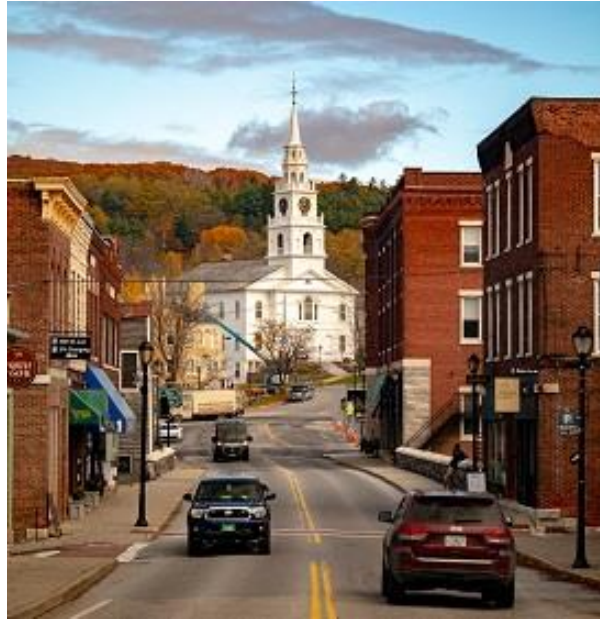


MIDDLEBURY ECONOMIC HEALTH COMMITTEE



FINAL REPORT
OCTOBER 27, 2020

MIDDLEBURY ECONOMIC HEALTH COMMITTEE: General Information

- 9 members; 6 active
- 23 meetings between August 2019 and October 2019
- 86 non-member attendees, 20 presenters
- Business roundtable with 42 attendees
- Did a SWOT analysis and developed critical factors based on that analysis
- Stopped short of developing detailed goals and objectives due to:
 - Difficult to do without an expressed economic development vision for the Town;
 - COVID Pandemic changed the economic development landscape
 - Most committee members consumed with either response and recovery or keeping their business viable

MIDDLEBURY ECONOMIC HEALTH COMMITTEE: 3 Critical Factors

1. Develop an Economic Vision for the Town
 - Based on Town's strengths
 - Distinguishes Middlebury from other Towns
 - Galvanizes investment in Middlebury's economy
 - Serves as a guiding statement (elevator pitch) for the development of further economic development goals, objectives and actions steps
 - Utilize a neutral facilitator and a public engagement process
 - Example: "Slow Democracy" process (slowdemocracy.org)
 - Establish a permanent economic development oversight committee

MIDDLEBURY ECONOMIC HEALTH COMMITTEE: 3 Critical Factors

2. Establish an entity to act on behalf of Middlebury's economic health and implement the Town's vision

- Several options. Examples that we heard about are in Appendix 5 (Committee did not settle on best option for Town)
 - Municipal office and/or staff position
 - Independent non-governmental organization
 - Not-for-profit corporation
 - Partnership among existing entities
- Key to successful implementation:
 - Sustainable funding mechanism. Example: Tax solar arrays
 - Two-levels: Person or committee overseeing economic development and entity, office, partnership, or person to act as economic development staff and ombudsman (report includes list of duties)

MIDDLEBURY ECONOMIC HEALTH COMMITTEE: 3 Critical Factors

3. Focus on maintaining and improving essential infrastructure and amenities to keep and attract businesses, families, and the fastest growing demographic: time-tested citizens.

- Affordable housing
- Amenities for kids & families
- Affordable communications infrastructure
- Community & business infrastructure
- Report includes several examples that we heard from participants in our meetings

MIDDLEBURY ECONOMIC HEALTH COMMITTEE: Specific Requests

1. **Tax Increment Financing (TIF):** Basic analysis of the economic viability of Tax Increment Financing and/or other means to support infrastructure improvements in the downtown.
 - Not really possible for the Committee or anyone to analyze the economic viability of a TIF District without the data supporting both sides of the basic TIF proposition:
 - 1) What is the development project and how much incremental property tax revenue will it generate? And,
 - 2) What public infrastructure is required to get that development and how much will it cost?
 - Without those factors, not possible to determine viability.

MIDDLEBURY ECONOMIC HEALTH COMMITTEE: Specific Requests

1. Tax Increment Financing (TIF): (Cont.)

- If the municipality is getting to the point in the development of a major economic development project that requires public infrastructure, before determining viability and before the program eligibility criteria are considered, the town needs to consider:
 - Does the cost of the infrastructure exceed the town's capacity to consider bonding without TIF, utilizing capital budget expenditures, and/or seeking state and federal grants/loans? (underlying But For question in TIF District application)
 - Has the town done a cost-benefit analysis of the less tangible, but important factors involved in the TIF proposition?

MIDDLEBURY ECONOMIC HEALTH COMMITTEE: Specific Requests

1. Tax Increment Financing (TIF): (Cont.)

- These include:
 - Sunken costs and timing: Will there still be TIF available when you are ready?
 - Staff capacity during project development and post-approval
 - Project Champion
 - Sustained political will (life of TIF spans several election cycles)
 - Risks (mitigate or eliminate):
 - No or delayed development after infrastructure built
 - Reduction of “Original Taxable Value” (has to be made up by municipality)
 - Inclusion of or conversion to non-taxable properties
 - Can eligibility criteria be met and maintained (esp. But For)

MIDDLEBURY ECONOMIC HEALTH COMMITTEE: Specific Requests

1. Tax Increment Financing (TIF): (Cont.)

- The town needs to carefully look well beyond the TIF application approval criteria and conduct the difficult cost-benefit analysis of all the other factors discussed above to decide if the risks can be mitigated to an acceptable level and the benefits outweigh the costs.
- Sense of the Committee was that there is not a likely development project or projects requiring the scope of infrastructure that would make viable use of the TIF tool or that would pass a cost-benefit analysis using the factors discussed above.
- It is more likely that for any project that requires public infrastructure to proceed, the project could be accomplished through a private/public partnership to build the infrastructure for which the town could use traditional bond debt.

MIDDLEBURY ECONOMIC HEALTH COMMITTEE: Specific Requests

2. Use of Funds: Use of funds remaining in the Middlebury Business Development Fund and Vermont Community Development Program Grant revolving loan funds.

- The Committee heard from several municipal officials regarding successful programs they have available that could be modeled for use of the remaining MBDF and CDBG funds.
- Example: The Rutland Redevelopment Authority operates a [Business Incentive and Assistance Program](#).
- This program is fairly new so there is not much data available regarding its success to date. Also, the program has sustained funding through the City's solar tax imposed on solar array developments.
- Another idea considered by the Committee for the MBDF/CDBG funds, which is successfully utilized by several municipalities (Bristol, Vergennes, Hinesburg, for example), is the establishment of a revolving loan fund (RLF). The Select Board requested, and ACEDC provided, a white paper on various [RLF options](#) at the August 11, 2020 Select Board meeting.
- Given the limitation on the amount of funds available and the fact that there currently is not a sustainable source of continued funding, the Committee recommends :
 - That the funds be invested in an immediate need in a way that leverages other funds.
 - One such need identified by the Committee (See Critical factor #3 above) is the improvement of high-speed broadband. With the establishment of a Communications Union District (CUD), which includes Middlebury, there is the opportunity to invest in a project that is addressing the issue of availability and affordability of high-speed broadband.