

MEETING MINUTES

MARCH 30, 2023

DAVIS BUILDING, CALVIN COOLIDGE CONFERENCE ROOM

1 NATIONAL LIFE DRIVE, MONTPELIER, VT

9:34 A.M. TO 12:15 P.M.

Members Attending In-Person: Chair John Davis; Sen. Thomas Chittenden; Jamie Stewart; Heather Chase; Thad Richardson; and Rachel Smith

Members Attending Virtually: Michael Keane; Mike Donohue; John Russell

Members Absent: Mark Nicholson; Rep. Emilie Kornheiser

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

Others Present: Joan Goldstein (ACCD-DED Commissioner) John Kessler (ACCD General Counsel); Jeff Carr (Economic Policy & Resources) Todd Odit (Town of Hinesburg - Town Manager); Joy Dubin Grossman (Town of Hinesburg - Assistant Town Manager); Tom DiPietro (South Burlington- Director of Public Works); Paul Conner (South Burlington- Director of Planning and Zoning); Thomas Leitz (Town of Waterbury/Edward Farrar Utility District Town Manager); Charlie Hancock (Town of Montgomery - Selectboard Chair); Mallory Rakowski (Hoyle Tanner); Melissa Bounty (CVEDC), Frank Cioffi (GBIC) Tim Smith (FCIDC); Al Voegele (NWRPC), Alex Demoly (GBIC), Brian Pine (Burlington – Pine Consulting), David White (Burlington – White and Burke), Katherine Schad (Burlington – Chief Administrative Officer); and Tanya Morehouse (State Auditor's Office)

9:34 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.

9:38 a.m. Minutes – February 23, 2023 Regular Meeting

Chair John Davis inquired as to any corrections or changes to the draft meeting minutes for the February 23, 2023, Regular Meeting. Hearing none, requested a motion.

At 9:39 a.m. Michael Keane moved to accept the minutes of the February 23, 2023, Regular Meeting. Thad Richardson seconded the motion. Chair John Davis inquired as to further discussion, hearing none requested a roll call for the vote. The motion passed. 6-0-2

- ❖ Aye: Chair John Davis; Rachel Smith; John Russell, Michael Keane; Mike Donohue; and Thad Richardson
- ❖ Nay: None
- ❖ Abstain: Heather Chase, Jamie Stewart

9:40 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

Abbie Sherman summarized the procedures for CRRP review and the requirements that the Council will consider.

9:42 a.m. Edward Farrar Utility District (Waterbury): Route 100 Waterline Extension

Thomas Leitz explained that the district is remnant of the previous Waterbury district which was dissolved. Waterbury suffered under Irene and rates were not raised then COVID happened so rates were not raised for a decade. They also lost water consumption by State workers, so they need a significant rate increase. He noted a bond would be overwhelming, and that the project has not historically been a State priority for funding. He explained there was a mobile home park with water quality issues and the water line expansion would alleviate that as well as allow for the expansion of the number of homes in the park. The project would eliminate several redundant water systems.

Angie Farrington provided a staff summary noting that the East Wind Mobile Home Park (EWMHP), which consists of 28 units, has been presented to meet the affordable housing criteria. The mobile home park has plans to expand its footprint and add additional units. The District plans to borrow \$3 million (for 30-years at 3%), the debt service amounts to \$153,058 annually, per user is \$1,913.22, or about \$160/month. This would mean an increase in water rates for existing customers of 18.2%, for 80 end users. She noted that residents of the East Wind Mobile Home Park, where their current lot rent is \$435 per month would see an additional \$160 per month expense that would be an increase of 36.7%, which is a substantial increase. Without CRRP funding, the project would be delayed as the District seeks other funding options to assist in reducing the total cost to be paid via user fees. The Edward Farrar Utility District is located in the Town of Waterbury, which has an adjusted Grand List growth from 2011 to 2021, as calculated by the Tax Department and the Joint Fiscal Office, of 2.3%.

At **9:54 a.m.** Thad Richardson made a motion that the Council find that based on the documentation provided by the Edward Farrar Utility District for their "Route 100 Waterline Extension" 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 affordable housing by creating new units within the project area which meet the affordable housing definition as defined in 24 V.S.A. § 4303; 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, the Council recommend that the Interagency Team approve the Edward Farrar Utility District CRRP application. 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. 9-0-0.

- ❖ Aye: Chair John Davis; Rachel Smith; Jamie Stewart; John Russell, Michael Keane; Mike Donohue; Heather Chase; Sen. Thomas Chittenden (joined meeting at this vote); and Thad Richardson
- ❖ Nay: None
- ❖ Abstain: None

9:56 a.m. Town of Hinesburg: Wastewater Treatment Facility (WWTF) Upgrade

Todd Odit noted the project was motivated by the need to reduce phosphorus emission and it would expand capacity by 30%. There are housing projects in the pipeline, one of which will have 20 affordable units and another that will have 60 affordable units. The new facility would enable all of those units to be realized. There is potential for even more affordable housing due to their inclusionary zoning. Without funding the rate increase would be \$400-600 per year. He noted the various sources of funding they are seeking and emphasized the burden on rate payers without securing assistance.

Angie Farrington provided a staff summary. The wastewater upgrade will allow for additional wastewater treatment capacity of 75,000 gallons per day. The added capacity of 75,000 gpd will assist in facilitating an estimated 300+ new, perpetually affordable housing to be built. The cost to be financed and repaid by user rates has increased to \$9.4 million, increasing annual debt payments to \$313,000, which is an additional \$482 annually per existing user. Farrington said the Vermont Bond Bank undertook a financial capacity analysis and noted the Town’s current and anticipated debt service for other critical municipal projects is substantial, which makes lowering the amount of the project financed critical. The Town of Hinesburg Grand List Growth is 2.9%. While this ranks them at 20 out of 259 towns for growth, it still indicates stagnant growth as is faced by the majority of Vermont.

At 10:05 a.m. Michael Keane made a motion that the Council find that based on the documentation provided by the Town of Hinesburg for their “Wastewater Treatment Facility (WWTF) Upgrade” 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 affordable housing by creating new units within the project area which meet the affordable housing definition as defined in 24 V.S.A. § 4303; 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, the Council recommend that the Interagency Team approve the Town of Hinesburg CRRP application. Mike Donohue seconded the motion. Chair John Davis inquired as to further discussion. With there being no further discussion, Chair John Davis requested a roll call for the vote. All voted in favor and the motion passed. 9-0-0.

- ❖ Aye: Chair John Davis; Rachel Smith; Jamie Stewart; John Russell, Michael Keane; Mike Donohue; Heather Chase; Sen. Thomas Chittenden; and Thad Richardson
- ❖ Nay: None
- ❖ Abstain: None

10:07 a.m. Town of Montgomery: Wastewater Infrastructure Project

Charlie Hancock presented for the Town of Montgomery. He noted the Grand List was only seeing a 1.1% growth rate. He said the community identified this project as the number one priority during a VCRD visioning project. He said the systems were failing and not able to support any growth. There are also environmental impacts that will be addressed. Commercial development enabled by the project will lead to 2 units initially, and then 32 units of senior/affordable housing in a later phase. He outlined the funding stacks obtained by the town, noting that a USDA grants provides the bulk of the funding. The CRRP funds would make debt payments more affordable for the town.

Angie Farrington provided a staff summary. The Town of Montgomery Wastewater Infrastructure Project will construct basic public wastewater infrastructure in Montgomery Center and Village to replace existing non-complying on-lot septic systems. Phase two of the Trout Rivers development is contingent on the presence of municipal wastewater infrastructure in order for full buildout of the project plans. The Annual Equivalent User Rate to Median Household Income (MHI) in the overall Town of Montgomery is lower than 2% (1.69%), however the proposed service area sewer user base MHI is less than the overall Town MHI. CRRP will assist in lowering the debt and ensuring user rates are affordable for the service area users. Without CRRP, user rates for the service area would be in the amount of \$590 per year. With the assistance of CRRP funding, the annual user rates would decrease to \$410, resulting in \$180 per year savings for users. The Town of Montgomery Grand List Growth from 2011 to 2021, as calculated by the Tax Department and the Joint Fiscal Office, is 1.1%.

At **10:17 a.m.** Rachel Smith made a motion that the Council find that based on the documentation provided by the Town of Montgomery for their “Wastewater 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 affordable housing by creating new units within the project area which meet the affordable housing definition as defined in 24 V.S.A. § 4303; 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, the Council that recommend the Interagency Team approve the Town of Montgomery CRRP application. Jamie Stewart 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. 9-0-0.

- ❖ Aye: Chair John Davis; Rachel Smith; Jamie Stewart; John Russell, Michael Keane; Mike Donohue; Heather Chase; Sen. Thomas Chittenden; and Thad Richardson
- ❖ Nay: None
- ❖ Abstain: None

10:22 a.m. City of South Burlington: East Storage Tank Expansion

Sen. Thomas Chittenden offered to recuse himself, describing his prior role with the City Council and knowledge of the project. John Kessler advised it was unnecessary.

Tom DiPietro and Paul Conner presented South Burlington’s proposal. DiPietro explained that the existing tank is operating at 98% capacity currently and that this will limit development. The total project cost is nearly \$6 million, with a bond vote scheduled for 2024. Paul Conner explained the project would double its capacity and detailed several projects already in development. On average, the city has added 145 housing units a year since 1980. He emphasized the amount of demand on the current system and that there are many pending projects. Voters approved nearly

\$60 million in debt at 2023 Town Meeting, noting the multiple votes held by the city on infrastructure and that there is a risk of voter fatigue and that would jeopardize all of the development and it would force permitting to stop. He said that there was no real way to decrease the project scope to make the project more palatable for voters.

Angie Farrington provided a staff summary, noting that the Hillside East housing development located on Old Farm Road is presented to meet the affordable housing criteria. Hillside East will consist of 155 single family townhouses and cottages including both affordable and market rate units. The City’s application also provided details associated with the development occurring by Snyder Braverman in partnership with the University of

Vermont (UVM) and University of Vermont Medical Center (UVMCMC). She noted that these developments appear to be underway, and were not presented to meet the project criteria. VEPC staff have concerns regarding whether the but for criterion was met. Farrington noted there were several large-scale infrastructure bonds in approved during the March 2023 Town Meeting, including \$21.8 million for Airport Parkway WWTF, \$2.3 million for Eastview neighborhood connection to the Bartlett Bay WWTF, \$15 million tax increment financing bond for several infrastructure improvements within the City, and a \$33.8 million bond to upgrade Bartlett Bay Wastewater Treatment plant and Airport Parkway wastewater facility. The voters also approved a \$14.5 million school bond. According to the Preliminary Engineering Report (PER) issued January 2023, the City has approximately 7,445 current customers split between residential and commercial users (1,343 commercial and 6,102 residential). The median household income (MHI) reported in the 2020 Census was \$76,227, which is above the statewide average MHI reported in the 2020 American Community Survey (ACS) of \$63,477. Additionally, the Vermont Water Supply Rule Section (SBET) 2.1 states “When a water system, expecting future growth, reaches 90% of the capacity of treatment or pumping systems capacity it shall commence planning for the required additional capacity. When pumping or treatment capacities reach 100%, the water system shall initiate construction of these facilities.” The City of South Burlington’s adjusted Grand List growth from 2011 to 2021, as calculated by the Tax Department and the Joint Fiscal Office, is 3.4%.

Chair John Davis solicited comments. Frank Cioffi spoke in support of the project and noted the State’s interest in encouraging development in areas where existing infrastructure exists. He also lauded the city’s investments in infrastructure and said the city plays a critical role in the state’s economy. Michael Keane noted his presence on the Council during the South Burlington TIF application. He noted they delivered on all of their promises during that process.

John Davis asked about development approval and the timing of that relative to the water infrastructure needs. Paul Conner replied that approvals can be based on phased development and that water is only approved as projects need to come online. Davis followed up to clarify he found the approval of development prior to infrastructure was unusual to him. Conner said that they have a pattern of development and that because of the perpetual flow of development there is rarely a pause. He said if they were at 90% of capacity the proposal would still be before the Council due to the pending need. Rachel Smith asked how many times voters had to be asked to approve the \$60 million. Conner replied that the ask was once, largely due to the effort of municipal officials to educate voters. Smith asked what would happen if they did not get the funds. Conner indicated that they would need to go before the voters. Conner emphasized the risk of development grinding to a halt.

Jamie Stewart asked about the “but for” and noted the smaller impact on users relative to other projects the Council has considered, further noted that proposed development mentioned in the proposal would mean an even smaller impact on user rates. Conner said that the real question was the total debt impact on the city rather than user rates. Stewart said he was still concerned about the relatively low impact on users. DiPietro noted that the

increase would be 7% spread out over 4 years so the impact would be larger if they added it all at once. Sen. Chittenden noted from his time on the city council that voter and growth fatigue is a real risk which would hurt State priorities. Heather Chase spoke to the need for housing in Vermont and the need for that housing in dense areas. John Davis agreed on the need for housing, but emphasized the task of the Council is to focus on the “but for” provision. Chase agreed that the “but for” was challenging.

At 10:26 a.m. Rachel Smith made a motion that the Council find that based on the documentation provided by the City of South Burlington for their “East Storage Tank Expansion” 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 affordable housing by creating new units within the project area which meet the affordable housing definition as defined in 24 V.S.A. § 4303; 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, the Council recommend the Interagency Team approve the City of South Burlington’s CRRP application. Mike Donohue 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. 8-1-0.

- ❖ Aye: Chair John Davis; Rachel Smith; Jamie Stewart; John Russell, Michael Keane; Mike Donohue; Heather Chase; and Sen. Thomas Chittenden
- ❖ Nay: Thad Richardson
- ❖ Abstain: None

11:08 a.m. Burlington Waterfront TIF: Reconciliation Report Amendment

Abbie Sherman explained what was to be considered by the Council, clarifying the differences between the Burlington Waterfront TIF District and all other. She noted that the request before the Council involves only the CityPlace parcels and that the legislature has essentially approved the substantial change request. The Council’s role is whether or not to accept the amendment to the District’s Reconciliation Plan.

Brian Pine acknowledged the impact of urban renewal on the city and said that this project was a way to revisit that work and fix it. He said the past year was highly impactful on the progress of development. He said the project was the city’s highest priority. David White gave an overview of the project. He said the request was an approval of additional debt of nearly \$20 million, noting that it was approved by voters and needed to be incurred by June 30, 2023 and paid off by FY 2035. Phase 1 is currently under construction and includes 400 units of mixed income housing, 40k sf of commercial space, and 400+ parking spaces. Phase 2, expected to

start in 2024 or 2025, would lead to 100 units of housing, 20k sf of commercial space, and 250 parking spaces. The public projects would reconnect Pine Street to the city grid as well as St. Paul's reconnection. He gave background on the Waterfront TIF and said the legislature gave directives as to timing and development project amounts. Regarding this, Abbie Sherman emphasized that as part of the request before the Council. David White noted various sources of funding for the public improvements, and he anticipates an approximately \$9 million surplus in the TIF District Fund.

Abbie Sherman summarized the staff review of the reconciliation amendment, which was made in consultation with ACCD General Counsel John Kessler and Jeff Cars from Economic Policy & Resources. She explained the legislation contingency to extend the period to incur debt and retain increment on the three CityPlace parcels. The City had provided the required documents to meet that contingency, which was reviewed by John Kessler, and Sherman recommended the Council acknowledge receipt. Sherman then provided a summary comparison of the 2016 amendment and the current amendment. She said the city stated in their narrative that the scope of the projects has not changed, and staff found this to be correct. Sherman noted that the total amount of debt service included in the staff write up did not include interest for amendment which changed the debt service from \$19,641,000 to \$27,012,629. Sherman also noted that the Real Property Development which is intended to reflect private construction cost was documented incorrectly, so such value changed from \$203,225,000 to \$269,700,000. Sherman noted that public improvements from 2016 to 2023 increased by \$17,508,610; debt service decreased by \$5,215,243; real property development increased by \$20,700,000; incremental value increased by \$69,511,405; and the total TIF fund revenue increased by \$1,800,430. Sherman noted that the calculation for total TIF fund revenue uses flat tax rates and assumes all real property development will occur. Sherman noted that there is currently an overall decrement in part of the City's tax increment calculation, but analysis conducted by EPR outlines that phase 1 of the project will overcome the decrement.

As to viability, she said that the city made three key assumptions:

- 1) That the Phase 1 development plan with the forecasted tax property increment will be completed as planned;
- 2) That the municipal tax rate will increase at the rate projected by White + Burke in the Waterfront TIF District Financial Plan; and
- 3) That it is more likely than not that the Phase 2 development project will be completed by the Fall of 2026.

Regarding tax rates, she said Jeff Carr noted the complexity in forecasting tax rates. She said there are a lot of moving parts in determining what tax rates will be, including reappraisals. Sherman said Carr recognized that VEPC could accept some modification to using flat tax rates, and as part of his review he did an analysis using increases at a rate lower than as presented in the financial plan – 1% municipal and 1.25% education. He noted that it still resulted in a viable financial plan with a surplus of over \$6 million.

She said Carr noted that the third assumption made was the least developed part of the City's plan. Concerns from staff include: CityPlace Partners do not currently have controlling interest in the involved parcels, there is potential that the project could be delayed depending on how things unfold, and again there is reliance on tax rates that increase by 2% for municipal and 2.5% for education. Using Carr's alternative analysis with lower rate increases, there is the potential for a small cash flow deficit rather than a surplus. This demonstrates the sensitivity of the City's plans. However, she said Carr also noted that any number of changes or actions could improve that, such as completing Phase 2 within the timeframe planned. Sherman noted the Council could reiterate to the City that they must follow the requirements in TIF Rule 607, which requires the reporting on minor changes to the District, and the submittal of a substantial change request if there are significant changes.

Based on Carr's analysis, staff believes the City has provided reasonable evidence and justification that the District continues to be viable. Sherman advised the Council to discuss with the City any concerns or questions they have regarding this request. Any approval of the request should include a contingency that the DID tax be included in tax increment calculations and continued reporting on the CityPlace parcels.

John Davis asked about the likelihood of obtaining the RAISE grant. Brian Pine said it was uncertain. Jamie Stewart said the ongoing development gave him encouragement.

At 11:36 a.m. Mike Donohue made a motion to acknowledge receipt from the Burlington Waterfront TIF District of an executed construction contract with a completion guarantee by the owners of the parcels evidencing commitment to construct not less than \$50 million of private development on the parcels. Receipt of this contract and completion guarantee satisfy the conditions established by the General Assembly in Act 134 of 2016, amending Sec. 18 of Act 80 of 2013, and with date extensions as amended by Act 175 of 2020 and Act 73 of 2021. Jamie Stewart 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. 8-0-0.

- ❖ Aye: Chair John Davis; Rachel Smith; Jamie Stewart; John Russell, Michael Keane; Mike Donohue; Sen. Thomas Chittenden; and Thad Richardson
- ❖ Nay: None
- ❖ Abstain: None

At 11:36 a.m. Mike Donohue made a motion to accept the City of Burlington's amended Reconciliation Report for the Waterfront TIF District, with the following contingencies:

- 1) That the City include the Downtown Improvement District tax in tax increment calculations; and
- 2) That the City continue to report on changes to the Waterfront TIF District on the annual reporting form, including any specific changes to the City Place project and parcels.

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. 8-0-0.

- ❖ Aye: Chair John Davis; Rachel Smith; Jamie Stewart; John Russell, Michael Keane; Mike Donohue; Sen. Thomas Chittenden; and Thad Richardson
- ❖ Nay: None
- ❖ Abstain: None

11:39 a.m. Burlington Downtown TIF: Request to Revise Deadline to Submit Substantial Change Request

Abbie Sherman summarized the proposal before the Council noting that VEPC staff agree the request should be approved due to the effect the change would have on the substantial change request.

At 11:40 a.m. Mike Donohue made a motion to extend the deadline for the City of Burlington to submit a Substantial Change Request for the Downtown TIF District to June 9, 2023, for review by the Council beginning with the July 27, 2023 meeting. Said request will address the change in the implementation of the Champlain College Development Fee as originally detailed in the approved 2020 Substantial Change Request, and will also address all other requirements as outlined in the motion approved at the January 26, 2023 meeting. Rachel Smith 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. 8-0-0.

- ❖ Aye: Chair John Davis; Rachel Smith; Jamie Stewart; John Russell, Michael Keane; Mike Donohue; Sen. Thomas Chittenden; and Thad Richardson
- ❖ Nay: None
- ❖ Abstain: None

Heather Chase then exited the meeting.

11:42 a.m. Executive Director Updates

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

- Cake was shared in recognition of Chair Davis's service ending on the Council.

Sen. Thomas Chittenden then exited the meeting.

- John Kessler gave an overview of Open Meeting Law and the use of Executive Session. He noted one shortcut to hold in mind is the treatment of public records and that Executive Session can be thought of similarly, keeping in mind what records ought to be shielded from public view and why. Private financial and business information falls into this area. Motions to enter Executive Session should note the reason for entering. He noted anyone can be invited into the Session. Minutes are not required and personal

notes do not count as minutes, nor are they required to be kept for records purposes. He emphasized that discussion should be focused on the subject matter that merits Executive Session and should not wander into other areas. He cautioned that emails shared among the entire Council should be sharing information exclusively and not venture into discussion.

- Sherman provided updates on H.10 (VEGI), project-based TIF, and the TIF District extensions.
- Sherman commended Angie Farrington for her work on the TIF Annual Report. The report is in final reviews and will be provided to the General Assembly on March 31.
- Sherman has received 4 VEGI inquiries since the last VEPC meeting, to which she thanked Randall Szott for his assistance in responding to. There are 2 new pre-apps in progress and 1 potential application for April.

At 12:15 p.m. Rachel Smith moved to adjourn the meeting. Jamie Stewart 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; Rachel Smith; Jamie Stewart; John Russell, Michael Keane; Mike Donohue; and Thad Richardson
- ❖ Nay: None
- ❖ Abstain: None

Minutes taken by Randall Szott: March 30, 2023

Revised by Abbie Sherman: April 5, 2023

Approved by the Council: April 27, 2023