



MEETING MINUTES
JANUARY 26, 2023
DAVIS BUILDING, JUSTIN MORRILL CONFERENCE ROOM
1 NATIONAL LIFE DRIVE, MONTPELIER, VT
9:30 A.M. TO 11:30 A.M.

Members Attending In-Person: Mark Nicholson

Members Attending Virtually: Chair John Davis; John Russell; Mike Donohue; Michael Keane; Rachel Smith; and Thad Richardson

Members Absent: Heather Chase; Sen. Thomas Chittenden

Staff Present: Abbie Sherman, Executive Director; Angie Farrington, VEPC Programs Manager; Randall Szott, Economic Development Specialist

Others Present: John Kessler (General Counsel, ACCD); Joan Goldstein (Commissioner DED); Chet Hagenbarth (Town of Killington- Town Manager); Lisa Davis (Town of Killington – Planning Consultant); Jim Haff (Town of Killington - Selectboard); Stephanie Clarke (Town of Killington – White & Burke); Tyler Richardson (CEDRR); Bill Colvin (BCRC); Gordon Black (Town of Manchester - Assessor and Economic Development Coordinator); Heidi Britch-Valenta (Town of Highgate – Town Administrator); Richard Haesler (City of Burlington – Assistant City Attorney); Katherine Schad (City of Burlington - Chief Administrative Officer); Ashley Parker (City of Burlington – Capital Program Director); David White (White and Burke); Elisabeth Nance (FCIDC); Al Voegle (NWRPC); Irina Aylward (State Auditor’s Office); Henry Epp (Vermont Public); Tim Smith (FCIDC)

9:30 a.m. Roll Call and Agenda Review

Chair John Davis called the meeting to order. Members present are noted above. Chair John Davis inquired as to any additions or deletions to the agenda.

9:39 a.m. Minutes – December 15, 2022 Regular Meeting; December 21 and 2022 Special Meeting

Chair John Davis inquired as to any corrections or changes to the draft meeting minutes for the December 15, 2022 Regular Meeting and December 21, 2022 Special Meeting. Hearing none, requested a motion.

❖ At **9:39 a.m.** Mark Nicholson moved to accept the minutes of the December 15, 2022 Regular Meeting and December 21, 2022 Special Meeting. Mike Donahue seconded the motion. Chair

John Davis inquired as to further discussion, hearing none requested a roll call for the vote. The motion passed. 7-0-0

- ❖ Aye: Chair John Davis, John Russell, Mike Donohue, Thad Richardson, Mark Nicholson, Rachel Smith, and Michael Keane
- ❖ Nay: None
- ❖ Abstain: None

9:41 a.m. Public Comment

Chair John Davis inquired as to whether any members of the public present wish to provide public comment or announcements, hearing none, moved to the next Agenda item.

9:41 a.m. Community Recovery & Revitalization Grant Program Applications

9:42 a.m. Manchester: Main Street Sewer Main, Water Main Extension, and Pressure Reducing Valve Installation

Gordon Black presented a one-mile sewer and water extension proposal that would extend to a \$65 million hotel project. Manchester has voter approval for \$1.9 million in debt, but the original plan for the extension was scrapped because costs were much higher than the engineer's estimates. Both phases are hoped to be done concurrently. The extension is planned to connect to a mobile home park as well. Black noted that Manchester is completing a re-appraisal in the spring and he anticipates that while the tax rate may stay stable, the tax burden will increase. Several open areas are available along the extension for housing projects. There are currently 20 housing units being constructed, but the extension would enable more. The mobile home park that is to be connected has a well that is out of compliance and the project would address that. Over 100 jobs are expected to be created by the hotel project which will meet or exceed the prevailing wage for the region.

Angie Farrington summarized the staff review of the project. This extension will provide municipal sewer service to multiple single-family homes and a large number of commercial properties, and the mobile home park. Installation of Pressure Reducing Valve (PRV), near the intersection of Main Street and Barnumville Road will allow for greater pressure to power a sprinkler system(s) in the new hotel project (private development), as well as, potentially, other commercial properties along this section of Main Street. The PRV serves to reduce the water pressure for residential service in order to protect residential systems from the increased water pressure needed to power the sprinkler systems. She noted that Business development project criteria has been met through the hotel development and that the hotel project would not move forward without the public improvements. The application also included details regarding potential affordable housing improvements, and while the applications did not fully meet the criteria for affordable housing, the municipal sewer extension will remove the primary barrier for future affordable housing development to occur.

Farmington recapped Manchester's need for the CRRP funding, noting that the town requires additional funding to complete the entire project. Otherwise, the town would need to abandon the extension to the new hotel project. Manchester's adjusted Grand List growth between 2011 and 2021, as calculated by the Tax Department and the Joint Fiscal Office, is 0.4% and is considered stagnant.

Bill Colvin noted that the project aligns with the Bennington County regional plan and that BCRC submitted letter of support for the project. He pointed out the presence of the corporate offices for Vermont Country Store along the road under consideration. The project also conforms to the Southern Vermont Comprehensive Economic Development Strategy. Abbie Sherman conveyed that a letter of support was recently received from Rep. Seth Bongartz and Rep. Kathleen James.

At 10:03 a.m. Michael Keane made a motion that the Council find that based on the documentation provided by the Town of Manchester for their "Main Street Sewer Main and Water Main Extension and Pressure Reducing Valve (PRV) Installation" that the project:

- 1) Clearly requires substantial public investment over and above the normal municipal operating or bonded debt expenditures;
- 2) Are public improvements which are integral to the expected private development, that being business development by creating a new business within the project area which will create new, quality, full-time jobs that meet or exceed the prevailing wage for the region; and
- 3) That "but for" the CRRP funds, the project would not occur as proposed in the application, or would have occurred in a significantly different and less desirable manner.

And therefore, that the Council recommend the Interagency Team approve the Town of Manchester's CRRP application. John Russell seconded the motion. Chair John Davis inquired as to further discussion, hearing none requested a roll call for the vote. All voted in favor and the motion passed. 7-0-0.

- ❖ Aye: Chair John Davis, John Russell, Mike Donohue, Thad Richardson, Mark Nicholson, Rachel Smith, and Michael Keane
- ❖ Nay: None
- ❖ Abstain: None

Bill Colvin inquired as to next steps. Abbie Sherman said the application will move to the leadership team and other parties for final consideration and approval.

10:07 a.m. Killington: Killington Forward Water Project

Stephanie Clarke noted that this project is the same as their phase filing for TIF. The project is to bring water from Route 4 up the mountain to the Six Peaks Killington site. But for the construction of the water infrastructure the hotel and housing project could not occur and without the grant funding the project would be more expensive.

Angie Farrington summarized the staff review of the project. The proposed project to be funded with CRRP, includes the creation of a municipal water supply and transmission to include the

Valley Well, well house, pump station storage tank(s), and all transmission mains from the wells to the storage tanks. This also includes the transmission main from the storage tanks located at on Route 4, to the Six Peak Village development and continuing along Killington Road, to the private development's intersection of Ravine Road. It was determined that Installation of a municipal water system is essential for development of the Six Peaks Village as individual wells are not sustainable or considered safe. Six Peaks Village will meet business development criteria. The Town also provided details regarding potential future affordable housing development; however, while sites have been identified a developer has not yet been secured. A water system would need to be in place to facilitate development at those identified site.

Regarding the "but for," Farrington noted that the application details that the scope of this project is well in excess of the town of Killington normal operating budget of \$4 million. The town intends to fund installation of the water system by using a stack of funding sources, which they state must be in place in order for the project to move forward. The town has identified CRRP as one piece of the funding stack. A major component of this project includes borrowing a significant portion of the cost, to be repaid through using Tax Increment Financing. Killington's adjusted Grand List growth between 2011 and 2021, as calculated by the Tax Department and the Joint Fiscal Office, is 1.4%. This is considered stagnant.

At 10:16 a.m. John Russell made a motion that the Council find that based on the documentation provided by the Town of Killington for their "Killington Forward Water Project" that the project:

- 1) Clearly requires substantial public investment over and above the normal municipal operating or bonded debt expenditures;
- 2) Are public improvements which are integral to the expected private development, that being business development by creating a new business within the project area which will create new, quality, full-time jobs that meet or exceed the prevailing wage for the region; and
- 3) That "but for" the CRRP funds, the project would not occur as proposed in the application, or would have occurred in a significantly different and less desirable manner.

And therefore, that the Council recommend the Interagency Team approve the Town of Killington's CRRP application. Michael Keane seconded the motion. Chair John Davis inquired as to further discussion.

Thad Richardson asked for clarification from Killington regarding their "but for" since the project has TIF District and Phase 1 approval from VEPC. Jim Haff and Stephanie Clarke noted that when the TIF District was approved, VEPC required that Killington seek additional alternative funding to reduce the amount of debt needing to be secured. Additionally, Killington does not yet have voter approval for the project. Any and all additional types of funding are being pursued to ensure the project will move forward. Thad Richardson clarified he was looking to quantify the financial impact relative to incurring higher debt.

With there being no further discussion, Chair John Davis requested a roll call for the vote. All voted in favor and the motion passed. 7-0-0.

- ❖ Aye: Chair John Davis, John Russell, Mike Donohue, Thad Richardson, Mark Nicholson, Rachel Smith, and Michael Keane
- ❖ Nay: None
- ❖ Abstain: None

10:23 a.m. Highgate: Highgate Airport Infrastructure Project

Heidi Britch-Valenta summarized the proposal for Highgate to bring water and sewer to the Franklin County State Airport. The project was envisioned originally in 1971. A study was conducted to quantify the potential impact of the project. The runway will be widened and extended, which will provide the opportunity for cargo planes to utilize the airport. There will be building upgrades (approximately 28 more hangars) and access road construction to service the buildings. The project Highgate is seeking funding for would tie-in to existing State upgrades. The current water system has a high sulfur content which is a barrier to potential growth, a constraint on the types of enterprises. The industrial park would be in close proximity to the airport allowing for many uses. A current space within the airport will be redeveloped to provide for a conventional and electric plane engine apprenticeship program for area high schools. The project is expected to increase tax revenue, increase job opportunities, increase career paths for area students, and increase business traffic for developing businesses. Highgate has over \$8 million in existing or proposed other projects including riverbank stabilization, revitalized property in the village core, and recreation renovations. Grant funding is being sought for the airport project to help relieve fiscal pressure.

Angie Farrington summarized the VEPC staff review. The project would extend Swanton Village's water and sewer infrastructure along VT Route 78, from the current terminus located at 175 Thunderbird Drive to the Commercial/ Industrial Zoning District surrounding the Franklin County State Airport. Business development project criteria has been presented to be met through the expansion of Habitat for Aviation, which includes redeveloping a hangar at the airport into a workspace for aviation repair training. She noted that EPR performed an economic impact study, which outlined the proposed project has the potential to create an estimated 1,271 jobs over a 10-20 year period for Franklin County. Extension of water and sewer will provide needed services to multiple properties along, the Commercial/ Industrial Zoning District and support a multitude of business and workforce development.

Regarding the "but for," Farrington noted that the application details that if there were insufficient funding for the project, the water and sewer improvements would stall, delaying continued development and addition of jobs from the private sector. A study by Economic Policy & Resources was also provided by Highgate, which noted the significant injury to the Highgate community resulting from the pandemic due to the predominant types of industry being agriculture and tourism. The closure of the Canadian Border significantly diminished tourism traffic and the closure of ski resorts and restaurants dramatically affected Highgate's local economy. The serious injury to the agricultural sector also crushed their local economy and put a strain on the physical and mental health of their community.

Highgate's adjusted Grand List growth between 2011 and 2021, as calculated by the Tax Department and the Joint Fiscal Office, is 2.5%. While this ranks them at 31 out of 259 towns for growth, it still indicates stagnant growth as is faced by the majority of Vermont. Only 18 Vermont towns have seen growth of 3% or greater, with just 5 seeing growth greater than 4% over a 10-year period.

At 10:51 a.m. Rachel Smith made a motion that the Council find that based on the documentation provided by the Town of Highgate for their "Highgate Airport Infrastructure Project" that the project:

- 1) Clearly requires substantial public investment over and above the normal municipal operating or bonded debt expenditures;
- 2) Are public improvements which are integral to the expected private development, that being business development by expansion of an existing business within the project area which will create new, quality, full-time jobs that meet or exceed the prevailing wage for the region; and
- 3) That "but for" the CRRP funds, the project would not occur as proposed in the application or would have occurred in a significantly different and less desirable manner.

And therefore, that the Council recommend the Interagency Team approve the Town of Highgate's CRRP application. Michael Keane seconded the motion, noting that he truly appreciated the ambition to change the narrative for rural youth as noted in the presentation. Chair John Davis inquired as to further discussion, hearing none requested a roll call for the vote. All voted in favor and the motion passed. 7-0-0.

- ❖ Aye: Chair John Davis, John Russell, Mike Donohue, Thad Richardson, Mark Nicholson, Rachel Smith, and Michael Keane
- ❖ Nay: None
- ❖ Abstain: None

10:54 a.m. TIF Districts: Burlington Downtown TIF District, Champlain College Development Fee

Abbie Sherman noted that a summary of the subcommittee's meeting on the matter was provided to the Council. At that meeting, the subcommittee determined that it was clear that the Development Fee was to be retained for TIF debt. The subcommittee also requested that the City submit a proposal to reconcile the difference between the Council's understanding in the 2020 request and the City's understanding. She pointed out that the City needs to provide an updated financing plan as part of a required "Adjustment of Equal Share Review" this year. The review looks at whether the share of education tax increment retained can be adjusted. A substantial change request could include that review.

David White told the Council he has superficial familiarity with the pending issue, but that he would like time to dig into the details so that he could come back with a specific proposal for

their consideration. Abbie Sherman noted a concern with including City Hall Park expenditures as the costs have already been incurred and that inclusion could violate TIF rule, the Master Plan Determination, and any bond vote on the project.

At 11:00 a.m. Mike Donohue made a motion that the Council accept the proposal from the City of Burlington to submit a Substantial Change Request for the Downtown TIF District, which addresses the change in the implementation of the Champlain College Development Fee as originally detailed in the approved 2020 Substantial Change Request, provided that the request reflects the entire life of the District, including:

- 1) Past increment received and projections of future increment;
- 2) Deposit of the Development Agreement Fee into the TIF Fund and its use;
- 3) TIF Debt Service payments and related costs, with the anticipation that all TIF debt will be incurred by March 31, 2023; and
- 4) Any proposed adjustment of the share of Education Tax Increment retained for the remainder of the life of the TIF District.

The substantial change request must be submitted to the Council by May 5, 2023, for review by the Council beginning with the June 29, 2023, meeting. John Russell seconded the motion. Chair John Davis inquired as to further discussion, hearing none requested a roll call for the vote. All voted in favor and the motion passed. 7-0-0.

- ❖ Aye: Chair John Davis, John Russell, Mike Donohue, Thad Richardson, Mark Nicholson, Rachel Smith, and Michael Keane
- ❖ Nay: None
- ❖ Abstain: None

11:04 a.m. VEGI: Plumrose USA, Inc., Swanton, Application Correction

Executive Director Abbie Sherman noted there was a data entry error in the application which affected calculation of the incentive. The difference was a decrease of around \$1,000. No claims have been filed for this application yet, as it was just approved in 2022, so no incentives have been paid yet. The difference was explained to the business.

At 11:06 a.m. Rachel Smith made a motion regarding the 2022 Final Application filed by Plumrose USA, Inc. for a project located in Swanton, that the Council revise the final authorization of VEGI incentives, providing a maximum incentive of up to \$230,638 with an estimated incentive of \$204,736, based on the revised application due to a data entry error and with an activity commencement date of October 1, 2022. Michael Keane seconded the motion. Chair John Davis inquired as to further discussion, hearing none requested a roll call for the vote. All voted in favor and the motion passed. 7-0-0.

- ❖ Aye: Chair John Davis, John Russell, Mike Donohue, Thad Richardson, Mark Nicholson, Rachel Smith, and Michael Keane
- ❖ Nay: None
- ❖ Abstain: None

11:08 a.m. Executive Director Updates

Department of Economic Development Commissioner Joan Goldstein joined the meeting.

Executive Director Abbie Sherman provided the following updates to the Council:

- Sen. Thomas Chittenden of Chittenden County was appointed to the Council by the Senate. The House has not yet made an appointment. A Governor-appointed vacancy will likely be filled in March.
- ♦ Regarding VEGI, 31 Claims were initiated last week. One VEGI application is anticipated for a possible February submission. There were four inquiries about the program since the 12/15 meeting.
- ♦ An audit report for the Burlington Waterfront TIF District was released earlier in the week. There were two recommendations for VEPC. Sherman noted that VEPC did not have the authority to provide oversight for much of the time period that the audit covered, which was also alluded to in the audit. Once VEPC was given the authority to provide oversight, significant strides have been made in implementing processes and procedures to check for compliance. The recommendations made to VEPC were essentially to follow-up on the recommendations made to the City.
- ♦ The February meeting will have at least 5 new CRRP applications and the aforementioned pending VEGI application. No new TIFs for consideration, but it is anticipated that there will be one in March.
- H.10 has been introduced which would change the VEGI program. ACCD has their own changes they would like to make – essentially a new program that would allow companies who are only making capital investments to access the program, shorten the program, and provide greater transparency the program.
- Project based TIF was originally in an omnibus housing bill but will now likely be its own bill.

Commissioner Joan Goldstein gave highlights from the Governor’s budget proposal.

At 11:33 a.m. Rachel Smith moved to adjourn the meeting. Mike Donohue seconded the motion. Chair John Davis requested a roll call for the vote. All voted in favor and the motion passed. 7-0-0.

- ❖ Aye: Chair John Davis, John Russell, Mike Donohue, Thad Richardson, Mark Nicholson, Rachel Smith, and Michael Keane
- ❖ Nay: None
- ❖ Abstain: None

Minutes taken by Randall Szott: January 26, 2023

Revised by Abbie Sherman: January 30, 2023

Approved by the Council: February 23, 2023