project Criterion A (Need), Criterion D (New/Expanded Business), and Criterion E (Transportation). EPR is supplementing the Interim Staff Report on Criteria A and D.

Project Criterion A (Need): Will the Infrastructure Development Require Substantial Public Investment Over and Above the Capacity of the Municipality to Undertake It Without TIF?

The Council must determine:

1. Does the proposed infrastructure development within the proposed TIF District clearly require substantial public investment over and above the normal budget of the municipality or the normal bonded debt service of the municipality?

Materials Reviewed:

Project Criteria Narratives in the updated Master TIF Application by the Town of Killington including Narrative 4-“But For”

TIF Data Workbook – April 6, 2022

TIF Data Workbook – (unapproved) February 4, 2022 (See Table 7C)

Transportation Map

EPR Summary Discussion-Commentary:

The applicant has presented their annual municipal budget, capital budget, and debt service budget as required in the updated Master TIF application materials. In addition, as noted in the Interim Report of the VEPC Executive Director, the application narrative states that the \$62.3 million estimated total cost of the public infrastructure improvements is not affordable within the town’s current and estimated future budget (see Table 1 below).

Table 1: Town of Killington Proposed TIF Infrastructure Development Costs by Year

		Total Real Infrastructure Costs*
Water Phase 1	2023	\$26,675,811
Road Phase 1	2023	\$14,010,593
Road Phase 2	2025	\$7,497,638
Road Phase 3	2027	\$7,453,212
Road Phase 4	2029	\$6,689,837
	Total	\$62,327,091
*Includes Annual 2.5% cost escalation as per applicant assumption		

Also, as part of our review, EPR compared the budget and estimated project costs and confirmed this statement, finding that the applicant’s narrative on this issue is both reasonable and accurate in stating that the Town lacks the financial capacity within its current operating and capital budgets to undertake these proposed infrastructure enhancement investments in the updated Master TIF application plan according to all available information.

For illustrative purposes, Table 2 (below) shows the historical and prospective operating and capital budgets for the Town which clearly demonstrates that these proposed infrastructure development expenditures are well beyond the financial capacity of the applicant municipality—based on previous and current municipal and capital budgets dating back to the 2013 fiscal year—as well as prospectively as demonstrated through an examination of the estimated operating and capital budgets of the Town for the 2022 and 2023 fiscal years (as set forth in the updated Master TIF application materials).

In addition to the above finding that the aggregate infrastructure expenditure amounts would be significantly beyond the fiscal capacity of the Town, it also seems clear from the updated Master TIF application materials that each sequential infrastructure development phase—for both the municipal water investments and for the transportation

improvements—would likewise require substantial public investment over and above the normal operating and capital budgets of the municipality.

Table 2: Town of Killington Annual Municipal Budget Summary FY 2013 - 2023

	Year	Total Municipal Budget	General Operating Budget	Capital Plan	Total Annual Taxpayer Debt Service
Year of application	2022				
Next Budget Year	2023	\$6,091,938	\$4,441,401	\$1,650,537	\$883,943
Current Budget Year	2022	\$5,463,186	\$3,963,983	\$1,499,203	\$892,789
Current, -1	2021	\$4,788,644	\$3,401,220	\$1,387,424	\$524,881
Current, -2	2020	\$4,676,767	\$3,371,170	\$1,305,597	\$627,379
Current, -3	2019	\$4,401,641	\$3,533,055	\$868,586	\$654,480
Current, -4	2018	\$4,508,505	\$3,781,312	\$727,193	\$671,662
Current, -5	2017	\$4,155,339	\$3,570,190	\$585,149	\$679,209
Current, -6	2016	\$6,336,139	\$5,395,889	\$940,250	\$821,572
Current, -7	2015	\$0	\$0	\$0	\$0
Current, -8	2014	\$4,042,016	\$3,387,289	\$654,727	\$640,456
Current, -9	2013	\$4,952,517	\$4,537,017	\$415,500	\$690,063
AVERAGE BUDGET		\$4,492,427		Average Debt	\$644,221
NOTES:					
2016 is high because it contained 18 months of activity when switching fiscal year. 2015 is blank due to this change.					
2013 figures include \$186,675 related to FEMA Flood Reimbursement, with a related FEMA Recovery Expense of \$843,112					

Of additional importance to this discussion and analysis is the relative debt burden borne by the Town of Killington’s taxpayers. Table 3 (below) shows the relative debt burden of the Town and selected peer municipalities, with data collected for the 2021 fiscal year from the relevant annual reports of each municipality (with fiscal year 2021 being the latest data available as of the time of this review).

Table 3: Total Bond Debt Burden of Selected Municipalities FY 2021

Debt Burden by Municipality	Total Long-Term Debt	Level of Municipal Debt Per Capita
Stowe	\$ 31,524,461	\$ 6,036
Newport Town	\$ 5,108,170	\$ 3,347
Hartford	\$ 22,813,505	\$ 2,135
St. Albans City	\$ 37,481,308	\$ 5,450
Bennington	\$ 24,907,333	\$ 667
Barre City	\$ 13,410,492	\$ 1,579
Killington	\$ 883,943	\$ 628

While the data does appear to indicate that the Town could take on some additional general obligation debt without being in a disadvantageous position, it seems clear that funding these expenditures through the issuance of general obligation debt would require a dramatic more than two-fold increase in the Town’s municipal tax rate. This additional burden would be large relative to the applicant’s selected peer municipalities and would likely represent a significant increase in burden relative to its median household income (see Tables 4 and 5 below). Table 4 below shows median household income levels of multiple peer geographic areas relevant for comparison to the applicant for the most recent year where comparable data are available. Table 5 shows the comparative municipal tax rates for those peer communities as well based on these data.

Table 4: Median Household Income by Geography, 2019

Municipality	Median Household Income (2019; U.S. Census)
Stowe	\$ 59,770
Hartford	\$ 64,493
St. Albans City	\$ 53,647
Bennington	\$ 50,892
Barre City	\$ 38,142
Killington	\$ 64,231
Rutland County	\$ 56,139
Chittenden County	\$ 73,647
State of Vermont	\$ 61,973

Table 5: Effective Municipal Tax Rate, FY 2021

Municipality	Effective Municipal Tax Rate
Stowe	0.3441
Newport Town	0.5503
Hartford	0.8904
St. Albans City	0.854
Bennington	0.6944
Barre City	1.811
Killington	0.4148

To further place the Killington municipal tax rate into the proper context, a 10-cent increase in the municipal tax rate for the Town would roughly result in an increase of available municipal revenues of close to \$1.0 million per year. To fund these projected infrastructure investments via the Town’s municipal tax rate would require a more than roughly 60 cent increase in the municipal tax rate—a more than doubling in the municipal tax rate to a level that would result in a tax rate in excess of \$1.00. That would in fact

appear to be a municipal tax rate level well above the Town's peers and correspond to a level that unacceptable and unsustainable.

EPR staff therefore believes that the preponderance of the evidence indicates that the levels of the proposed infrastructure development expenditures as set forth in the updated Master TIF application plan would clearly require substantial public investment over and above the normal operating and capital budgets of the municipality. These data also indicate that the above infrastructure development expenditures would also involve a level of investment expenditures substantially over and above or the normal bonded debt service capacity of the applicant municipality. As a result, EPR believes the Council could make positive findings under this criterion based on our analysis of information and data provided by the applicant and using data from other publicly available sources.

Project Criterion D: New or Expanded Business Providing New Full-Time Jobs

The Council must determine:

1. Whether the private development will result in the establishment of at least one new or expanded business and that the additional business activity result in the creation of one or more new, quality, full-time jobs that meet or exceed the prevailing wage for the region.

Materials Reviewed:

Project Criteria Narrative from the Updated Master TIF Application of the Town of Killington

TIF Data Workbook – April 6, 2022

Updated Killington Master TIF Application Plan Narrative – April 6, 2022

Killington SPLC Economic Study – Dec 6, 2011

VEPC Application Narrative Form 4 and Form 7

EPR Summary Discussion-Commentary:

As per the updated Killington Master TIF application narrative, "...the proposed Six Peaks Village will result in the creation of several new businesses as well as the expansion of existing businesses. The proposed project includes 31,000 square feet of commercial space which will be occupied by a range of restaurants and retail shops. While some of these facilities may be a relocation from the existing Snowshed and Ramshead Base lodges, the project will result in the creation and expansion of several new businesses."³

Within the updated Master TIF application materials and narrative, referencing the Killington SPLC Economic Study from December 2011, it is demonstrated that the private development activity which forms the basis for the estimated TIF increment will result in

³ In addition to the private development included in the updated Master TIF Application, it is also expected that indirect commercial or other development is likely to occur along the Killington Road corridor, with the investment into public water, road infrastructure improvement, and the presence of additional visitors. This anticipated development is not included in the job creation or business expansion discussion and analysis presented in this section.

the expansion of existing business and the creation of new economically direct and economically indirect jobs both at the Six Peaks Village development and within the area of the amended TIF district as new or expanding business activity is established. The new and/or expanding business activity and corresponding job creation is therefore comprised of the initial direct investment by the owner and private developer of Six Peaks Village (S&P LC and Great Gulf Group, respectively) and subsequent indirect impacts from business expansion or new creation both in the vicinity of the Six Peaks Village and along the Killington Road corridor. Phase I of the overall Six Peaks Killington project, which comprises the private development in the TIF plan, represents the expansion of business within the TIF district area, and is estimated to allow the creation of 255 additional jobs in retail and hospitality sectors and 20 jobs in property management. It is also estimated that municipal public works will expand and employ new water system workers. In addition, the applicant-submitted Economic Study estimates that, once Phase I development project is built and in operation, there are a total of 338 additional new jobs which are created in all Rutland County by the expanded activity, including jobs within the construction and health care employment sectors.

Under TIF program rules at least one or more new jobs created as a result of the TIF's activities must "meet or exceed the prevailing wages for the region as reported by the Vermont Department of Labor" ("VTDOL"). Since the economic study was performed in 2011 dollar values, Form 7 section J of the application materials also provides an estimate of current dollar (\$2022) total wages from the retail, hospitality, and property management jobs created by the private development in the TIF plan, which equates to an average annual wage of \$23,922 for those 255 hospitality-related jobs, and \$39,250 for the property management jobs. The approximate economic region analyzed for this metric review is Rutland County, Vermont, which comprises the Rutland Micropolitan Statistical Area, the economic region within which Killington is located.⁴ The Vermont Department of Labor does not provide data on prevailing wages at the county level, but the U.S. Bureau of Labor Statistics monitors labor market conditions at the county level through the Quarterly Census of Employment and Wages ("QCEW") and provides much of the data underlying Vermont Department of Labor statistics. The most recent publication available on QCEW annual average data is for calendar year 2021 at the State level and the County level and is presented in Table 6 (see below). Chittenden County and the Vermont Total are presented only for the purposes of informational comparison.

Table 6: Prevailing Regional Wages by Industry Sector and Geography⁵

Employment Sector	Economic Study Estimate (\$2022)	2021 Annual QCEW		
		Rutland County	Chittenden County	Vermont Total
All Private Sectors		\$ 51,172	\$ 63,912	\$ 55,680
Retail Trade	\$ 23,922	\$ 35,937	\$ 40,235	\$ 38,335
Accommodations & Food Services		\$ 25,849	\$ 27,084	\$ 27,736
Real Estate	\$ 39,250	\$ 46,698	\$ 59,530	\$ 54,092

⁴ As designated by the [Executive Office of the President of the United States](#): Office of Management and Budget.

⁵ Even though annual estimates and data are presented for two different years, it is likely that QCEW data for calendar year 2022 (when they are available in March 2023), will increase relative to levels presented here for calendar year 2021, further exacerbating the perceived gap between the wage levels estimated by the Economic Study and the prevailing wages presented for the Killington region in Table 6.

From the data presented, the estimated wages do not appear to meet or exceed prevailing wage data for the region. However, it is important to note three major issues undercutting the reliability of this analysis: (1) that the wages presented in the economic study are estimated by an economic impact model and not sourced from any business or staffing plan presented with the updated Master TIF application; (2) the wages estimated by the economic impact model are based on labor market characteristics and conditions which existed back in 2011, over a decade ago, and were then escalated to current dollar values – greatly distorting the accuracy of a comparison with actual recent data on wages from the QCEW; and (3) the estimated wage levels represent an average wage for all employees in the entire economic sector, indicating that the figure presented is a midpoint estimate – thus, there will be multiple employees collecting wages which are both higher and lower than the estimated level presented in Table 6. Technically speaking, according to TIF rules, wages for only one employee must meet or exceed “prevailing wages for the region,” and it is very likely that at least one, if not many, employees will collect wages which meet the criteria. As a result of this analysis, EPR believes that it is reasonable for the Council to make positive Master TIF findings under this criterion. EPR believes this represents a low enough hurdle that it should be relatively easy to achieve and document.

H. Market Viability and Fiscal Viability:

While not a criterion directly required in statute for Master TIF application review, determining if the prospects for the private sector development presented in a Master TIF application’s financing plan are reasonable from the standpoint of “market viability,” is an implied and prudent task for the Council to undertake. In order for the Council to make positive findings on market viability of the private sector development and also make positive findings regarding the fiscal viability of the TIF Financial Plan, a critical review of the commercial feasibility of the TIF District’s private development plan was completed. Then, against that backdrop of that market viability assessment, we also completed a review of the corresponding TIF financial plan under the assumptions employed by the applicant. The success of the financial plan is clearly directly tied to the success of the proposed private development that ultimately generates the level of new tax revenues to cover the forecasted infrastructure debt service costs as set forth in the TIF financial plan.

The following section represents an initial review and comment on the key issues related to the question of viability. In undertaking this part of the TIF District application review, the EPR Team: (1) reviewed the data provided in the Town’s updated Master TIF application, (2) reviewed all key assumptions made within the updated Master TIF financing plan as set forth in the application, and (3) consulted data from reputable third-party sources that were relevant to this part of this viability assessment.

Under past VEPC TIF application review precedent, the Council must determine:

1. Does the updated Master TIF Financing Plan have reasonable private sector development assumptions and does the associated updated TIF Financial Plan include associated reasonable assumptions regarding the TIF District’s prospects for financial success?

EPR Summary Discussion-Commentary:

Materials Reviewed:

Six Peaks Killington Development Master Plan submitted by the Town of Killington
“Proprietary” Market Study for the Six Peaks Killington Development

TIF Data Workbook – April 6, 2022

January 24, 2022 Email - Killington TIF -- Data Workbook Update

January 26, 2022 Email - Killington TIF -- Road and Water Cost Estimate Calculations

VEPC Staff and Applicant Emails – With Additional Information as Provided relative to the prospective private sector development activity

EPR Discussion-Commentary:

According to the projections provided by the applicant in the latest updated version of the Master TIF Financing Plan, total infrastructure project cost is estimated to be \$62.3 million. Even though there is the potential for State and Federal Grant allocations, the applicant’s financing plan does not rely on any such grant funding in order to make the financial plan work in making “an appropriately conservative case,” stating that the addition of potential grant funding would only serve to decrease the amount of debt incurred and, correspondingly, decrease the financial risk of the Master TIF financing plan to that degree. Total bond principal is then estimated in the updated Master TIF application to be \$62.8 million after rounding adjustments. In addition, financing costs will accrue to an estimated \$19.8 million in interest payments, resulting in \$82.6 million of total principal and interest debt service costs incurred by the applicant. Related costs that are allowed by statute total an estimated \$930,150 in the updated Master TIF application.

The total infrastructure costs, as presented in the applicant’s financial summaries, includes an inflation factor which is reasonable given recent data for prices and behavior of construction and materials markets,⁶ but perhaps appears to be relatively conservative given an overall historical, long-term 2.5% inflation factor—when considering medium and long-term expectations within the infrastructure development. The issue has been raised that, with the passage of a more than \$1.0 trillion federal infrastructure spending bill passed at the end of calendar year 2021, there will likely be substantially increased demand and therefore increased competition for materials, supplies and labor. This likely also introduces the potential for scheduling delays that could add to additional cost increases for planned infrastructure projects locally, regionally, and nationwide that would significantly exceed the 2.5% long-term construction cost escalator included in the current version of the TIF Financing Plan. As the State of Vermont has experienced with its planned broadband infrastructure expansion projects and experience with other infrastructure construction projects (such as the so-called Southern Connector Project in the City of Burlington), the Council should be aware that there is significant upside cost risk associated with any cost estimate for public infrastructure spending projects over the next several years. In addition, given current labor market constraints, it also is likely that

⁶ Looking at recent data on construction cost escalators.

there will continue to be a scarcity of construction labor for the foreseeable future, further adding to corresponding cost overruns and the potential for scheduling delays over the course of the infrastructure development timeline for this updated application development plan.

Looking more specifically at the anticipated revenues and costs in the plan, the applicant proposes the issuance of four 20-year bonds at an average interest rate of 2.6% to finance the water system and road improvement spending, and that results in a sequence of annual debt service payments as presented in Table 7 (below). On the revenue side, the Town's financing plan includes a final assessed value after the infrastructure improvements and redevelopment of \$289.2 million, for a \$285.5 million incremental value (comprised of a split of \$71.4 million homestead and \$214.2 million non-homestead). Summing the anticipated TIF revenues from the applicant's updated TIF application spreadsheets, the application includes an increase of \$84.8 million in incremental TIF revenue that can be applied to the financial plan during the 20-year retention period covering 2024 to 2042. In the TIF application, the TIF financing plan assumes that the minimum 85% municipal portion of the increment be retained and that 70% of the Education Tax be retained from the increment, which will be used to service the TIF District debt service and related allowable TIF program costs.

As has been the case with other TIF applications, any amounts collected by the value changes related to the private sector developments beyond that required to service debt and pay related costs would be returned to the municipal General Fund and the State Education Fund. The plan includes the expectation that there will be excess cumulative revenue in later years of the plan's timeline because the 70% maximum allowable retained education increment is intended to cover the highest debt service years which tend to occur early in the municipal bond service timeline.

According to the Town's financial projections over the TIF timeline (see Table 7 below), the applicant is expected to incur an annual deficit in 2022 and 2023 in order to service the TIF related costs (in this case upfront application and consultant fees), and the beginning of TIF-related bond servicing in 2023.⁷ The financing plan next projects that the Town will return to solvency with the initiation of the increment retention period in 2024, beginning a cumulative revenue surplus from the increment that persists until the end of TIF-related debt repayment in 2050, which will reasonably cover all annual deficits anticipated during the remainder of the bond repayment period.

⁷ The application states that prior to the beginning of increment retention in 2024, Related Costs will be paid by the Town's general fund and subsequently reimbursed by the first debt incurred.

Table 7: Town of Killington TIF Annual and Cumulative Cash Flow Summary

Year	TIF Revenue	TIF Debt Service	Related Costs	Annual Cash Flow - Cumulative
Base Year: 2022	\$0	\$0	\$65,000	(\$65,000)
2023	\$0	\$250,459	\$39,000	(\$354,459)
2024	\$1,484,942	\$1,001,835	\$24,000	\$104,648
2025	\$3,393,596	\$1,037,713	\$39,000	\$2,421,531
2026	\$3,817,308	\$1,145,348	\$24,000	\$5,069,491
2027	\$4,030,048	\$1,554,744	\$49,000	\$7,495,795
2028	\$4,242,788	\$4,053,388	\$143,000	\$7,542,195
2029	\$4,242,788	\$4,419,813	\$39,000	\$7,326,170
2030	\$4,580,865	\$4,472,295	\$24,000	\$7,410,740
2031	\$4,918,942	\$4,761,629	\$24,000	\$7,544,053
2032	\$4,918,942	\$4,709,472	\$34,000	\$7,719,523
2033	\$4,918,942	\$4,654,468	\$10,000	\$7,973,997
2034	\$4,918,942	\$4,596,596	\$10,000	\$8,286,343
2035	\$4,918,942	\$4,532,818	\$133,150	\$8,539,316
2036	\$4,918,942	\$4,460,670	\$10,000	\$8,987,589
2037	\$4,918,942	\$4,381,136	\$10,000	\$9,515,394
2038	\$4,918,942	\$4,295,159	\$10,000	\$10,129,177
2039	\$4,918,942	\$4,203,521	\$10,000	\$10,834,597
2040	\$4,918,942	\$4,107,251	\$10,000	\$11,636,288
2041	\$4,918,942	\$4,006,103	\$10,000	\$12,539,127
2042	\$4,918,942	\$3,900,535	\$133,000	\$13,424,534
2043	\$0	\$3,790,996	\$10,000	\$9,623,538
2044	\$0	\$3,677,744	\$10,000	\$5,935,793
2045	\$0	\$1,193,505	\$10,000	\$4,732,288
2046	\$0	\$1,162,869	\$10,000	\$3,559,419
2047	\$0	\$762,383	\$10,000	\$2,787,036
2048	\$0	\$742,101	\$10,000	\$2,034,936
2049	\$0	\$352,080	\$10,000	\$1,672,856
2050	\$0	\$342,377	\$10,000	\$1,320,479

The Town expects one year of annual deficit in 2029 in the early stages of the fourth and final bond issue and while the increment benefits from the final property developments outlined in the plan generate revenues and ‘catch-up’ with debt repayments. Again, the cumulative surplus from incremental revenues is adequate during this period to maintain solvency of the plan. The financing plan shows that annual solvency will then be maintained until 2043, when the Education Property Tax and Municipal Tax retention periods are expected to end. At this point, the cumulative surplus begins to decline as TIF revenues ending completely in 2043, and the Town expects a surplus of revenues over expenses totaling \$1.3 million which is required to be distributed to the State education Fund and the Town’s General Fund at the end of the life of the eventual TIF District.

With the exception of the first two years of the financial timeline presented by the applicant (2022 and 2023), which occurs prior to the initiation of the TIF retention period beginning in 2024 and includes only one year of debt service in 2023, the cumulative balance of proposed TIF District revenues as presented appears sufficient to “cover” any annual revenue shortfalls. This financing plan, as opposed to several previous TIF applications which have been considered, does not rely on non-TIF funding sources to cover any of

the debt service costs. However, the applicant does expect to be allocated State and Federal Grant money for various aspects of its re-development project. After 2024, annual surpluses rise significantly and progressively, reaching nearly \$13.4 million in 2042—assuming that the TIF District’s incremental revenues are generated according to the proposed timeline.

As mentioned above, this application is reliant on upfront revenues from the private development activities related to the Six Peaks Killington development plan, especially Phase A, which contributes roughly 60% of all incremental property value included in the TIF plan. Additionally, as noted in the updated Master TIF application materials, the private development which funds the debt servicing can only occur with the completion of the infrastructure projects, according to the schedule laid out in the plan, and which must be financed by the debt. The financial plan thus depends on the execution of three simultaneous elements of the development plan, each of which depends on the other to be completed according to the presented scheduling sequence. As noted previously, the revenues estimated within the financial plan contains significant risk associated with either potential delays in launching and completing elements of the private development or cost overruns for the key elements of the infrastructure plan, as currently envisioned, especially in the initial years of the updated Master TIF financing plan where a majority of the costs are to be incurred.

The progression of the updated TIF financing plan—if achieved as the applicant has presented in the filing documents—indicates that there should be more than sufficient cumulative TIF revenue to cover all annual debt service and related costs after 2024 when the increment is first retained, if the four distinct private development phases (four for Six Peaks Killington) and two areas of infrastructure spending occur as presented in the application. Even so, the initial period of the financing plan is “right on the margin” in terms of being in “cumulative deficit,” with the plan essentially being “in the red” for roughly \$65,000 and \$289,495 in 2022 and 2023, respectively. That deficit condition is expected to continue until revenues bring the cumulative negative balance back into a cumulative surplus by 2024.

The TIF financing plan also reports the likelihood of a cumulative surplus continuing to grow to a peak amount of \$13,424,534 in 2042, then proceeds to decline to a final positive balance of \$1,320,479 after the end of the proposed retention period. Even though the cumulative surplus grows to a substantial amount during the middle of the proposed TIF retention period, the initial years and the end years of the retention period show a very narrow cumulative TIF revenue surplus balance. While it is true that: (1) there will be a project by project assessment of each infrastructure bond offering at the municipal level that considers the market conditions at that time for the associated private sector development; (2) there will also likely be an assessment undertaken by Town staff and the Town Selectboard as to the fiscal prudence of each infrastructure investment project and its associated bonding; and (3) the Master TIF designation and phased filing approach will allow the Council to assess the financial plan in more detail prior to issuance of each round of municipal TIF debt, there is still little margin for error in this financing plan. This is especially true, considering potential for cost overruns and potential delays beyond the assumptions built into the plan as presented in the application—even though

the applicant makes reference to the fact that the financing plan has been “conservative” by including only roughly 60% of the expected value of the private sector development to be completed in the Six Peaks Killington development activity. That 60% development percentage is thought by both the applicant community and its consulting professionals to be a level of activity during the TIF timeline that will be exceeded by actual development activity—and in some years by a significant amount. However, it is important to note that the Master TIF approach considered for the Killington TIF program with the prospect of additional phased filings prior to any municipal debt issuance will very likely serve to mitigate the otherwise uncomfortable level of risk—as outlined above.

A significant part of the reasoning and assumptions underpinning the timing, the nature, and commercial feasibility of the above-referenced private development is tied to the results and conclusions of a confidential third-party market study that was conducted by a reputable, third-party real estate analysis firm which opined as to the likely success of the private development activity tied to the Killington Master TIF application’s financial plan. It included a comprehensive analysis of the significant market opportunities available to S & P Land under the Six Peaks Killington development plan. The study also provided a set of specific estimates regarding the amount and timing of private sector development activity—including unit numbers by second home product type, prospective pricing of those planned units to be developed, and square footage estimates by type of the supporting commercial and retail development that would be needed to adequately sustain that expected second home unit development at the Six Peaks location. These estimates were then translated into estimates of taxable municipal and education grand list values to be added for the Town over the period of the TIF financing plan. The application states that **only 60% of the taxable municipal and education grand list value increases were incorporated into the TIF district financing plan numbers—in order to be “conservative.”** During our discussions with the applicant and its consultants, it has been pointed out that at least some stakeholders and the Town believe that the market study has substantially under-estimated the amount of private development (and therefore the amount of additional municipal and education grand list value) that will result from the provision of the catalyzing infrastructure envisioned under the TIF financing plan. A significant portion of these “excluded” additional, under-estimated grand list values could come from indirect private sector development outside of the identified Six Peaks development project but still within the proposed boundaries in the amended TIF district area.

Without disclosing any of the specifics of a confidential market study, EPR’s review of that market study notes the following issues for consideration by VEPC staff and the Council with respect the key assumptions-underlying premises as set forth in the market study:

1. It is noteworthy that the market study is dated May 23, 2019 and was therefore completed prior to the onset of the COVID-19 pandemic. From recent real estate market experience since the onset of the COVID pandemic, we know that there have been some at least temporary, short-term changes in market preferences for second home product demand and pricing—which to-date have mostly been “positive in nature” in comparison to the pre-pandemic “status-quo.” There are

some on-going questions and analysis about how long-term or permanent some of those changes in market preferences are going to turn out to be. Because the study was completed prior to the onset of the COVID pandemic, there is no specific discussion as to how the COVID pandemic may have permanently or at least in the short term affected the market projections included in the study—and therefore how the pandemic may impact the dollar amount and timing of the municipal and education grand list additions in the Town. In effect, to make prospective positive Master TIF findings with respect to this aspect of the “market viability,” the Council would need to be satisfied that the “using 60% of the planned Six Peaks Killington planned development” assumption was sufficient to account for the possible financial uncertainty posed by the possible short-term and long-term impacts of the COVID pandemic and the current inflationary environment on the Six Peaks Killington private sector development plan. This also again highlights the generally riskier proposition of relying on the development plans of only a single private developer to carry the primary burden of providing incremental real estate value and resulting revenues to carry the majority of the financing needs to make the TIF Financing Plan work. However, as recently disclosed, the developer for the mountain base development appears to be a reputable and experienced firm. This disclosure of the Six Peaks developer also appears to reduce the level of portfolio substitution risk (see above) that was evident in our previous TIF District assessment when the identity of the developer was not known.

2. The market study's residential-second home product development projections, planned residential unit absorption rates, residential unit pricing assumptions, and projected timeline are all tied to the actual development activities for a group of peer resorts (one in Vermont and two in the western U.S. region) relative to their respective skier visit numbers (as scaled to the visitation numbers for the Killington resort). The market study identified and focused on missing or under-served market segments for a resort of the scale and character of Killington and related those un- or under-served market segments to the skier visitation numbers and accommodation preferences for sufficiently resourced, candidate customer households located within a reasonable driving distance of the resort. The study also included the associated commercial development opportunities (e.g. retail and eating and drinking places) tied to those unit development numbers based on the peer resort areas' similar and supposedly applicable development activities. This implies the Council would need to accept the market study assumptions-premise that the actual unit development by product type, pricing, and timing at Six Peaks Killington development would in fact be consistent with the scale, type, and timing that has previously occurred at those peer resorts—as adjusted for or scaled to the differential visitor (e.g. skier) visitation numbers. The Council would also have to accept the timeline and scale of the supporting commercial development would also follow a development paradigm similar to those identified peers.

At this time, while the above seems like a reasonable method to initially estimate the scale and timing of the TIF Financial Plan's projections of additional private sector grand list growth, EPR staff suggests that the Council leave this area of assessment “open” , subject to the receipt of further information, data, and analysis in additional phased filings prior to the issuance of municipal debt to finance any infrastructure expenditures. The receipt of

that additional information, data, and analysis with future phased filings would be reviewed within the context of the reasonableness of the financial plan's "60% of the private sector market value addition" assumption as described above. Reserving the option of the Council to make positive findings on market viability through the receipt of information in future phased filings will allow the Council to consider additional staff review of this information, data, and analysis with respect to the above-referenced key assumptions-premises as contained in the market study and the current TIF financial plan.

For the assessment of the "market viability" of the private sector development, we recommend the Council leave open its review of the evidence subject to the receipt and review of a complete and fully executed development agreement between the applicant and developer and/or operator (or operators) of the Six Peaks development, in addition to any corroborating information or developments unknown to the Council affecting the market viability of the project.

Specifically for its assessment of the TIF financial plan, we recommend the Council leave open this criterion until the applicant provides a detailed update to the financial plan that fully accounts for final plans for the Six Peaks Development, augments the filing to include any alternative grant funding secured to be used in the TIF Financial Plan, and also includes final or "close to final" infrastructure cost and development schedule at the point which "best estimates" for each are presented. The objective would be to develop a greater understanding of the TIF Financing Plan's sensitivity to key private sector market value, infrastructure cost, and timing assumptions-premises that may impact the TIF financial plan both positively and negatively.

It is likely that the information, data, and analysis included in the prospective phased filings will give the Council at least some of the additional updated and more refined financial detail regarding the TIF's prospective revenues and costs that could significantly reduce the range of uncertainty in the current TIF financing plan and provide the Council with a path to making final determinative findings under this criterion. This also would ideally include additional information on indirect development within the prospective TIF district area that might come as a result of the new infrastructure investment over and above a more refined plan for the Six Peaks Killington project at the base of the ski mountain. That private sector development is currently the only private sector development increment (at 60% of the expected Six Peaks development's estimated future grand list value) that is included in the current TIF financial plan at this Master TIF review stage. Even if the prominence of this private sector development changes in subsequent phased filings, as other possible private sector developments directly or indirectly tied to the Six Peaks project come into the grand list, it seems certain that this part of the planned private sector development will remain the most prominent aspect of the overall increment-generating private development activity for the proposed TIF plan.