



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

DRAFT - MEETING MINUTES
MARCH 27, 2025
HYBRID
9:30 A.M. TO 12:00 P.M.

Members Attending In-person: Chair John Russell; Rep. Abbey Duke; Michael Keane; Jamie Stewart

Members Attending Virtually: Rachel Smith, Mike Donohue, Wendy Harrison, Kim Gobeille; Thad Richardson; Heather Chase; Mark Nicholson

Members Absent: Wendy Harrison

Staff Present: Jessica Hartleben, Executive Director; Ellie Beckett, Program Manager; Jeff Carr, Executive Branch Economist/EPR

Others Present: Mike Doenges, Mayor of Rutland; Ed Bove, Rutland Zoning Administrator; Mary Murkowski, Rutland City Treasurer; Kathleen Langlois, Rutland Assessor; Lyle Jepson, Executive Director, CEDR; Stephanie Clarke, White + Burke; Gordon Dritschilo, Rutland Herald; Barbara Murphy, Northwest Regional Planning Commission; Alex Demoly, Greater Burlington Industrial Corporation

9:35 a.m. Roll Call and Agenda Review

Chair John Russell called the meeting to order. Members attending and present in person or virtually 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.

9:37 a.m. Minutes – February 27, 2025

Chair John Russell inquired as to any corrections or changes to the draft meeting minutes for the February 27, 2025 meeting. Hearing none, requested a motion. Michael Keane moved to accept the minutes of the February 27, 2025, Regular Meeting. Jamie Stewart seconded the motion. Chair John Russell inquired as to further discussion, hearing none requested a vote. The motion passed unanimously. 10-0-0.

9:38 a.m. Rutland Tax Increment Financing District Application

Stephanie Clarke of White + Burke presented an update to the proposed TIF Boundary map. The city recently learned there is a project fully under development whose timing was unanticipated. They want to remove the parcel from the map to maintain the

integrity of the “but for” since the project would be creating increment not due to the TIF improvements. They are going back to the Board of Alderman to get that approved, and then the OTV and parcel list will be updated and certified.

As a result of this change, a final determination letter will not be issued until this process is completed. The Board of Alderman is expected to approve the change at their 4/21 meeting, and VEPC can approve the change at their 4/24 meeting.

Jessica went through a Powerpoint of each criteria in which the council has to weigh to approve the city’s Master TIF application.

Purpose:

- Provide Revenues:
 - Generate: \$22.7M education and \$21.2M municipal tax revenue
 - 70/30 education and 85/15 municipal shares of increment
 - \$33.9M to TIF Debt/Related Costs
- For improvements that serve the District
 - All serve the District
- Stimulate development within the District
 - All infrastructure improvements have been tied to private developments and include a mix of retail, service, commercial, and residential
- Provide for employment opportunities
 - The Downtown Hotel development is expected to add 30 full-time and 15 part-time positions in hospitality
 - Additional employment expected from other retail, service, and commercial developments
- Improve and broaden tax base and enhance general economic vitality of the municipality, the region, or the state
 - Taxable property estimated to increase tax revenue to by over \$3.4 million annually at the end of the life of the District

But For Criterion:

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

Jessica explained that But For & Need are very similar reviews. EPR was contracted to assist with the analysis of both of these components. Under the “but for” EPR notes that “All of the Real Property private investment projects undertaken by private developers as inventoried in the TIF District Financial Plan, have been stalled or at least resulted in the under-development of key parcels in the TIF District. Specifically, one of the identified private investment parcels has been stalled for 50 years... in addition to

contaminated soils on at least four of the private investment project sites, creating a barrier for decades that no developer has wanted to undertake. As stated in the narrative-"The tools from a Tax Increment Finance district will be the final pieces needed to overcome the most common barriers to private development in Rutland, such as environmental contamination, sewer/water/stormwater system upgrades, site preparation, building demolition, pedestrian and vehicular access, and streetscape upgrades...." EPR concludes that this Master TIF application includes "about the strongest evidence and support for the Council to make "positive findings" under the important "but for" criteria that EPR has seen in the State's TIF district program to date.

Jeff Carr, was offered an opportunity to comment further on his analysis of the but for and he reiterated that it was a strong case that the council could make positive findings on.

Nexus:

- All infrastructure projects serve District
- Detailed descriptions of how the infrastructure serves the private developments
- All areas could benefit from further development for best and highest use
- The City will provide additional information and testimony at the time of each phased filing

Proportionality:

- All for the City of Rutland
- All within District
- The City will provide additional information and testimony at the time of each phased filing

VEPC staff recommended that the Council hold open these findings in anticipation that Rutland will provide additional information, analysis, and testimony regarding the nexus and proportionality criteria in subsequent phased filings.

Jeff added that the proportionality of the municipal facility fit-up project will require additional conversation at the time of the phase-filing for that project. By its nature, a municipal facility will serve the whole municipality rather than just the district. He referenced the municipal facility in the South Burlington TIF but noted that this was different due to it being a relocation and putting the existing facilities back on the grand list.

Process Criteria (must meet all)

- Development of full TIF plan: Yes
- Properly warned public hearings and creation of District by MLB: Yes
- Pledge minimum of 85% of incremental municipal revenues: Yes

- Compatibility with local and regional plan and clear local and regional significance for employ., housing and transportation improvements: Yes
- Boundary update and recertification needed due to imminent development on one parcel. If approved, hold issuance of determination letter until recertification received.

Staff found that the process criteria has been met and recommended the council make a positive finding on this criterion.

Location Criteria (A District must meet two of three)

- TIF District is compact or high density
- Development will occur in an economically distressed area: Having an average median family income <80% of statewide (77%) and median sales price <80% of statewide (62%)

Staff found both of these location criteria have been met, and recommended the council make a positive finding on this criterion.

Project Criteria (Must meet three of five)

- Need:
 - Requires substantial public investment over and above normal municipal operating or bonded debt: If find meets But for, meets this criterion.
 - Need was reviewed by EPR and previously covered under the “But For” review. Under Need, EPR reviewed Rutland’s municipal budget, capital budget, and debt service budget, and found that the 21.75 million in improvements is not affordable for the town and the town lacks fiscal capacity to take that debt on without TIF. In addition, these investments would be over and above the normal operating and capital budgets for Rutland.
 - In addition, the filing by the City also indicates that the aggregate infrastructure expenditure amounts would be significantly beyond the fiscal capacity of the City, it also seems clear from the updated Master TIF application materials that each sequential infrastructure development phase—for all of the necessary improvements, brownfields remediation, site preparation, streetscapes, and investments for the transportation improvements—would likewise require substantial public investment over and above the normal operating (at roughly \$22.6 million per year between 2016 and 2026) and also the annual capital budgets of the municipality (at \$254,500 per year over the 2016 to 2025 time frame)
 - Jeff added that the relationship between the tax rates between the city and the neighboring towns was interesting.

- Brownfield Mitigation
 - The project will affect the mitigation and redevelopment of a brownfield located within the district. Both Tier 1 projects have approved CAPs, the Hotel is enrolled in BRELLA. Six Tier 2 and 3 projects also have some level of environmental site assessment work conducted.
- Business Development:
 - At least one entirely new business or business operation or expansion of an existing business within the District that will provide new, quality, full-time jobs that meet or exceed the prevailing wage for the region. The Downtown Hotel development is a new business that will meet this criterion
 - It is estimated that there will be 30 full-time permanent jobs created when the hotel, restaurant, and housing units open. These positions will include a standard benefits package offered by Cambria Hotels, who will be operating the hotel and restaurant. Twenty of these full-time positions will be associated with the hotel and ten with the restaurant. There will be approximately 15 part-time jobs created with the hotel/restaurant development. Construction associated with the redevelopment is expected to create approximately 200 jobs.
 - EPR's report stated "More specifically, once the Downtown Project is staffed and opened, it is highly likely that the applicant's first private investment project (when it is developed and begins room rental, food and beverage, and housing unit leasing activities operations) will result in the creation of at least one, if not many, employees that will receive wages that will meet the prevailing wage criteria. That is before consideration is given to the likelihood that the 25 market rate housing units associated with the Downtown Hotel project will add more residents and likely support more employment within the Downtown region once the units are rented to residents that would very likely support the Downtown's business community."
 - The report continued, "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 for the applicant to achieve and document that compliance with the first private sector investment project likely to be completed under this TIF District"
 - Jeff added that in terms of the prevailing wage it meets the criteria by offering a wage over and above the county average wage in the hospitality sector and the management positions will also likely exceed the county average wage in total for private sector employees.

Market & Fiscal Viability:

- Reviewed data in TIF Application
- Reviewed all key assumptions made in TIF Financing Plan
- Consulted data from relevant reputable third-party sources

TIF District Financing Plan:

- Requesting approval concurrent with TIF Plan
- Financing Plan is consistent with TIF District Plan

Jessica quoted from the EPR report, "With respect to EPR's recommendation that the Council leave open its deliberations on the "commercial viability" of the private investment projects and the "fiscal viability" of the overall TIF District Financial Plan, EPR nevertheless does agree with the applicant's representative White + Burke's narrative that the current TIF District Financing Plan as filed represents a reasonable, conceptual roadmap (including a sensible timeline) of the plans for both the identified infrastructure projects and for the inventory of likely private sector investment projects as they are understood at this time. Although the private development timeline is "as usual" a most-accelerated timeline (so as to not be a limiting factor for the TIF District development calendar over the life of the TIF District), the Council will have the ability to weigh in on future "Phased Filings" as to the reasonableness and completeness of those filings as the Council further deliberates on the credibility of that subsequently filed information. EPR therefore believes that the Council could conclude that the initial Master TIF filing lays out a reasonable, although ambitious, timeline for what is likely to occur in one form or another over the proposed TIF District's timeline. The City's TIF District Financial Plan filing also includes reasonable placeholder estimates and timing assumptions for the expected market value of the eleven private investment projects and for the likely construction costs of seven infrastructure projects needed to catalyze those private investment projects."

"As a result, EPR believes that the Council could conclude under its Master TIF Plan Determination and Policy that: (1) the Rutland City TIF District should be established, and (2) that the City should be allowed to utilize to the full range of TIF District financial tools to take the next steps toward a "Phased Filing" that—if approved by the Council—would allow the City to start to develop the first phase of its TIF District infrastructure and collaborative private investment project development activities. This Master TIF approval should be granted with the admonition of the need for direct and transparent communication between the Council (including its staff), and the applicant and its prospective TIF District planning and collaborative implementation teams."

Staff agrees with EPR's conclusions and would support leaving the fiscal and market viability and financing plan open but approving the district.

Jeff added that this is why we have Master TIF filings, it is virtually impossible in this environment to predict what we'll be doing construction cost-wise and development-wise looking out against the backdrop of what we'll see in the next several weeks from the current administration in Washington in terms of how it impacts construction costs. He does not envy the applicant's environment to be undertaking this effort it, but thinks it's the best opportunity they have to really do something meaningful in the downtown area. He commends the team for being able to assemble the level of detail provided, particularly the impact of Act 181 and other things that are up in the air. The applicant and narrative indicated that they know they have to come back with phased findings, so we'll be busy, but it is by far the best way to go from the standpoint of making sure that when they go forward and issue debt that we have the best data and information laid out. With some districts we haven't had as open and transparent communication. We want to have good communication with the applicant's planning and development teams moving forward.

Jessica emphasized that transparent communication not only helps the staff but it helps the council make decisions and the more information received, the easier it becomes for the council to make informed decisions. So far, we've had nothing but great communication and collaboration with the city.

Jamie clarified that at this point the council is voting on the creation of the district, not approving any borrowing by the city at this point.

Stephanie added that what is tricky now is the timing – they may get approval from the council and voters, but if the construction doesn't get moving right away the costs can escalate. In this environment it's important to build in contingencies. An applicant has to be careful and give themselves an appropriate buffer.

Council discussion:

Michael K. noted that the energy the council saw last month is still present, but what has changed is the political situation.

John R. stated that he thinks the but-for is extremely strong. In his experience in and around downtown Rutland, it is that development is throttled by the existing infrastructure. This first project will hopefully open up a lot of opportunities and unlock the rest of the downtown. He agrees with the master plan; the Council will get the opportunity to look at development agreements and individual projects to approve. This will be extremely helpful in keeping the district viable.

Stephanie noted that the partnership of VEPC in this means that there will be more momentum and legitimacy for the efforts the city will need to go through to get other funding. Each project will need to find additional sources. They're worried that there'll be cuts to what's available to make these things happen. These developers aren't big companies trying to make a huge profit, they're local developers trying to make a

difference in their community. We have to make it less risky for developers and investors in our communities. Excited that this vote will add momentum and stability for the city to go forward with discussions.

Lyle added that communication between local organizations has been enhanced by this process. It has given them a joint project to focus on and they're rallying around it in an exciting way. The energy around this is something he hasn't seen before. It's nice to see the excitement, conversations are happening that otherwise wouldn't. As soon as dirt starts moving, other conversations will start. This is Rutland's moment.

Mayor Doenges added that there has been a long hard effort put into this. He loved that this conversation is to hear the feedback from VEPC to understand where VEPC wants to hear from them. They meet on the TIF regularly and want to bring VEPC into those conversations. He welcomes open communication throughout the process. He thanked the council for their time and effort in this process.

Jessica noted that in past positions with big capital projects, funders meetings are instrumental in getting everyone on the same page with what is often a large patchwork of sources. Ongoing conversations are helpful to promote transparency and understand challenges in real-time.

Mayor Doenges reiterated that this is Rutland's moment. While he appreciates the challenges at the national level, this tool is what will continue to give them an advantage that they otherwise would not have.

Michael K. notes that when times are toughest that's where the opportunities are.

Lyle reiterated the Belden's are good communicators and will get this done.

John R. noted that they are a 3rd generation family construction company, the family is taking a lot of risk. The benefits will stay local for these projects, we don't see that on a lot of TIFs. They're taking a tremendous amount of risk. He's seen many many plans for this site over 30 years, but they haven't penciled out. This will push it over the edge. But for the TIF, we will continue to have a pit.

Jamie moved that the Council determine the Rutland TIF District Plan, TIF Financing Plan, and application, met all the following approval criteria required by 32 VSA §5404a(h) for a Master TIF District approval including the But For, Purpose, Process Criteria, Location Criteria A and C, and Project Criteria A, C and D.

Based on evidence provide and analyst findings, there appears to be nexus between the proposed infrastructure and the projected private sector developments and with the overall goals of the TIF District. However, the Council will consider this finding partial, and hold it open subject to additional information anticipated to be filed with the City's phased filings.

Rutland proposes 100% proportionality for all infrastructure improvements. None of the infrastructure is being built to service other municipalities or purposefully to serve other parts of Rutland outside the District. However, the Council will consider this finding partial, and hold it open subject to additional information anticipated to be filed with the City's phased filings.

The Council further finds that the District and Plan as presented generally indicate market and fiscal viability and that the Financial Plan is consistent with the TIF District Plan. The Council also approves the proposed 70% share of incremental education property tax increment towards the TIF District debt. Therefore, the Council generally approves the Master TIF District Plan and the TIF Financing Plan and authorizes the TIF District to utilize incremental property tax revenues to finance public infrastructure debt and related costs incurred for the Rutland TIF District in accordance with statute and rules. However, this determination is considered partial, and the viability and reasonableness of non-bonded debt will be determined as subsequent project phases are filed by the City of Rutland and with the receipt of additional information and data.

This determination is further subject to the following:

- A determination letter will not be issued until VEPC has received the updated Financing Plan and District Plan certified by the Town Assessor and Approved by the Board of Alderman that removes the parcel currently in development;
- Annual reporting shall include job creation data with detailed information on employers such as type of business, number of employees, and previous location (if any), for tracking purposes only;
- Rutland will submit fully-executed development agreements between the City and prospective developers and any additional corroborating information or developments with Phase Filings; and
- To alleviate the marginal viability of the TIF District, Rutland shall seek any and all appropriate non-TIF revenue sources, such as state and federal grants. Annual reporting shall include notification to VEPC of all non-TIF sources of funding applied for, approved, and received.

Abbey Duke seconded the motion

The council voted by role call, the motion passed unanimously. 10-0-0.

The city will return to the Council in the April meeting for final approval once the TIF Plan and Financial Plan have been updated and recertified by the city.

10:30 a.m. Executive Director Updates

- **Legislative Updates**

Jessica discussed the CHIP bill. The latest iteration is a project-based TIF model focused on creating housing. It's currently in Senate Finance. There were amendments that are being presented to Senate Economic Development that morning. Jess presented concerns that will be presented later the same day to Senate Finance. The Bill will go to the floor the following day and then it will go to the House.

The purpose of the program to encourage develop primary residential units for households with low-to-moderate income. "LMI" for the purpose of this program still has yet to be defined, the Senate would like to keep it broad to enable communities will be able to decide what that looks like in their local context. VEPC does not want to monitor/administer the "affordable" component, it would be administratively difficult. This will be discussed further in the house. The fear in the legislature is that the tool would be used to create luxury ski condos.

Jamie noted that there are federal definitions for "LMI". Jessica agreed but noted that there is recognition that there is a need for all types and levels of housing.

Jamie said that he'd be more comfortable if there were restrictions on these houses.

Ellie noted that Senate Finance introduced an amendment that would require a look-back component to allow the legislature to see who is taking advantage of the program. This way they can tweak it if there are issues with the development of housing above a reasonable affordability level.

Jessica added that she is advocating for a 10-year look back and sunset rather than the initially considered 5-year provisions. If a sunset is implemented, VEPC would still monitor projects through the retirement of their debt.

Abbey noted this is coming to her committee, and they'll be very interested in digging into all these details. She wants to hear from VEPC to make the legislation as good as possible and understand the political realities Abbey noted that her committee (House Economic Development) wants to see if more housing built. The committee will be very open to understanding friction points and what will make it work better for communities of all sizes.

John R. noted that this is the furthest a project-based TIF proposal has made in the legislature in a long time.

Jessica asked the Council, if the sunset expired on 12/31/35, would they rather they accept applications through 12/31/35 or approve applications through 12/31/35?

The council's preference was to accept applications through 12/31/25.

More to come next month.

- **VEGI Inquiries for 2025**

There have been 6 inquiries to the VEGI program in 2025 (and one that straddled 2024-2025)

- 1 Pre-application with a complete benefit-cost analysis and waiting for applicant acceptance (Windsor)
- 1 Pre-application waiting for receipt of the benefit-cost analysis. (Bennington)
- 1 Pre-application in process. (Chittenden)
- 2 met with VEPC and have information for starting pre-applications (Windham, Chittenden)
- 1 Pre-application analysis received where the company decided not to move forward (incentive not high enough). (Chittenden)
 - o initial outreach in late 2024.
- 1 non-eligible entity (Caledonia)

- **TIF Monitoring Visits**

TIF monitoring visits will start to be scheduled soon. We anticipate they will occur in May and June.

- **TIF Annual Report Overview**

Ellie gave a high-level summary of the TIF annual report due to the legislature on 4/1.

- Total increase in taxable value: \$622,411,939
- Total incremental revenues generated: \$131,490,175
- Growth in jobs: 1990
- Work performed by Vermont firms: \$34,271,604
- Total projected incremental revenues: \$431,453,859
- Winooski retiring: Starting next year, the district will send an additional \$2.6 million annually to taxing authorities that would otherwise not exist
- 2,190 housing units have been created in the active districts
- 766 additional housing units are permitted or under construction

She showed photos and discussed some of the TIF monitoring visits and their ongoing projects. All VEPC members are invited to join these visits that occur twice a year.

Jeff asked if Killington has had their RAISE grant released from the federal grant funding pause. Ellie replied that they have not yet. The grant is supposed to help support a project they anticipated submitting in their next phased filing.

Ellie noted that she'd send the annual report to members within the next few days and would be happy to put together a more thorough report next month if they would like.

Michael K. asked about the statewide housing goals and what they were.

Ellie responded that the numbers she's heard recently were that 30,000 is the target, requiring about 5,000 new units a year. The state is currently on pace for about 2,000 a year.

Jamie noted that a statewide housing needs assessment was done in the 90s with a higher need, so he's surprised the number isn't higher than that.

Mike Donohue noted that he's read articles that state Vermont has the oldest housing stock in the nation.

Jessica offered to have Commissioner Farrell or Deputy Commissioner Formalarie from DHCD to come in and discuss housing needs and their work around it further.

Jeff noted that if you go out to 2050, the target is more like 40,000 to meet current needs and get the vacancy rate to a normally functioning market. County-specific targets have been set with the regional planning commissions, who are working to break it down further for targets for each municipality. He noted that these targets are going to be even more difficult to reach with the federal administration's current focus on immigration.

At 11:12 am Michael Donohue moved to adjourn the meeting. Michael Keane seconded the motion. The motion passed unanimously.

Minutes taken by Ellie Beckett: March 27, 2025
Revised by Jessica Hartleben: March 31, 2025
Approved by the Council: