



VERMONT ECONOMIC PROGRESS COUNCIL
DRAFT – COUNCIL APPROVAL REQUIRED AT NEXT MEETING.

DRAFT - MEETING MINUTES – COUNCIL APPROVAL REQUIRED AT NEXT MEETING
APRIL 27, 2023

DAVIS BUILDING, CALVIN COOLIDGE CONFERENCE ROOM
1 NATIONAL LIFE DRIVE, MONTPELIER, VT
9:30 A.M. TO 11:41 A.M.

Members Attending In-Person: Chair John Russell; Sen. Thomas Chittenden; Jamie Stewart; Heather Chase; Michael Keane; and Kim Gobeille

Members Attending Virtually: Thad Richardson; Mike Donohue

Members Absent: Rachel Smith; Rep. Emilie Kornheiser; Mark Nicholson

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

Others Present: Joan Goldstein (Department of Economic Development – Commissioner); Jeff Carr (Economic Policy & Resources) Laura Dolgin (Newport - City Manager); Thomas Bernier (Newport - Public Works Director); Rebecca Therrien (Newport - Program Administrator), Melissa Manka (Westford - Town Planner); Gordon Gebauer (Westford – Planning Commission Member); Juli Beth Hinds (Westford – Planning Consultant); Kathleen Ramsay (Middlebury -Town Manager); Zeke Davisson (Middlebury - Chief Operating Officer, Summit Properties); Andy Miller (Middlebury - Director of Real Estate Development, Summit Properties); Fred Kenney (ACEDC); Blaine Paxton (Rhino Foods – Director of Supply Chain Operations); Ted Castle (Rhino Foods – Founder); Rooney Castle (Rhino Foods – President and CEO); Mike Whitney (Rhino Foods – Chief Financial Officer); Scott Kupperman (Kupperman Location Solutions); David Snedeker (NVDA); Alex Demoly (GBIC); Sam Andersen (GBIC)

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

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

9:31 a.m. Minutes – March 30, 2023 Regular Meeting

Chair John Russell inquired as to any corrections or changes to the draft meeting minutes for the March 30, 2023, Regular Meeting. Hearing none, requested a motion.

At 9:34 a.m. Michael Keane moved to accept the minutes of the March 30, 2023, Regular Meeting. Jamie Stewart seconded the motion. Chair John Russell inquired as to further discussion, hearing none requested a roll call for the vote. The motion passed. 7-0-0

❖ Aye: Chair John Russell; Kim Gobeille; Heather Chase; John Russell, Michael Keane; Sen. Thomas Chittenden; and Thad Richardson

- ❖ Nay: None
- ❖ Abstain: None

9:34 a.m. Public Comment

Chair John Russell 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.

9:34 a.m. VEGI: Rhino Foods, Burlington, Initial Application

At **9:36 a.m.** Michael Keane moved to enter Executive Session under 1 VSA § 313(a)(6) to discuss a VEGI application and its related trade secrets concerning confidential business planning and prospective investment records and information protected from public disclosure under 32 VSA § 3341 and 1 VSA 317(c)(9). Jamie Stewart seconded. Chair John Russell noted that Jeff Carr would be joining the Executive Session as the application includes a request for waiver of the look back requirement and he could speak to the economic modeling of that. Chair John Russell then inquired as to further discussion, hearing none requested a vote. All voted in favor and the motion passed. 7-0-0.

- ❖ Aye: Chair John Russell; Kim Gobeille; Heather Chase; Jamie Stewart; Michael Keane; Sen. Thomas Chittenden; and Thad Richardson.
- ❖ Nay: None
- ❖ Abstain: None

Mike Donohue joined the meeting after this motion. Council members, VEPC staff, Rhino Foods representatives, Sam Andersen; Alex Demoly and Jeff Carr joined in Executive Session.

At **10:33 a.m.** the Council exited from Executive Session.

At **10:34 a.m.** Mike Donohue made a motion regarding the Initial Application filed by Rhino Foods, for a project located in Burlington, that the Council find that:

- The new revenue the proposed project generates to the State exceeds the costs of the activity to the State by \$2,103,927.
 - The company is not a party to any State action, the host municipality welcomes the new business, and the proposed economic activity will conform to applicable town and regional plans;
 - The applicant does not operate in a limited, local market, and the incentive would not give the business an unfair competitive advantage over other Vermont businesses in the same or similar line of business;
 - The proposed hiring supports a “qualifying job” determination by the Council under 32 VSA 3331(9)(E), as the new positions are part of the establishment of a new line of business that were not part of the business before the application;
- and

- As certified in their application and during testimony before the Council, company officers have provided compelling information and arguments that but for this incentive the proposed economic activity would not occur in Vermont, or would occur in a significantly different manner and be significantly less desirable to the State.

And therefore, the Council approve the Initial Application, giving initial authorization of VEGI incentives of up to \$798,858 with an estimated incentive of \$745,601 based on application data, for activity to commence December 22, 2023, subject to submittal of a Final VEGI Application by the end of the calendar year. Michael Keane seconded the motion. Chair John Russell inquired as to further discussion, hearing none requested a roll call for the vote. The motion passed. 8-0-0

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

10:39 a.m. Community Recovery & Revitalization Grant Program Applications

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

10:39 a.m. City of Newport: East Side Water Project

Laura Dolgin noted the project was key for workforce housing and reliable water sourcing will enhance development. She pointed out that a shared water agreement with Derby made for water rates that were not controlled by Newport and made for inequitable rates. The arrangement constrains decision making by Newport because Derby must approve development plans along the water corridor. The project will provide certainty around water capacity, eliminating the unknowns introduced by the existing agreement with Derby.

Angie Farrington provided a staff summary, noting that Newport has presented Poulin Grain, Inc. to meet the business development criteria. Poulin Grain, Inc. plans to expand their current footprint and develop a distribution center for its product lines. In 2021, Newport approved a \$4.9 million bond to pay for the East Side Water Project, and the city noted in their application that the approval was not because they can afford increase in rates, but because investing in the public infrastructure is important for Newport to become competitive to draw business development to the area. The application outlined that the full cost of the project simply cannot be borne solely by the users of the system without making rates unaffordable. Newport provided data which shows that city is one of the poorest in the State with average Median Household Income of \$52,283 with nearly half (49%) of the population making \$50,000 or less per year, in 2021. This is less than the average MHI for the State of Vermont in 2021 which was \$67,674. Farrington noted that the City of Newport states that the project will occur regardless of CRRP funding due to economic necessity, but it is critical to reduce the amount that is needed to be borrowed

and improve the chance of the financial success of the project. Newport City adjusted Grand List growth from 2011 to 2021, as calculated by the Tax Department and the Joint Fiscal Office, is 1.6%.

Michael Keane asked about the duration of the water agreement. Dolgin said that Newport would pay a fee to disconnect and that it would otherwise be a continuous agreement. Jamie Stewart asked about the “but for” and wanted to hear more about a relatively small increase for rate payers. Dolgin indicated the impact for rate payers would amount to a 6% difference. She also noted the ongoing impact of EB-5 on the community. Angela Farrington restated numbers from her presentation, stating that some users could see a 22% increase in user rates without debt service being offset by CRRP funding.

At **10:56 a.m.** Thad Richardson made a motion that the Council find that based on the documentation provided by the City of Newport for their “East Side 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 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, the Council recommend that the Interagency Team approve the City of Newport CRRP application. Heather Chase seconded the motion. Chair John Russell 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 Russell; Kim Gobeille; Heather Chase; Michael Keane; Sen. Thomas Chittenden; Jamie Stewart; Mike Donohue; and Thad Richardson
- ❖ Nay: None
- ❖ Abstain: None

10:58 a.m. Town of Middlebury: Stonecrop Meadows Infrastructure

Due to technical difficulties, Middlebury’s representative was unable to present, so the developer presented on the project instead. Zeke Davisson presented a 250-unit housing community under consideration. He noted that there will be around 80 affordable housing units associated with the project. He said the infrastructure was critical to the project and emphasized the urgent need for housing in the area, citing long commutes for the area workforce. Davisson noted the infrastructure costs offsets were necessary to make affordable housing units feasible and that bonded debt would not be realistic for Middlebury. Phasing the build out of infrastructure would jeopardize the project because of added costs and uncertainty, therefore the “but for” was met. Kathleen Ramsay emphasized the enthusiasm in Middlebury for the project.

Angie Farrington provided a staff summary noting that Middlebury outlined that Summit Properties brought the affordable housing development on a timeline that precludes the possibility of municipal funding mechanisms like bonded debt, but with the need for Municipal water, sewer and stormwater infrastructure to be implemented in order for the success of the private development. She said that Middlebury indicates that even if a bond was an option, the Town already has \$18,600,000 in bonded debt outstanding and has an established bond pipeline that includes necessary public investments such as \$3.5m recently approved for Town water storage tank, \$25m for wastewater treatment upgrades, and \$15m for library renovations and expansion. Lastly, even if a bond were possible and issued, the increase in rates would be expensive for the low- and moderate-income families that are being targeted for housing. In a special assessment district, rates would increase by \$1,086, which would represent an increase of more than 130% from the FY2023 rate of \$825. If the cost was assessed across the Town's existing utility rate payers, the annual estimated fee would increase by \$80, a 10% increase for all users. Farrington stated the Town of Middlebury's grand list growth from 2011 to 2021, as calculated by the Tax Department and the Joint Fiscal Office, is 2.7%.

Michael Keane noted the strong arguments for the project to ensure the units are affordable. Fred Kenney spoke in support of the project and noted the impediment to employment recruitment that the current housing crisis is creating for the community.

At **11:10 a.m.** Jamie Stewart made a motion that the Council find that based on the documentation provided by the Town of Middlebury for their "Stonecrop Meadows 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 Middlebury CRRP application. Kim Gobeille seconded the motion. Chair John Russell 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 Russell; Kim Gobeille; Heather Chase; Michael Keane; Sen. Thomas Chittenden; Jamie Stewart; Mike Donohue; and Thad Richardson
- ❖ Nay: None
- ❖ Abstain: None

11:12 a.m. Town of Westford: Community Wastewater Disposal System

Gordon Gebauer gave an overview of the project. He indicated that the total project cost is \$3.8 million. This is in the context of an annual town budget of \$2 million and the huge lift the project would be for a community of Westford's size. The village center currently has individual wastewater systems and they are largely out of compliance with current water standards. Gebauer noted that disposal sites and potable water sites will increasingly conflict with each other due to the current infrastructure. Town Office and Library share a 50-year-old system which is limited to 90 gallons a day which leaves no capacity for meetings or activities in either buildings. The Westford Common House has seen a significant increase in the demand in its use and currently only has a holding tank which is expensive to utilize. The local country store is constrained from growth due to wastewater infrastructure. This inhibits the utilization of apartment space and the ability to add staff and service capacity. The Brick Meeting House is also limited by its septic system and that system is in close proximity to a river. He noted the town has been struggling with water capacity improvement for over 15 years.

Angie Farrington provided a staff summary noting that Westford has presented Westford Common Hall (non-profit) and Westford Country Store and Cafe to meet the business development project criteria. She noted the soil, and groundwater constraints which is a significant barrier to onsite wastewater systems on most properties in the Town center. Public investment is a necessity in making the project financially feasible and sustainable. She said the Town did not anticipate needing to secure additional funding to offset the debt ceiling, but revised cost estimates show that the project is now at \$3.8 million. Westford noted the risk that voters would reject the bond vote if funding levels were inadequate. Westford's adjusted Grand List growth from 2011 to 2021, as calculated by the Tax Department and the Joint Fiscal Office, is 2.7%.

Sam Andersen spoke in support of the project and said it was on the regional priority list. Jamie Stewart noted how small communities need this sort of improvement to make building in village centers viable.

At 11:27 a.m. Kim Gobeille made a motion that the Council find that based on the documentation provided by the Town of Westford for their "Community Wastewater Disposal System" 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, the Council recommend the Interagency Team approve Town of Westford's CRRP application. Mike Donohue seconded the motion. Chair John Russell

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 Russell; Kim Gobeille; Heather Chase; Michael Keane; Sen. Thomas Chittenden; Jamie Stewart; Mike Donohue; and Thad Richardson
- ❖ Nay: None
- ❖ Abstain: None

11:29 a.m. Executive Director Updates

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

- VEGI Cap Watch: With Rhino, the Council has approved just over \$1 M in incentives for 2023.
- VEGI: Since the last Council meeting there were 5 new inquiries and 1 new pre-app submitted, which may submit a full application for May.
- VEGI Claims are due April 30 and as of today there are 8 claims still needing to be submitted. She has been working with the Tax Department to reach out to remind companies.
- TIF: Angie Farrington has started Spring Monitoring Visits, having completed Winooski, Bennington, Barre, and Milton. These visits are for comparing information submitted in the annual reporting forms against the records of the TIF District and to answer any questions they have about implementing their District. In the fall, the monitoring visits will be an opportunity for Council members to tour the Districts to see the changes and to discuss with the districts any challenges or opportunities they are facing.
- Sherman discussed the options for holding this year's VEPC Retreat and suggested substituting the October 26 Council meeting for the Retreat, noting that the November meeting is shortly after due to the Thanksgiving holiday.

At 11:32 a.m. Jamie Stewart made a motion to conduct the VEPC retreat in lieu of the regular October 26 VEPC Council meeting and to review any VEGI or TIF Requests that are received at the November meeting instead. Michael Keane seconded. Chair John Russell requested a roll call for the vote. All voted in favor and the motion passed. 8-0-0.

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

Sherman noted that she has some ideas for topics which could be covered during the retreat but encouraged Council members to submit their ideas. Jamie Stewart said he would like to share some recommendations to staff for the retreat, particularly on the possible inclusion of legislators. Joan Goldstein shared concerns about legislation that might impact the retreat. She also detailed where various budgetary asks and legislation stood. Sherman shared an update on the status of S.94 which contains changes to VEGI and TIF. Sen. Chittenden indicated he would welcome concerns and suggestions being shared with him to bring to the legislature.

At 11:41 a.m. Jamie Stewart moved to adjourn the meeting. Michael Keane seconded the motion. Chair John Russell requested a roll call for the vote. All voted in favor and the motion passed. 8-0-0.

Minutes taken by Randall Szott: April 27, 2023

Revised by Abbie Sherman: May 1, 2023

Approved by the Council: June 29th, 2023