



VERMONT ECONOMIC PROGRESS COUNCIL
MEETING MINUTES
JULY 27, 2023
DAVIS BUILDING, CALVIN COOLIDGE CONFERENCE ROOM
1 NATIONAL LIFE DRIVE, MONTPELIER, VT
9:30 A.M. TO 11:26 A.M.

Members Attending In-person: Chair John Russell; Michael Keane; Rep. Emilie Kornheiser; and Kim Gobeille

Members Attending Virtually: Rachel Smith; Thad Richardson; Mike Donohue

Members Absent: Sen. Thomas Chittenden; Heather Chase; Mark Nicholson; Jamie Stewart

Staff Present: Abbie Sherman, Executive Director; Kelly Chambers Admin Services Coordinator

Others Present: Rose Kelly, CVEDC; Tom Badowski, Town of Berlin, Ashley Parker, City of Burlington; John Kessler, ACCD General Counsel; Brian Pine-City of Burlington; David White, White + Burke (City of Burlington); Jeffrey Carr, Economic & Policy Resources; Tanya Morehouse, State Auditor's Office; Richard Haesler, City of Burlington; Ashely Parker, City of Burlington

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, hearing none, moved on to the next agenda item.

9:32 a.m. Minutes – June 29, 2023, Regular Meeting

Chair John Russell inquired as to any corrections or changes to the draft meeting minutes for the June 29, 2023, Regular Meeting. Hearing none, requested a motion.

At 9:32 a.m. Michael Keane moved to accept the minutes of the June 29, 2023, Regular Meeting. Kim Gobeille 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; Michael Keane; Thad Richardson; Mike Donohue; Rep. Emilie Kornheiser; and Kim Gobeille
- Nay: None
- Abstain: Rachel Smith

9:33 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. Community Recovery & Revitalization Grant Program Application: Town of Berlin 62 Gateway Project

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

Tom Badowski presented to the Council the Town of Berlin's plans regarding the Berlin 62 Gateway Project. The town is wanting to use CRRP to allow for development of a 300-350 housing development for workforce, as well as 3.8 acres that will become office space. Recently the town permitted a senior housing project (97 Chestnut Street), and Downstreet Housing (Fox Run) is developing affordable housing. The town is trying to increase its population by enticing people to work and live in Berlin. Their current population is 3,000.

Abbie Sherman provided a summary of VEPC staff's review of Berlin's application. She noted that there is nexus between the improvements and the development. The development being Fox Run, a 30-unit multi-family housing being developed by Downstreet Housing, 24 of which are anticipated to meet affordable housing requirements. Development of this housing requires water, wastewater, and stormwater infrastructure improvements. For the "need" and "but for" requirement, Abbie noted that Berlin has invested \$10 million in infrastructure projects, with limited capacity to carry additional debt and two other critical water and wastewater infrastructure projects in the works. Outside funding is required to make the project viable as inadequate funding will create a high risk the project will be rejected until other funding sources are secured which will delay the project and increase cost due to the current construction climate. The town has had 2.1% Grand List growth from 2011 to 2021, which is considered stagnant and ranks them 52 out of 259 towns.

In responding to Council questions, Tom Badowski noted the top two risks are staff capacity as they are small rural community and funding. Once funding is in place, it would have a cascade effect in being developed. Rose Kelly from CVEDC read a statement from CVEDC's Executive Director Melissa LaBounty in support of the project, noting that the project is ranked #3 out of 10 on the priority list.

At 9.52 a.m. Michael Keane made a motion that the Council find that based on the documentation provided by the Town of Berlin for their "62 Gateway Project" 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 Town of Berlin CRRP application. Emilie Kornheiser 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. 7-0-0.

- Aye: Chair John Russell; Michael Keane; Thad Richardson; Mike Donohue; Rep. Emilie Kornheiser; Rachel Smith; and Kim Gobeille
- Nay: None
- Abstain: None

9:58 am. Burlington Downtown TIF District Substantial Change Request

David White, Real Estate Advisor from White + Burke representing the City of Burlington, noted having read the VEPC staff review and presented on what he felt were three primary issues: the Champlain College development fee, retention of taxes, and use a percentage to pay staff for their time working on TIF as related costs.

In talking about the Champlain College development fee, David stated that the City wanted to negotiate the fee as it would impact the capital cost directly and the education fund. The City of Burlington would like the Council to add a conditional of approval that allows obligating the end adjustment to the calculation. On retention of taxes, David stated that the City anticipates they will receive more revenue in the future with additional private development projects which were not outlined in the Financing Plan. They proposed that today no adjustment be made at this time and instead the City would supplement reporting annually. On related costs, the city is asking for a determination on using tax increment to pay for staff time as related costs. Responding to VEPC staff concerns from the write-up that a tracking of related costs has not been provided, David noted that the City has contracted with Municap to look at all records to create this tracking document.

Abbie Sherman gave a brief synopsis of the current situation as many Council members are newer. She noted that the City’s original TIF Plan included brownfield remediation of a property in the District to allow for redevelopment with \$17 million in taxable value. When that fell through, Champlain College entered into a Development Agreement with the city to proceed with the project. Since the taxable value would not be as high with the Champlain College development, the agreement with the college in part provides a \$260,000 annual development fee to the City to construct certain improvements.

In the 2020 substantial change request submitted by the City, the Financing Plan showed these payments going into the TIF fund beginning in 2017. When the 2020 request was approved by VEPC, it required that the fee be deposited into the TIF Fund to be used for debt service and related costs. The City had a different understanding of

the requirement. A subcommittee of Council members reviewed the issue on January 3, 2023 confirming the Council's understanding of the 2020 request.

Sherman provided the Council with the standard questions that are reviewed when a TIF District submits a substantial change request. In addition, the City needed to propose a resolution to the issue regarding the Champlain College Development Fee. She noted that the Council has 60 days to make a determination on this request, with the clock starting today (07.27.2023). Most of the review of the request points to continued viability of the TIF District and impact on education property tax revenue. Overall, the revised financing plan shows continued viability, but staff have concerns that the City had not adequately addressed the Champlain College Development fee. Additionally, staff is continuing to review questions regarding the bond premium and how that should be reflected in the Financing Plan. With related costs, staff did not believe enough information was provided at this time to make a recommendation and asked that the matter be deferred to VEPC staff.

Regarding the Champlain College development fee, Sherman noted that use of the bond premium the City had received was limited to the uses approved by voters. Since the funds must be used for the TIF District, staff do not believe it resolves the issue regarding the Champlain College development fee. Sherman added that, keeping in mind that VEPC as a State entity is a steward of the Education Fund, there are some potential options to resolve the issue, those being: the City making a lump sum payment to the TIF Fund; the City making annual payments of smaller amounts; or reducing the share of education tax increment the City could retain.

Concurrently with the substantial change request is a review of the adjustment of equal share, which should be determined by the Council after having considered the substantial change request and a final Financing Plan. Sherman summarized the purpose of the adjustment of equal share review which is required by statute and TIF Rule.

The Council discussed the proposal from the City and the options for resolving the Champlain College development fee. Concluding the discussion, Chair John Russell requested that Abbie Sherman evaluate the three options she had proposed, with the assistance of Jeff Carr, and present at the next VEPC Board meeting.

11:19 a.m. Executive Director Updates

Executive Director Abbie Sherman provided updates to the Council. For VEGI, there have been 4 new inquiries since the June meeting, with one potentially becoming an application. Tours of businesses are continuing, and there are a few that have the potential of being VEGI applications. For TIF, VEPC staff will be planning Fall Monitoring visits, which Council members are welcome to join. Sherman will also try to set up some business visit to make a day of each visit. The next VEPC meeting is August 31 2023.

At 11:26 a.m. Emilie Kornheiser moved to adjourn the meeting. Michael Keane seconded the motion. Chair John Russell requested a vote. All voted in favor and the motion passed.7-0-0.

- Aye: Chair John Russell; Michael Keane; Thad Richardson; Mike Donohue; Rep. Emilie Kornheiser; Rachel Smith; and Kim Gobeille
- Nay: None
- Abstain: None

Minutes taken by Kelly Chambers: July 27, 2023

Revised by Abbie Sherman: July 27, 2023

Approved by the Council: 08.31.2023