

ECONOMIC DEVELOPMENT PLANNING STUDY

FINAL REPORT

Submitted to
Town of Highgate
Vermont

Submitted by

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Table of Contents

Introduction:	1
Background and Context:	1
Overview of Key Information, Updated Demographic, and Socio-Economic Data of Interest:.....	3
Toward a Working Definition of Economic Development:.....	12
Perspective on the Keys to Success in Strategic Economic Development for the Town.....	15
Review of Relevant Policies and Past Studies that Impact Economic Development in the Town	18
Figure 1: Summary of Town Regulations Impacting Economic Development	18
Town of Highgate Development Regulations.....	18
Key Provisions for Economic Development.....	18
Town of Highgate Town Report 2020	18
Town of Highgate Capital Improvement Program and Budget 2017-2022	18
Highgate Town Plan 2015-2020	19
Implementation Plan for Highgate Town Center	19
Highgate Total Grant List	19
Highgate Airport Infrastructure Study	19
Highgate Library & Community Center Feasibility Study	19
Lamkin Street Corridor Study.....	20
Highgate Center Bicycle and Pedestrian Facilities Feasibility Study	20
Town of Highgate Tax Stabilization Policy.....	20
Town of Highgate Infrastructure Expansion Study	20
List of Historical Village Upgrades Undertaken by the Town	20
Additional Information and Data Reviewed	22
Potential Economic Development Assets	23
Inventory of Natural Assets	23
Inventory of Physical Assets.....	23
Overview of Potential Economic Development Strategies.....	24
Group One: Strategies Comprehensively Assessed—But Not Recommended:	25
I. Seek State Designation of a “Growth Center” in and Around the Franklin County State Airport (Not Recommended).....	25
II. Pursue Project Investment under the Federal Opportunity Zones Program (Not Recommended)	29
III. Seek State-Designation of a Tax Increment Financing (“TIF”) District In-and-Around the Franklin County Airport (Not Recommended)	32
Group Two: Strategies Comprehensively Assessed—Recommended:	37
I. Seek State Approval for a Project-Based Tax Increment Finance (TIF) Application (Recommended for Further Development).....	38
II. Strategies to Directly Support Value-Added-Production Agriculture through the Establishment of a Highgate Agricultural Exchange Place “Food Hub” (Recommended for Further Development)	46
1. Investigation of the Establishment of a Permanent Web-Based Farmers Market	49

2. Investigate the Establishment of a Food and Beverage Manufacturing Incubator Facility51

3. Explore Possibilities for Enhancing Investment in Dairy Cold Storage and Dairy Co-Packing Facilities.55

4. Consider Hosting a Meat Slaughterhouse and Packing Facility.....57

5. Consider Establishing a Town Support Mechanism for the Public Utilities Commission (“PUC”) Approval Process for Siting “Cow Power-like” Methane Renewable Energy Projects.....59

List of Tables:

Table 1: Mid-Year Population Estimates, Vermont and Selected Sub-State Regions, 20196

Table 2: Estimates of the Number of Full-Time/Part-Time Jobs (Including Proprietors) over the Last Three Economic Cycles, By “Place of Work” (Calendar Years 2001, 2009, 2019)9

Table 3: Average Earnings Relative to the Vermont Statewide Average for Full-Time/Part-Time Jobs (Including Proprietors) over the Last Three Economic Cycles, By “Place of Work” (Calendar Years 2001, 2009, 2019) 11

Table 4: Average Earnings Relative to the U.S. Average for Full-Time/Part-Time Jobs (Including Proprietors) over the Last Three Economic Cycles, By “Place of Work” (Calendar Years 2001, 2009, 2019)12

Table 5: Total Combined Municipal and Education Tax Rates of Franklin County (as of September 30, 2019)22

Table 6: Sales and Use Tax in Franklin County22

Table 7: Estimated Budget for the Assessment and Possible Filing of a Project-Based TIF Application45

Table 8: Table of Key Industries by NAICS Category, 202046

Table 9: Estimated Budget for the Assessment of the Feasibility of Establishing a Web-Based Highgate Agricultural Exchange.....51

Table 10: Estimated Budget for the Assessment of the Feasibility of Establishing a Food and Beverage Manufacturing Incubator Facility in the Town55

Table 11: Estimated Budget for the Assessment of the Feasibility of Establishing a Co-Packing/Cold Storage Facility in the Town57

Table 12: Estimated Budget for the Assessment of the Feasibility of Establishing a Slaughterhouse and Product Processing Facility in the Town.....59

Table 13: Estimated Budget for the Assessment of Establishing Expedited Town Project Development Review for Methane Renewable Energy Projects within the Town60

Table 14: Estimated Budget for the Annual Incremental Hours Needed to Support Its Strategic Retention and Recruitment Efforts on High Economic Return Development—Particularly “In and Around” the Franklin County State Airport.....65

Table 15: Estimated Budget for the Assessment of Establishing an Impact Fee (or Impact Fees) Program in the Town68

List of Figures:

Figure 1: Map of Franklin County and Northwestern Vermont4

Figure 2: Commuter Inflow-Outflow, Town of Highgate, VT (2018)7

Figure 3: Summary of Town Regulations Impacting Economic Development18

Figure 4: Summary of Key Studies of Significance to Economic Development in the Town.....19

Figure 5: Steps for Developing Impact Fees.....66

Introduction:

This report serves as the deliverable for Work Task 4 in the scope of services for the economic development planning study for the Town of Highgate. In the scope of services, Task 4 specifies that there will be a review and assessment of existing policies that either promote or deter private sector investment and economic development activity. This summary report is intended to provide background and context for the study, and to identify and discuss the significant past efforts and evaluate the existing conditions “on the ground” in the Town with respect to their likely positive or negative influence on the facilitation of strategic economic development within the community.

Background and Context:

The overarching goal this new strategic economic development planning effort is to build upon the already considerable body of work undertaken by the Town to continue to move its strategic economic development efforts forward over the next several years. More specifically, this effort intends to collaboratively develop a set of high-value action steps for potential implementation by the Town to encourage additional strategic capital investment to support additional economic and community development within the community.

Consistent with the above-discussed approach, this effort builds upon the recently completed water and wastewater infrastructure expansion study which examined the options available to facilitate the expansion of the Town’s water and wastewater infrastructure for the strategic economic development area along of Vermont Route 78 to the Franklin County Airport and surrounding area (see the **Town of Highgate Infrastructure Expansion Study**¹ completed in May 2020). That study included an examination of the various infrastructure expansion alternatives available to the Town to increase the potential for that key developable asset of the Town. As part of that study, a comprehensive strategic economic development assessment was completed for the Town using State, regional,² and Town-specific socio-economic and demographic data. The objective of that assessment was to examine the Town’s and region’s core economic development advantages and disadvantages, with the specific objective of identifying leveraging opportunities related to the Town’s infrastructure expansion effort among the water and wastewater expansion alternatives developed and examined. That “deep dive” into the data and the detailed evaluation of the Town’s infrastructure expansion options was undertaken to ascertain—at least in general terms—the likely resource allocations and strategic partnerships among the Town’s and region’s stakeholders that were likely to be required to effectively advance the Town’s development objectives and efforts. To the Town policymakers’ credit, the collective decision was subsequently made to fully develop both the water and wastewater expansion options—which when completed will provide the Town with the greatest potential future economic returns for development in that area. The Town Selectboard subsequently decided to move forward with: (1) a Town-wide vote on whether to take the next steps toward expanding the Town’s water and wastewater infrastructure, (2) the pursuit of additional grant funding to fund the selected development alternative, and (3) an evaluation of the Town’s responsibilities (including its financial responsibilities for the selected infrastructure development alternative—including matching funds and/or any guarantee of long-term debt service payments for any full-faith-in-credit debt to be incurred) for the more than \$3.5 million infrastructure expansion alternative for that part of the Town.

The above study also included an important discussion, which is germane to this study, about why economic development and building economic resiliency in the Town was important. The study noted that economic development and building the Town’s economic resiliency was important because it involved promoting a healthy and sustainable quality of life for town residents and its businesspeople (who may or may not be Town residents). The first part of that discussion in the earlier airport infrastructure expansion study dealt with the underlying “ebb and flow dynamics” of the economy where jobs are both created and destroyed across each year within the Town and region.³ As a consequence of that “ebb and flow,” the study’s discussion laid out why economic renewal-regeneration and even growth was necessary for a healthy Town and regional economy. The second part of that discussion provided

¹ See Strategic Economic Development Assessment, Town of Highgate Airport Infrastructure Expansion Study, May 15,2020.

² In the context of this study, region is synonymous with Franklin County. Occasionally, the “region” may be associated with the greater Burlington-South Burlington Metropolitan Statistical Area (“MSA”) where Franklin County, along with Chittenden County and Grand Isle County comprise the region.

³ Despite the best efforts of policy to retain jobs which cannot fully off-set the forces and factors that create and destroy jobs every year.

additional detail as to how a healthy and sustainable economy provides the critically necessary financial resources (e.g., in the form of taxes, fees and other revenues) needed to support the provision of essential public services necessary for healthy communities. More specifically, the Town’s May 2020 study noted:

*“...Undertaking...an active (versus passive) approach to strategic economic development...is important for at least two reasons. First, it is generally understood that strategic assistance initiatives are needed to support the local and regional economic base because the economy must continually evolve to meet on-going changes and the challenges those changes entail in order to continually renew itself over time. This is because new firms/growing firms and new sectors/growing sectors in a local or regional economic base are needed to replace or off-set the firms and sectors of the economic base that may be declining and even potentially be lost as an economic “natural selection process” among firms and sectors within the local and regional economy for individual firms and sectors transpires over time. **Unless a local and regional economy can on-balance successfully and renew and refresh itself with enough new entrants into and growing sectors to replace the parts of the economy that are failing and/or even dying, it would be difficult for the local and regional economy to achieve the degree of sustained improvement and resiliency that is important to providing for an acceptable quality-of-life for a locality’s or a region’s residents (emphasis added).**”*

*The second reason why assistance for “strategic development” is necessary is because **the resources provided by a healthy, sustainable, and resilient economy is important to providing the resources needed to fund a just society and decent quality-of-life (emphasis added).** A sustained, high-performance local and regional economy is a crucial part of what is required to provide the public and private resources that are needed to fund, among others: (1) a humane social safety net, (2) high quality public services, (3) the protection of our natural amenities and environmental resources, and (4) access to economic opportunity. This interrelated resource provision-public investments funding linkage to the performance of the economy has been articulated through the years as the “Circle of Prosperity.” Within the region, the Franklin County Industrial Development Corporation back in the early 2000s⁴ presented an initial “Circle of Prosperity” as part of its strategic economic development plan at the time. Recognizing the financial inter-relatedness between on-going economic success and the resource needs of enjoying a high and sustainable quality of life are fundamental to achieving long-term and sustainable prosperity...”⁵*

Finally, the study included a detailed assessment of the Town and region’s key industry sectors. This resulted in an attribute-based categorization of those key sectors into a hierarchical “best fit,” “good fit,” and “poor fit” typology for the Town and region. That subsequently led to a series of data-driven, objective estimates of the potential region-wide economic return for new, incremental economic activity in each key economic sector identified. This included specific estimates of the indirect job impacts, as well as the earnings-income returns associated with every 100 new jobs created in those sectors within the Town. That was done as a way for the Town policymakers and other economic development stakeholders in the region to differentiate between the various economic development opportunities as they present themselves now and in the future. It allowed policymakers to objectively score the potential economic outcomes associated with alternative economic development actions that could be pursued-undertaken by the Town and its strategic development partners. Without such differentiation, Town and regional development stakeholders would find it difficult to thoughtfully distinguish between what was a “good opportunity” for the Town and region versus one that was perhaps “not so good”—in a systematic, understandable, and unbiased way. Such a capacity to differentiate was thought in the study be useful to Town and regional policymakers because the Town’s and region’s development resources—especially its built-infrastructure resources—are finite in nature. Without the ability to objectively evaluate different development opportunities, the greater risk that Town or its development partners might

⁴ The “Circle of Prosperity” was earlier a part of Franklin County Industrial Development Corporation strategic plans dating back as far as 2003—which built upon the original “Circle of Prosperity” concept first articulated by the Vermont Business Roundtable back in 1997 during its comprehensive assessment of the state’s economic development policy. More recently, an updated “Circle of Prosperity” was presented as part of the regional ECOS Plan in the Chittenden County Regional Planning Commission and other economic development organizations around the State—including the Franklin County Industrial Development Corporation as first identified in its 2005 regional economic development plan.

⁵ See Strategic Economic Development Assessment, Town of Highgate Infrastructure Expansion Study, May 15,2020; page 5.

take actions that may inadvertently underutilize the Town's and/or region's built infrastructure assets to the detriment of the Town's-region's long-term economic performance and resiliency.

In keeping within the above context from the airport infrastructure expansion study, this economic development planning effort represents the next step towards developing a cohesive mosaic of strategic economic development and community development tools for the Town to use as a means to move forward with its development efforts—building upon its already significant amount of economic development activities. With this evaluative structure in place, the Town can now better assess the efficacy of the available development tools that could be used better prioritize the allocation of its scarce Town staff and financial resources to include only higher yielding actions-activities to more effectively promote development. In that way, the Town can have greater confidence that the Town's resources have been deployed in a way to maximize the potential economic return to the community through its actions. While the focus of this effort is to identify the next logical additions of practical tools to the community's development tool kit, this process is intended to be transparent so that it can go through periodic updates in the future as the Town's focus may evolve with respect to its available economic development and community development opportunities over time.

In this strategic economic development planning study, the next set of options for additions to the Town's current development tool kit of the Town will include those that are: (1) both available and that make the most sense in terms of their applicability to the current state of development affairs in the Town and region, and (2) represent to “best fit” with respect to the Town's latest set of articulated economic development and community development goals. That inventory of potential new, additional policy tools-options will include a list of each proposal's “pros and cons,” and a complete list of the requirements of the Town for each policy tool alternative as they are known as of the date of the final report of this planning study. That being said, we are not recommending that the Town relax or throttle back on its current economic development activities that are currently underway. This study instead offers the following recommendations as potential additions to the Town's current economic and community development tool kit to augment the current efforts of the Town to bolster its existing Town centers and economic and community development areas that have already been identified and been the subject of its significant past and continuing development efforts.

Overview of Key Information, Updated Demographic, and Socio-Economic Data of Interest:

Because this effort does not intend to re-cover already developed analytical and policy ground, the effort incorporates the many findings and recommendations of the Town's airport infrastructure expansion study that are relevant to this strategic economic development planning study by reference. At the same time, in order to make sure there is common understanding (by those who may or may not have read the earlier economic assessment analysis in the airport infrastructure expansion study), the following is an overview of the Town's location and a brief review of selected and updated key demographic and socio-economic statistics of significance as a starting point for this strategic economic development planning study.

- a. **Locational Context:** The Town of Highgate is located in the upper northwest corner of the northwest region of Vermont. Lake Champlain provides a part of the Town's border on the west side of the Town, and the border with U.S. and Canada (with the Province of Quebec) forms the northern border of the Town. The Town of Swanton borders the Town to the southwest, and the Town of Sheldon borders the Town to the Southeast. The Town of Franklin borders the municipality to the east (see the map below). The Town is one of fifteen municipalities that comprise Franklin County (which includes a total of fourteen towns and one city). The Town is located within one of the largest dairy-producing areas of Franklin County, and it is located within the largest dairy producing county in the State of Vermont.⁶

The Town also is home to the terminus of U.S. Interstate-89 at the Canadian border, with the Town of Highgate's crossing having the highest volume of vehicle border crossings in the State of Vermont. During “normal” times,⁷

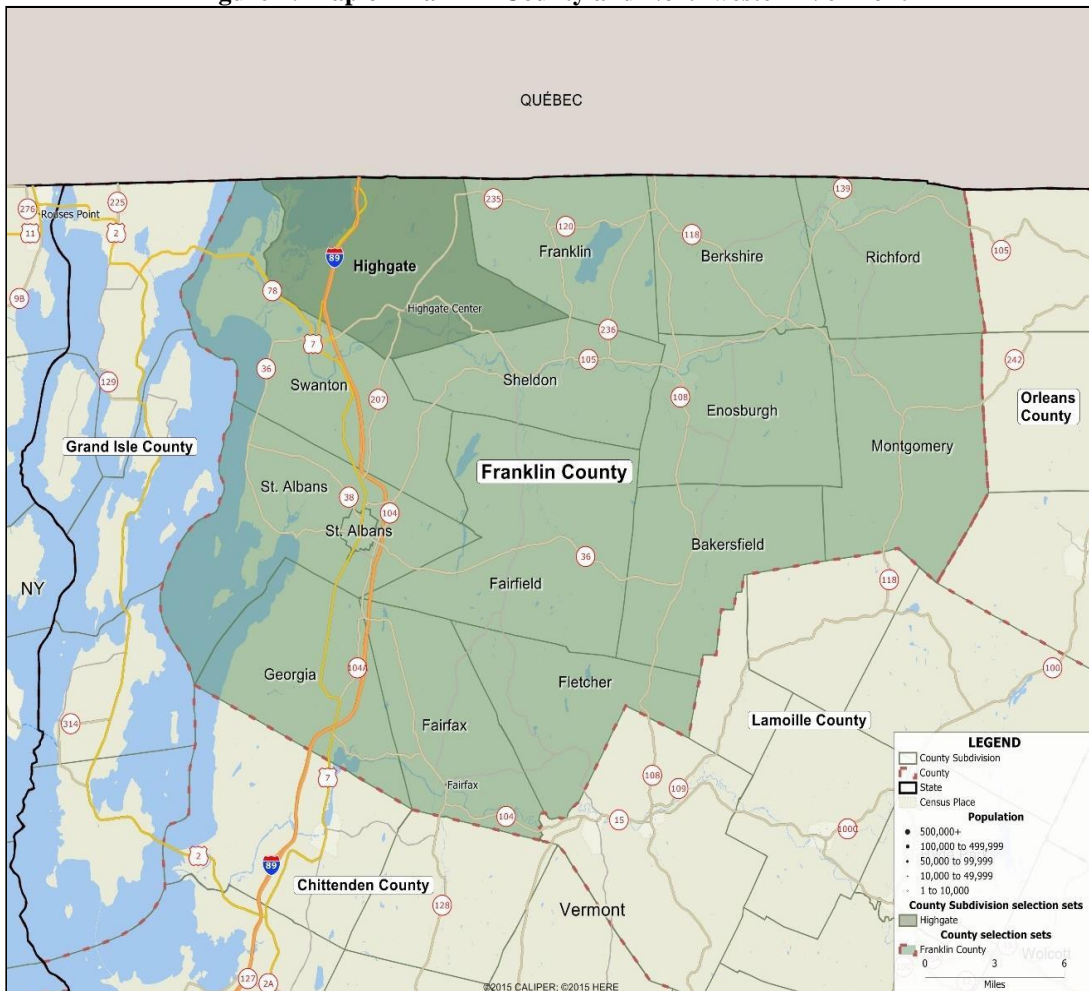
⁶ See Revitalizing Vermont's Dairy Industry, May 2013; Appendix II. According to the most recent 2017 Census of Agriculture, Franklin County leading market value of dairy production was \$129.5 million, representing more than a quarter of state's total market value in dairy. Overall, Franklin County leads all Vermont counties in 2017 total market value of agricultural products sold. Of particular note, Franklin County is the number one producer of maple syrup in the nation.

⁷ That is prior to the border closure to non-essential traffic due to the COVID-19 pandemic during much of calendar year 2020 and on-going into calendar year 2021.

an average of roughly 4,000 vehicles crossing the border per day between the Town and Saint-Armand, Quebec, Canada (prior to the onset of the COVID-19 pandemic). Although additional border crossings into and out of Canada occur in the Town of Franklin, the Town of Berkshire, and at the three crossings located in the Town of Richford along the northern border of Vermont, they are reported to be smaller in volume relative to Town of Highgate’s border crossing activity at the end of Interstate 89.

From an economic development perspective, the Town appears to be ideally situated to take advantage of its proximity to Canada and the Province of Quebec to support Canadian business who seek to gain a foothold in the U.S. market. The North American Free Trade Agreement (NAFTA), as negotiated, adopted, and implemented roughly 30 years ago, provided the backdrop for the historically significant amount of prior U.S.-Canadian business cooperation and trade, and for the targeting of business recruitment opportunities with Canadian businesses located in Quebec as pursued over the years by the Franklin County Industrial Development Corporation (“FCIDC”) and the State of Vermont Department of Economic Development (“DED”). The recently re-negotiated U.S.-Mexico-Canada Trade Agreement (“USMCA”) under the previous U.S. Administration offers the Town (in partnership with the FCIDC and the State DED), the opportunity to continue to, and perhaps even strengthen, their collective efforts to nurture new and existing ties with Canada businesses north of the U.S. border in Quebec and Ontario seeking access to the U.S. marketplace—especially after the pandemic further subsidies on both sides of the border. Although U.S. trade policy remains somewhat uncertain with the new U.S. Administration, the trade issue for the Town, region, and State may in fact “cut both ways”—simultaneously increasing both new opportunities (for building new business relationships) and producing new sources of risk (by increasing competition) within these potentially widening cross-border business relationships (e.g. with respect to the increased domestic U.S. sourcing requirements adopted as part of the new USMCA).

Figure 1: Map of Franklin County and Northwestern Vermont



b. Population and Labor Market Data Updates: Although the airport infrastructure expansion study is now more than a year old, a review of the various data, findings and conclusions of that report have been reviewed as part of this strategic economic development planning study. As mentioned above, that review concluded that all of the economic development assessment findings of the airport infrastructure expansion study remain valid since the publication of that study in May of 2020 even with an additional year of data for many indicators. Even though that was found to be the case, the next section includes a review of some of the updated key demographic and labor market data as a way to provide a “lay of the demographic and economic land” of the Town and region before moving on to the detailed assessment of the Town’s “best fit” development tools and policy options. The following is a review of some of the key data metrics that have been updated for the additional year of data—which reflect data revisions prior to the COVID-19 pandemic. These data updates are presented using the most recent data that is available as of the date of this work element and includes a discussion of the economic development significance of each metric as summarized below.

(1) Estimates if the July 1, 2019 Resident Population:⁸ According to the mid-year 2019 population estimates of the U.S. Bureau of the Census, the updated population numbers by key population center in Franklin County were as follows (arrayed highest to lowest):

1. St. Albans City (6,801 residents);
2. Swanton (6,554 residents);
3. St. Albans Town (6,501 residents);
4. Fairfax (4,803 residents);
5. Georgia (4,780 residents); and
6. **Highgate (3,662 residents).**

The latest population estimates for the Town, region, and State show that while the State population has been declining overall, population has generally been on the increasing in the State’s northwest corner—as defined by greater Burlington-South Burlington Metropolitan Statistical Area (“MSA”).⁹ In Franklin County, the population change trends (between July 2010 and July 2019) are likewise somewhat positive overall, particularly for these municipalities:

- Fairfax Town (an estimated 508 residents added or +11.8%);
- St. Albans Town (an estimated 469 residents added or +7.8%);
- Georgia Town (an estimated 257 residents added or +5.7%);
- Swanton Town (an estimated 129 residents added or +2.0%); and
- Town of Highgate (an estimated 122 residents added or +3.4%).

While these municipalities have added more than 100 residents over the nine-year 2010-2019 period, other municipalities within Franklin County have failed to finish in the positive side of the 2010-2019 population change ledger with the:

- City of St. Albans (an estimated -117 residents lost or -1.7%);
- Town of Richford (with an estimated -11 residents lost or -0.5%); and
- Town of Montgomery (with an estimated -1 resident lost or -0.1%).

From an economic development perspective, the Town of Highgate (and the County as a whole) seem to offer better prospects for future economic development and economic growth because of the long-term population change trend that indicates a growing Town and regional population. This increasing long-term population trend is in contrast to other areas of the State outside of the northwest region (in the MSA), where U.S. Census Bureau mid-year population estimates have been slow—at best—and sometimes have actually shown small population declines (which have been reported in the business media many times to be a likely

⁸ These data are the latest available as of April 30, 2021. On April 26, 2021 the Census Bureau announced the State-level results of the 2020 Census. Vermont’s resident population was 643,077 as of April 1, 2020. Data for sub-state regions is not yet available. See <https://www.census.gov/data/tables/2020/dec/2020-apportionment-data.html> for more information.

⁹ Burlington-South Burlington Metropolitan Statistical Area is composed of Chittenden, Franklin, and Grand Isle counties.

long-term constraint in economic and job growth).¹⁰ Although population growth for the Town and County has not been as robust as the resident population growth within the urban core of the MSA, the fact that the Town and County have had population growth at all offers some advantage for supporting future job growth and economic progress for the Town and region in contrast where the lack of available workers and labor force has been reported to have become a constraint in many other parts of the State since the early 2000s.

Table 1: Mid-Year Population Estimates, Vermont and Selected Sub-State Regions, 2019

Jurisdiction State/Metro/County/Town	2000	2010	2019	2010-2019 Absolute Change	2010-2019 Percent Change
Vermont	609,618	625,880	623,989	-1,891	-0.3%
Burlington-South Burlington Metro Area	199,600	211,534	220,381	8,847	4.2%
Chittenden County	147,161	156,773	163,744	6,971	4.4%
Grand Isle County	6,909	6,948	7,235	287	4.1%
Franklin County	45,530	47,813	49,402	1,589	3.3%
Bakersfield, Town	1,222	1,324	1,328	4	0.3%
Berkshire, Town	1,391	1,695	1,753	58	3.4%
Enosburgh, Town	2,809	2,778	2,782	4	0.1%
Fairfax, Town	3,567	4,295	4,803	508	11.8%
Fairfield, Town	1,781	1,900	1,953	53	2.8%
Fletcher, Town	1,170	1,281	1,341	60	4.7%
Franklin, Town	1,278	1,421	1,425	4	0.3%
Georgia, Town	4,328	4,523	4,780	257	5.7%
Highgate, Town	3,392	3,540	3,662	122	3.4%
Montgomery, Town	991	1,202	1,201	-1	-0.1%
Richford, Town	2,327	2,307	2,296	-11	-0.5%
St. Albans, City	7,446	6,918	6,801	-117	-1.7%
St. Albans, Town	5,619	6,032	6,501	469	7.8%
Sheldon, Town	2,000	2,172	2,222	50	2.3%
Swanton, Town	6,209	6,425	6,554	129	2.0%

Notes: Official population estimates as of July 1 of each year. Burlington-South Burlington Metro Area is comprised of Chittenden, Grand Isle and Franklin Counties.

Sources: Census Bureau, American FactFinder

Prepared by Economic & Policy Resources, Inc.

(2) **Review of the 2018 Commuter Data:** Franklin County is a significant commuter shed for workers in the northwest Vermont region’s employment center,¹¹ As a part of this commuter shed for the Burlington City-South Burlington City employment center, the commuter data for the Town and region are displayed below. The data show that the Town and County may have an opportunity to retain significant numbers of commuters for its own workforce based on counts of Town and County residents¹² that currently leave the community and the County entirely to take job opportunities within and/or closer to the northwest region’s Burlington-South Burlington employment center area. If those workers had access to a competitive or better job opportunity within or closer to the Town, it is possible those out-commuters could be encouraged to take a

¹⁰ See Page 1 of the S&P Ratings Report for Vermont General Obligation Bonds, April 15, 2021. In that report S&P credit analysts wrote, “...Vermont’s credit profile remains challenged by a demographic profile that we expect will limit economic growth potential in the long term. The state, which has the second-lowest population in the nation, at approximately 623,000 residents in 2020, has recorded a cumulative population decline of 0.6% from 2011 to 2020, while the nation’s population has grown by 5.7% over the same period, according to the U.S. Census Bureau. Although the state has recorded population gains in some years--including recently in 2017 and 2015—growth has been minimal...” Vermont’s overall weak demographic profile has also been mentioned in the reports of the other credit rating agencies (Moody’s Investor Service and Fitch Investor’s Service) as well.

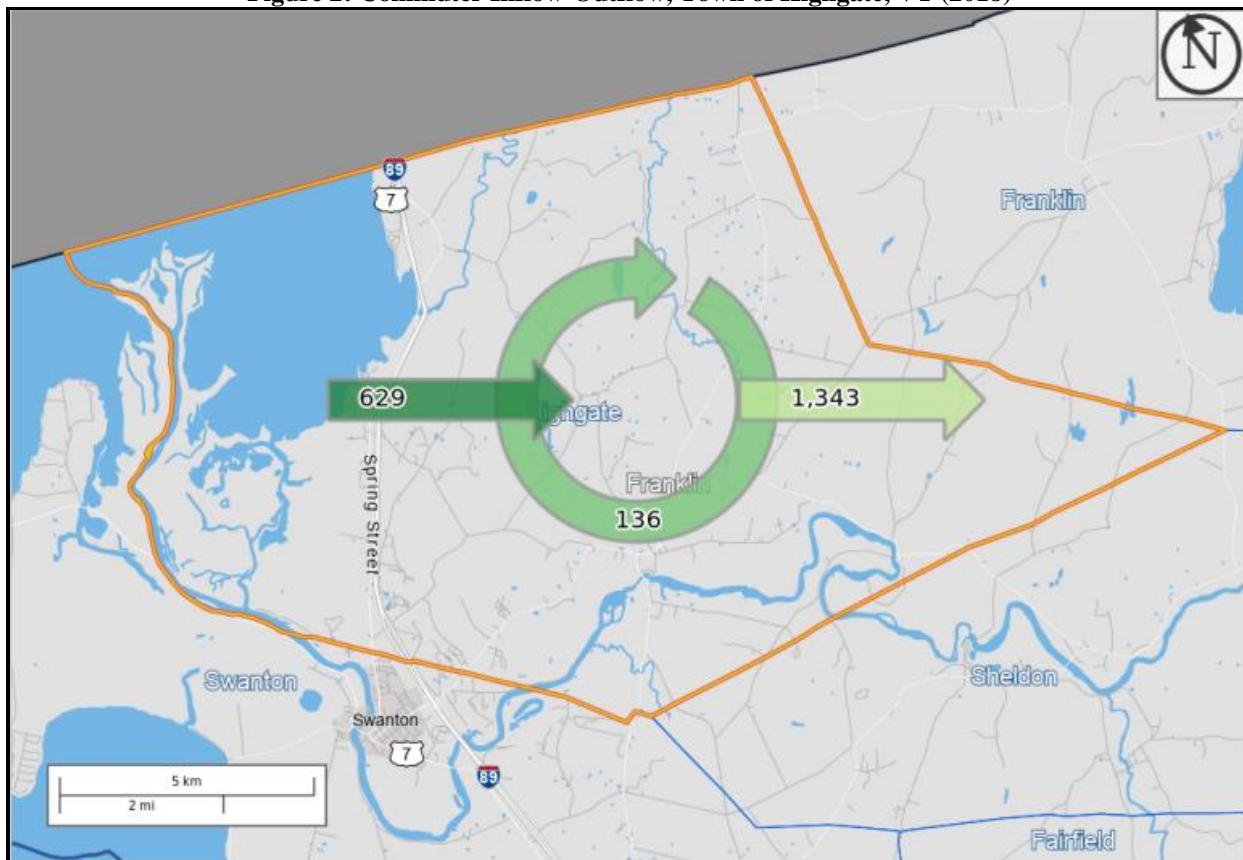
¹¹ Generally comprised as the cities of Burlington and South Burlington along with the ring of municipalities immediately adjacent to and surrounding that urban employment center core.

¹² As potential workers in the Town and County.

job closer to their place of residence—to the potential benefit of increasing the available workforce of the Town and Franklin County region.

Looking more specifically at the commuter data for calendar year 2018¹³ regarding the distance workers who live in the County travel to work, the data indicated: a total of 35.9% of commuters traveled less than 10 miles to work and another 37.2% traveled between 10 and 24 miles to work. Taken together, this meant that a total of 73.1% of the workers living in the County traveled less than 24 miles to work from their place of residence. This also indicated that a total of 26.9% traveled over 25 miles from home to work, with another 17.0% having traveled between 25 to 50 miles from their home to their place of work, and a total of 9.8% having traveled more than 50 miles from their home to their place of work in 2018. Within the Town, commuters were more likely to travel longer distances compared to the average for residents in the County in the calendar year 2018 reference year. Of those living in the Town in 2018, the data showed that 41.1% of Town residents commuted less than 10 miles to work, a total of 22.4% commuted between 10 and 24 miles. Another 24.7% of Town residents commuted between 25 and 50 miles to work, and another 11.8% commuted greater than 50 miles to their place of employment.

Figure 2: Commuter Inflow-Outflow, Town of Highgate, VT (2018)



Both the Town and the County have had a net outflow of workers, meaning that there are more residents living in the Town and county than have jobs that are located within the Town or County. For the county in 2018, a total of 6,011 persons commuted into the County for work from their residences outside of the County, another 12,786 persons commuted out of the County for work from their residences inside of the county, and a total of 11,176 persons both lived and worked within the County. For the Town, a total of 629 persons commuted from their residences outside the Town into their place of work inside the Town, another 1,343 persons commuted from their residences inside the Town to a place of employment outside of the Town, and a total of 136 persons both lived and worked within the Town. Of those workers who lived in the

¹³ The latest year where detailed commuter data is available.

County, a total of 46.6 percent worked within the County, and 36.1 percent of the workers were employed in Chittenden County—which clearly demonstrated the close economic linkages between Franklin County and the core of the Burlington MSA. Similarly, although to a lesser degree, the majority of Town residents work in Franklin County (at 61.2%) and in Chittenden County (at 23.3%). On a town-to-town commuter basis, businesses in St. Albans Town and St. Albans City employed the most Town residents—at 194 (or 13.1% of the total) and 175 (or 11.8 percent of the total), respectively. Those two municipalities were followed by the Town of Swanton with 148 (or 10.0% of the total), the Town itself with 136 (or 9.2% of the total), Burlington with 99 (or 6.7% of the total), and Sheldon with 90 (or 6.1% of the total)—likely reflecting the major employer located in that community.

From a strategic economic development perspective, these data on commuting patterns indicate that the Town has potential access to a substantial number of workers who currently commute significant distances to their jobs that were located outside of the Town on a daily basis—but who potentially could be employed closer to home—if there was a sufficient number of high-quality, job opportunities at an employer located closer to their place of residence. This suggests from an economic development perspective that the Town (and by inference—the County) would have access to a significant number of potential Town workers and county workers that would be available if it were possible to create sufficient numbers of additional, high quality employment opportunities for these workers closer to their place of residence. This in fact appears to represent a potential strategic economic development asset that few municipalities and regions have at their disposal in Vermont and, for that matter, across the entire northern New England and upstate New York regions.

- c. **Estimates of the Number of Full-Time/Part-Time Jobs (By “Place of Work” Sector):** According to employment data from the Bureau of Economic Analysis (“BEA”) of the U.S. Department of Commerce, Franklin County over the last three business cycles¹⁴ has had a reasonable level of long-term, economic energy—as evidenced by the greater than 1.0% per year annual growth rate in full-time and part-time jobs (including both wage and salary workers and proprietors) over the period. The data also provide some additional insight into the importance of jobs within the Federal Civilian government sector, a function of the economic significance of the presence of the U.S. Citizenship and Immigration Service presence in the Town and region.

In addition, although job opportunities in the Manufacturing sector over the last three business cycles has been flat overall, the Administration and waste services, the Arts, entertainment and recreation, the Health Care and social assistance, Real estate and rental and leasing, Accommodations and Food Services, and the Construction sectors appear to have been sources of reasonably positive levels of economic vitality for the region over the past three U.S. economic cycles covering nearly 20 years.

The data also indicate that although jobs in the Farm proprietors employment category lost significant ground during the last three economic cycles over the past roughly 20 years, most of that lost job ground occurred over the period prior to the “Great Recession.” Over the period of recovery and overall expansion during the period since the “Great Recession,” Farm proprietors’ employment has held its own, despite the increasing financial pressures on the dairy production portion of the region’s agricultural base. In contrast, reported employment gains in the Nonfarm proprietors portion of the regional employment base have occurred at the rate of between two to three times the overall, “top-line” rate of job increase for all sectors.

That indicates a relatively high level of entrepreneurial energy has consistently been maintained in and across the Franklin County region—implying a good level of economic development dynamism has existed over time and continues to exist in the region. It also represents the existence of a positive building block for strategic economic development in the region that could be potentially utilized by the Town as it moves forward with its current strategic economic development planning effort.¹⁵

¹⁴ Using the calendar year which included the peak year of each respective business cycle to eliminate “cyclicity” from this job gain and loss data.

¹⁵ The employment concept reported by the Bureau of Economic Analysis of the U.S. Department of Commerce was employed for this analysis. This contrasts with the labor market data as reported by the U.S. Department of Labor which included “employed residents” by place of residence (in the national employment/unemployment labor market report that comes out each month) and

Table 2: Estimates of the Number of Full-Time/Part-Time Jobs (Including Proprietors) over the Last Three Economic Cycles, By “Place of Work” (Calendar Years 2001, 2009, 2019)

	Average Employment			Annual Change	
	2001	2009	2019	2001-2009	2009-2019
Full-Time/Part-Time Jobs by place of work	21,094	23,027	26,243	1.1%	1.3%
Wages and salary employees	16,332	17,250	19,179	0.7%	1.1%
Proprietors employment	4,762	5,777	7,064	2.4%	1.1%
Farm proprietors employment	800	681	679	-2.0%	0.0%
Nonfarm proprietors employment	3,962	5,096	6,385	3.2%	2.3%
By Industry					
Farm employment	1,242	1,072	1,146	-1.8%	0.7%
Nonfarm employment	19,852	21,955	25,097	1.3%	1.3%
Private nonfarm employment	16,408	17,599	20,228	0.9%	1.4%
Forestry, fishing, and related activities	182	245	359	3.8%	3.9%
Mining, quarrying, and oil and gas extraction	20	48	45	11.6%	-0.6%
Utilities	26	30	40	1.8%	2.9%
Construction	1,202	1,416	1,572	2.1%	1.1%
Manufacturing	3,040	2,903	2,930	-0.6%	0.1%
Wholesale trade	750	803	676	0.9%	-1.7%
Retail trade	2,854	2,697	3,128	-0.7%	1.5%
Transportation and warehousing	622	615	1,080	-0.1%	5.8%
Information	675	557	156	-2.4%	-12.0%
Finance and insurance	500	533	546	0.8%	0.2%
Real estate and rental and leasing	425	573	748	3.8%	2.7%
Professional, scientific, and technical services	544	682	(D)	2.9%	(N/A)
Management of companies and enterprises	3	11	(D)	17.6%	(N/A)
Administrative & waste services	540	974	1,587	7.7%	5.0%
Educational services	306	140	181	-9.3%	2.6%
Health care and social assistance	2,299	2,908	3,184	3.0%	0.9%
Arts, entertainment, and recreation	252	259	371	0.3%	3.7%
Accommodation and food services	1,038	1,074	1,314	0.4%	2.0%
Other services (except government)	1,130	1,131	1,377	0.0%	2.0%
Government and government enterprises	3,444	4,356	4,869	3.0%	1.1%
Federal civilian	769	1,164	1,598	5.3%	3.2%
State government	334	318	309	-0.6%	-0.3%
Local government	2,341	2,874	2,962	2.6%	0.3%

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the Current Employment Survey (“CES”) of payroll jobs by place of work that is also reported each month by the U.S. Department of Labor in announcing the number of new or lost jobs in the U.S. economy that occur each month. The job concept of the Bureau of Economic Analysis of the U.S. Department of Commerce was used in this study because it includes proprietors—which neither of the above-mentioned U.S. Department of Labor employment series include. The only drawback of the U.S. Department of Commerce data series for this study was that the data are reported down to the county level only. As such, town-by-town estimates of jobs and earning are not available through this data set. Limited town-by-town data from other series published by the U.S. Department of Labor are available from the Current Employment Survey data (“CES”) on non-farm payroll job levels and from the Quarterly Census of Employment and Wages (“QCEW”) which reflect job counts and average wages for those “covered” by the State’s unemployment insurance law, but each would be deficient because they do not include “proprietors” (both) and/or because they may exclude agricultural workers (the CES survey). From the significant employment counts of those excluded sectors, excluding that employment from this analysis would exclude a significant part of the Franklin County economic-employment base—to the detriment of the full economic base analysis of the Town and region considering the importance of production agriculture to the region’s and Town’s economic base.

- d. Estimates of the Average Earnings of Full-Time/Part-Time Jobs (By “Place of Work”) Relative to the State and U.S. Averages:** The tables below present the average earnings data overall and by major industry for the county relative to the averages for the State (see Table 3 below) and relative to the average by economic sector relative to the U.S. average by category as a whole (see Table 4 below). As would be expected by residents of the Town and region, the data show that average annual earnings levels in Franklin County overall and by industry sector in calendar year 2019 were generally significantly below the statewide and U.S. earnings level averages—with the notable exceptions being the average annual earnings levels over time in the Farm proprietor’s employment category, the Farm wage and salary employment category, and in the Federal civilian employment sector—where average earnings were higher than both the statewide and U.S. average earnings level for both the State (at +114% in 2019) and the U.S. as a whole (at +104% in 2019—even though the average earnings level was slightly lower than the U.S. average earnings level back in 2001 and 2009—at 99% and 98%, respectively).

In addition, during the current economic upcycle, it is also noteworthy that the region’s average annual earnings level overall gained ground versus the statewide and U.S. annual earnings level average from 2001 through 2019—predominantly because of gains in the wage and salary employment categories. In contrast, average earnings levels in the county lost ground relative to the statewide and U.S. averages in the Proprietors employment categories—for both Farm proprietors’ and Nonfarm proprietors’ employment categories over the calendar year 2001-19 time frame. This was true, even though 2019 average earnings levels in the Farm proprietors’ category were well above the statewide earnings level average (at +204% in 2019) and U.S. average earnings level average (at +151% in 2019)—with the notable exceptions of the Farm proprietors’ category average earnings level in 2009 when the county average was just 86% of the U.S. average earnings level and the county average Farm employment average earnings level was 96% of the U.S. average.

The average earnings data across the entire calendar year 2001-19 time frame for both the Farm proprietors and the Farm employment category, and for the Farm wages and salary employment category clearly show the type of wide swings up and down that have come to characterize the agricultural sector. This has been true for the various Farm employment categories in the northwest region of the State and indeed for the entire rest of the state of Vermont. That has likewise been the case for the various Farm employment categories across the northern New England region and across upstate New York as well. While this volatility has historically been well known among farm families and among workers who have been involved in production agriculture across the years, the magnitude of this volatility can still be somewhat surprising—indeed even eye-opening—when the data are observed and reviewed over any length of time.

From an economic development perspective, these relative average earnings data reflect a mixed prospect for the Town’s and region’s future economic development. On one side, the lower-than-average earnings levels overall and in virtually all of the individual employment categories throughout the 2001-19 time frame means that the Town and region represent a relatively positive, lower-cost opportunity for employers who seek to obtain a reasonable day’s work for an affordable wage paid—since payroll costs for many businesses represent the largest cost item on their annual income statements.

On the other side, the double-edged sword of the average pay issue reflects the need for newly locating employers to pay competitive, sometimes significantly higher average wages-benefits if they are going to attract the type of skilled, quality employees that appear willing to travel significant distances to obtain a quality job. This has become particularly evident during the COVID-19 pandemic—where temporary, enhanced unemployment benefits have been paid to assist workers who lost their job due to the necessary public health measures that were taken to address the risks to the public health associated with the pandemic. In some cases, those enhanced unemployment insurance benefits levels were high enough in some cases to potentially create some dis-incentives to work for potential workers in some lower-paying job opportunities.

As such, it has been reported in both the business and popular press that these enhanced unemployment insurance benefits during the COVID pandemic have made the already “tight labor market conditions” that were present prior to the pandemic even more acute as the economy re-opens and begins to return to a more normal mode of operation. In some ways, the need for employers to have to pay higher wages and offer a better benefit package to prospective employees would (in the long run) in all likelihood be helpful to the

meeting the objective of improving the standard of living and quality of life of Town and regional residents. The balancing act, as always, is how to increase the quality of the Town’s and region’s job opportunities, without making it more difficult for the Town and regional employers to successfully compete in the increasingly cost competitive national and global marketplace for their goods and services.

Table 3: Average Earnings Relative to the Vermont Statewide Average for Full-Time/Part-Time Jobs (Including Proprietors) over the Last Three Economic Cycles, By “Place of Work” (Calendar Years 2001, 2009, 2019)

Average Earnings as a "% of the VT Average	Franklin County as % of VT				
	2001	2009	2019	2001-2009	2009-2019
Total employment (Average Wage)	93%	97%	98%	3.8%	1.7%
Wage and salary employment	91%	97%	98%	5.9%	0.4%
Proprietors employment	96%	80%	93%	-16.8%	13.0%
Farm proprietors employment	286%	188%	272%	-97.8%	84.1%
Nonfarm proprietors employment 2/	81%	78%	76%	-3.5%	-2.0%
By industry (Average Wage)					
Farm employment	203%	149%	204%	-53.6%	54.2%
Nonfarm employment	92%	98%	97%	5.9%	-0.2%
Private nonfarm employment	88%	92%	89%	3.3%	-2.8%
Forestry, fishing, and related activities			86%		
Mining, quarrying, and oil and gas extraction			61%		
Utilities			82%		
Construction	79%	83%	85%	4.2%	2.2%
Manufacturing	86%	94%	101%	8.7%	7.2%
Wholesale trade	74%	87%	94%	13.1%	7.2%
Retail trade	97%	87%	88%	-9.8%	0.8%
Transportation and warehousing			97%		
Information	84%	76%	69%	-8.4%	-6.6%
Finance and insurance	78%	64%	58%	-14.4%	-6.4%
Real estate and rental and leasing	67%	49%	60%	-17.8%	10.6%
Professional, scientific, and technical services	83%		0%		
Management of companies and enterprises		2%			
Administrative and support and waste management and remediation services		89%	85%		-3.6%
Educational services	121%	30%	42%	-91.2%	11.9%
Health care and social assistance	89%	92%	95%	3.3%	2.7%
Arts, entertainment, and recreation	40%	68%	45%	28.7%	-22.8%
Accommodation and food services	72%	75%	73%	3.2%	-1.8%
Other services (except government and government enterprises)	80%	92%	90%	12.2%	-2.2%
Government and government enterprises	101%	105%	114%	4.1%	9.1%
Federal civilian	109%	111%	111%	2.4%	-0.5%
State government	97%	92%	97%	-4.4%	4.8%
Local government	94%	97%	97%	2.5%	-0.1%

Prepared by Economic & Policy Resources, Inc.

Table 4: Average Earnings Relative to the U.S. Average for Full-Time/Part-Time Jobs (Including Proprietors) over the Last Three Economic Cycles, By “Place of Work” (Calendar Years 2001, 2009, 2019)

Average Earnings as a "%" of the U.S. Average	Franklin County as % of US				
	2001	2009	2019	2001-2009	2009-2019
Total employment (Average Wage)	75%	80%	79%	5.0%	-0.5%
Wage and salary employment	75%	81%	79%	6.1%	-1.5%
Proprietors employment	73%	69%	71%	-3.8%	1.9%
Farm proprietors employment	222%	86%	208%	-135.9%	122.4%
Nonfarm proprietors employment 2/	61%	69%	58%	7.9%	-11.1%
By industry (Average Wage)					
Farm employment	174%	96%	151%	-78.0%	54.8%
Nonfarm employment	74%	81%	79%	7.0%	-2.1%
Private nonfarm employment	71%	75%	71%	4.4%	-4.6%
Forestry, fishing, and related activities			57%		
Mining, quarrying, and oil and gas extraction			24%		
Utilities			69%		
Construction	67%	75%	67%	7.7%	-8.0%
Manufacturing	78%	82%	80%	4.0%	-2.3%
Wholesale trade	61%	69%	73%	8.1%	4.0%
Retail trade	90%	81%	81%	-8.9%	0.1%
Transportation and warehousing			85%		
Information	47%	54%	32%	6.6%	-21.7%
Finance and insurance	56%	49%	48%	-6.9%	-1.1%
Real estate and rental and leasing	43%	57%	34%	14.0%	-22.8%
Professional, scientific, and technical services	55%		0%		
Management of companies and enterprises		2%			
Administrative and support and waste management and remediation services		70%	77%		6.7%
Educational services	102%	27%	39%	-74.6%	11.8%
Health care and social assistance	76%	79%	86%	2.3%	7.5%
Arts, entertainment, and recreation	33%	41%	25%	8.5%	-16.4%
Accommodation and food services	70%	75%	80%	4.8%	4.4%
Other services (except government and government enterprises)	77%	84%	90%	6.7%	6.3%
Government and government enterprises	86%	93%	99%	6.4%	6.2%
Federal civilian	99%	98%	104%	-0.6%	5.5%
State government	96%	98%	97%	2.3%	-0.7%
Local government	76%	79%	76%	2.8%	-2.7%

Prepared by Economic & Policy Resources, Inc.

Toward a Working Definition of Economic Development:

As an economic development planning study, the final area of background or context for this strategic economic development planning project involves a discussion of what constitutes a proper definition of the term “economic development.” Through the years, the term economic development can have had many different meanings to various individuals, and interested parties and stakeholders. To some, including many economic development professionals, the term is synonymous with creating new, higher-paying (e.g., family wage) job opportunities in the parts of the regional economy that offer the most promise for long-term, sustained, forward economic progress. To others, economic development means encouraging new companies to locate their facilities within their community for the purpose of increasing the municipality’s “grand list” value and therefore generating additional local property tax revenue in support of providing high-quality, local government services. To still others, economic development is a negative term because it means the economy advances via a process that takes more of and/or impacts a region’s

scarce natural and other development resources—which inevitably leads to the degradation of the quality of the surrounding natural and “built” environments for the community’s or region’s residents.

Over the course of the last fifty years involving the evolution of economic development policy, another view has emerged that speaks to the strategic economic development as the cohesive, consensus process of taking steps to make “sustainable improvements in the economic well-being of an area’s residents.”¹⁶ Under that more inclusive, but still evolving definition, economic development is more than just access to jobs and/or growth in the regional or municipal tax base. Economic development involves access to job opportunities that pay enough to afford an adequate standard of living (aka “good jobs”). It includes facilitating the creation of new jobs that also have decent working conditions and provide some prospect for growth and advancement for the employees who take those new jobs. The above is consistent with recent economic development experience which finds that any advancement in the economic well-being of a region’s residents is most beneficial over time if it: (1) can be sustained over the long-term, and/or (2) actively takes into account the impact of the development on the long-term quality of life of a community—including on the surrounding environment and the region’s overall natural resource endowment-base. This more holistic definition of economic development would also include the consideration of how that development and new job opportunities meet the economic needs of all sub-groups of residents and businessowners in the community—and does not just focus on the impact on the part of the community that currently is and/or has been “advantaged under the status quo.” Real economic development would therefore also involve more than just the number and types of job opportunities added by the development, but also would include consideration of what it would take to afford “full access” to those new job opportunities by all groups and sub-groups—advantaged and dis-advantaged—within the community or region.

This more inclusive definition of economic development implies that the role of municipal governments and supporting regional economic development organizations today often go beyond the long-standing, historical approach of simply trying to attract outside companies to locate in a municipality or region. Instead the updated, more holistic and strategic approach to economic development goes beyond encouraging business recruitment to a number of additional considerations; These include steps and strategies to: (1) support to small businesses already located or seeking to locate in the area, (2) assist in the retention and expansion of existing key employers (and their jobs) in the municipality or area, (3) expand and/or enhance key physical infrastructure assets in the municipality/region, and (4) facilitate the broadening of the municipality’s-region’s human capital asset base—which can include initiatives designed to expand and/or deepen a town’s educational and job training opportunities. The above is not to say that the time-honored approach of company recruitment will not remain as a key area of focus for the Town’s strategic economic development efforts (in cooperation with the Town’s partners like the FCIDC and the State Department of Economic Development). However, it does recommend that the Town consider and more fully develop the range of opportunities it has in order to focus on other aspects of the strategic economic development equation. That is what this strategic economic development planning study hopes to accomplish. This study hopes to build upon the Town’s current efforts to further refine its strategic economic development focus by evaluating and recommending some additional tools that make sense within the context of the community’s overall approach to economic development that are likewise within the context of its articulated objectives for the community’s economy and quality of life.

For additional insight into the community’s economic development objectives toward a working definition of economic development that makes sense for the Town, we turn to the articulated statements of the community as set forth in the 2015 Town Plan.¹⁷ In the Town Plan, there are a number of clearly formulated vision, goals, and objectives statements that lay out the community’s views regarding development overall, as well as the types of development actions-activities that are consistent with the community’s stated values. Among the aspirational statements and guidelines as set forth in the Town Plan, we note that the community desires:

- (1) a “strong and diverse economy” (see Social and Economic Goals #2 on page 16 of the Town Plan), that creates “employment opportunities for all citizens of Highgate” (see Social and Economic Goals #1 on page 16 of the Town Plan),

¹⁶ See Local Partnerships in Economic Development, Office of the Governor, Executive Office of Communities and Development, State of Massachusetts, 1994; Chapter Two.

¹⁷ See additional information on the Town Plan in the Review of Relevant Policies that Impact Economic Development in the Town below. The Town is currently working on an amendment to its Town Plan for Agri-business and flood resiliency. The next full Town Plan update is scheduled to be completed by no later than 2023.

- (2) a community with “a quality way of life” for the employees of the Town’s businesses and its citizens (see Visions for the Future of Highgate Bullet #3 on page 4 of the Town Plan),
- (3) growth that protects the “natural assets” of the community (see Visions for the Future of Highgate Bullet #1 on page 4 of the Town Plan), and respects “high environmental standards” of the Town’s residents (See Social and Economic Goals #3 on page 16 of the Town Plan),
- (4) growth that maintains the agricultural traditions of the community (See Social and Economic Goals #4 on page 16 of the Town Plan and the Social and Economic Objectives #4 on page 16 of the Town Plan),
- (5) growth that helps to maintain the rural working landscape of the community (See Bullet #5 of the Visions of the Future of Highgate on page 4 of the Town Plan) that is important to Town tradition,
- (6) growth that reflects a commitment to the “children, families, land, water and natural beauty” to keep the “Town special and unique” for Town residents and its visitors (See Bullet #2 of the Visions of the Future of Highgate on page 4 of the Town Plan).

Those aspirational statement of visions, goals, and objectives in the Town Plan also include more specific guideline statements governing the prospective actions to be taken by the Town within the context of its economic development and community development efforts. These include guiding assertions such as:

- (1) “Growth in the Town will occur at a rate that does not exceed its ability to accommodate the growth and provide essential services,” (see Visions of the Future for Highgate Bullet #7 on page 4 of the Town Plan and #7 of the Social and Economic Objectives on page 16 of the Town Plan),
- (2) where growth in the Town will be directed—including “...Encourage infill and reuse of older centrally located...” assets to concentrate development to preserve Town’s rural character (see Social and Economic Objectives #3 on page 16 of the Town Plan),
- (3) use investment in Town infrastructure to “positively influence” business location decisions (see Social and Economic Objectives #8 on page 16 of the Town plan and Social and Economic Objectives #5 on page 16 of the Town Plan) so that growth is properly directed to areas that is desired and makes sense within the community, and
- (4) forge strategic partnerships with regional, state, and federal connections to better leverage the Town’s resource commitments (see Social and Economic Objectives #9 on page 16 of the Town Plan) and expand access to the Town’s childcare infrastructure and to expand affordable housing choice within the Town (see Bullet #8 of the Visions of the Future of Highgate on page 4 of the Town Plan) for a high quality of life.

Within the context of the above, we propose an initial working draft of the term “economic development” for consideration for this economic development planning study that is consistent with articulated visions, goals, and objectives as set forth in the Town Plan. As an initial working draft, this statement is subject to further refinement and augmentation as the participants and stakeholders in this planning study see fit:

Through a long-term, focused, and collaborative effort, the Town will work to strengthen its existing businesses and will search out new business opportunities that build upon its rich agricultural, natural resource, and built-infrastructure asset base to provide for shared economic opportunity and sustainable improvements in the economic well-being of Town residents and its businesses.

While the above is proposed as a starting point for this economic development planning effort and is a living definition that is subject to update and continuous improvement during both this process and beyond, the above working definition makes it clear that strategic economic development is holistic endeavor. It includes multiple additional dimensions beyond a process of direct competition with other states, regions, and municipalities for new businesses recruitment activities based on providing the “lowest cost” location to a prospect. While business cost considerations

still clearly remain relevant considerations as part of any economic development strategy, recent experience has made it clear that a comprehensive approach to economic development would also consider items such as: (1) the skills and adaptability of its workforce, (2) adequate access to capital, (3) the quality of the community's built infrastructure, (4) the quality of the community's natural resource base, and (5) the availability and quality of social infrastructure such as the wide availability of affordable workforce housing and childcare resources. Many of those important considerations are clearly beyond the skills, capabilities, and tool sets of most municipal governments and/or regional development corporations. Moreover, the Town does not have the interest in directly taking on matters involving work force development, capital availability and the like because it cannot do everything involved with effective strategic economic development. Instead, for many of those items the Town must rely on its strategic partners to provide the economic development resources and services that are required for those parts of a comprehensive strategy. To that end, this planning study will make additional recommendations to engage with strategic partners to execute on those components of the strategic economic development effort that are logically within the skill sets, capabilities, and interests of other key partners.

Perspective on the Keys to Success in Strategic Economic Development for the Town

The final area of context for this strategic economic development planning project involves a discussion regarding the "keys to success" for the Town's strategic economic development efforts. Throughout the history of municipal strategic economic development efforts, there are many studies about why such efforts succeed or fail.¹⁸ Focusing on the factors that increase the likelihood of success, the following are components-conditions that are most often associated with effective strategic economic development programs. In strategic economic development, successful programs:

1. Treat economic development as an investment—not a cost;

Like any worthwhile effort, economic development is often a trade-off between its objectives-priorities and the usually very limited amount of resources that are available in municipal, regional, and/or state budgets to undertake those efforts. Appropriately focused resources and efforts build the capacity of the local-regional economy which leads to sustainable increases in the living standards and in the resources the economy generates to fund necessary public services to support a high quality of life.

2. Have a credible and workable strategy;

That is what this strategic economic development planning study seeks to articulate. This plan is expected to develop an approach that spells out where the community wants to go, how it plans to get there, and over what general timeline. This plan also is expected to map out the Town's role and responsibilities and what other partners-parties to strategically engage for the additional components of its program where the Town's proposed role is secondary in nature. In fact, a community's success depends on whether it is better prepared, strategically adept, and more persistent than its competitors.

3. Require strong leadership with a commitment to a long-term, consistent program;

Over the years, experience has shown that leadership drives local economic development and the local business climate. The Town's leadership, once this strategic planning study is finalized and accepted, needs to make it clear that economic development in the community is a priority. The Town should pass a resolution

¹⁸ See DiTommaso, Adrienne and Robert T. Greenbaum, "[An Examination of the Relationship Between Local Tax Incentives and the Diversification of the Local Economic Base.](#)" Economic Development Quarterly, January 2021; Alec Workman, "[Ready for a Close-up: The Effect of Tax Incentives on Film Production in California.](#)" Economic Development Quarterly, March 2021; and "[The Impact of Small Regional Development Commissions: Is There Any Bang After Just a Few Bucks?.](#)" Economic Development Quarterly, November 2020. For additional information, please also see: [State of Vermont-Strategic Economic Development Plan, April 2002](#), Vermont Department of Economic Development-Vermont Economic Progress Council, and [Northwest Vermont Comprehensive Economic Development Strategy, July 2005](#) plus periodic updates); and [Strategic Economic Development Plan for Franklin County Vermont, Spring 2004](#), plus periodic updates through 2021.

adopting this strategy—when complete—as a formal policy of the community. Other regional, state and federal stakeholders that will be of assistance to the Town’s effort need to know that Town is serious about economic development as a matter of policy.

4. Involve strategic partnerships with shared responsibilities-roles to leverage Town’s efforts;

Both business and government play important roles in economic development. Business marshals and mobilizes human, financial, physical, and natural resources to create marketable goods and services that can be sold outside of the region and generate a return to the expenditure-use of these resources. Government (such as the Town) often takes a lead role in providing or coordinating the resources to invest in adequate infrastructure, and in incentives and services that support business activities. This, in turn, leads to outcomes such as increased jobs and revenue.

5. Require a commitment to a long-term, consistent program.

It takes time to create and fully implement an effective strategic economic development program. It also requires a commitment to a level of effort and resource expenditure that stands a reasonable chance of producing economic development success, even though reportable progress and results will be slower in developing and somewhat insecure. Other regional, state and federal stakeholders also need to understand that the Town is committed to the long-term for its strategic economic development efforts or they may become reluctant to expend their own resources to support the Town’s efforts—potentially reducing the additional leverage those partner investments could provide to Town’s efforts.

Throughout the years, the record shows that the Town is acutely aware of the trade-offs between goals and resources needed to effect positive change through its economic development pursuits. On one side, the Town has been pursuing and cultivating strategic partnerships (as set forth in its Social and Economic Objectives in the Town Plan) to leverage its staff and other resource commitments made over the years to facilitating its strategic economic development activities. The Town has also made supportive changes over the years in its zoning regulations that were designed to help facilitate development (either community development and/or strategic economic development) in a manner deemed consistent with the vision, goals and objectives of Town residents as set forth in the Town Plan (see the review of Town policies that impact economic development below). The Town also recently purchased a “distressed parcel,” with known environmental contamination in the Village center that requires remediation, that effectively put some public “financial skin” into the on-going effort to develop the center of the Town.

Moreover, it also is noteworthy that Town policymakers also recently selected the higher-cost, full development of the needed municipal water and wastewater infrastructure expansion alternative as set forth as an alternative to facilitate the development of available parcels on and immediately adjacent to the Franklin County State Airport in order to maximize the full economic development potential on the airport (for aviation uses) and for the area adjacent to the airport with commercial and industrial development potential, even though the full expansion build-out alternative for the municipal water and wastewater infrastructure had a significantly higher total price tag—at nearly \$4.0 million. The more incremental approach of first providing on municipal water to the area (with an estimated price tag of under \$1.0 million) and then following on later with the wastewater expansion plan would have carried less direct financial risk to the Town but also would have been significantly more limiting in terms of the development alternatives for the on-airport and adjacent to the airport areas.¹⁹

The Town also has forged strategic partnerships to support its infrastructure and other development activities from a significant number of local and regional partners. On the local level, the Town has worked with and gained the support of the Missisquoi Valley School District for the Airport Infrastructure Expansion Project effort, and has engaged with and received a strong commitment of support to work together on the Airport Infrastructure Expansion Project from the Village of Swanton Trustees and the Village staff—indicating a strong working relationship between the Town and the Village—grounded in mutual support for improving the quality of life in both communities. Also as part of this partnership effort, it is important to note that the Town has strengthened its partnerships with key regional and

¹⁹ For example, new development possibilities would have been limited to only potential commercial development uses (with lower municipal water and wastewater requirements) to the detriment of industrial development with its higher-economic returns (but with higher municipal water and wastewater requirements).

State partners, including the: (1) FCIDC—which is seeking to expand the amount of developable land within the county; (2) Northwest Regional Planning Commission—which is providing valuable technical assistance in terms of the completion of this project as a key addition to the region’s infrastructure asset base to allow for lower-cost, high density development in the Town; (3) Northern Border Regional Commission—which has pledged grant funds to support this project in the amount of \$507,107 to this project;²⁰ (4) U.S.D.A. Rural Development—where the Town has applied for a loan/grant of up to \$993,000 to support the airport expansion project; (5) Vermont Agency of Transportation—which has directly participated in the airport infrastructure expansion project which has led to a proposal by the Administration of Governor Scott²¹ to allocate up to \$1.0 million state capital budget funds to assist in the expansion of the airport runway and other supporting transportation assets; and (6) Vermont Community Block Grant Program—where the Town has applied for a \$500,000 infrastructure expansion grant for the airport infrastructure expansion project. Overall, the Town has secured a total of \$11,636,617 in grant funding since 2011, with another \$6,769,220 in active or pending grants for the Town. These key local, regional and state partnerships will continue to be vital to the Town’s further economic development and community development success. As such, these already strong relationships would ideally continue to be strengthened and deepened as part of a coherent economic development and community development strategy for the Town going forward.

Although the outcome of any town-wide vote on the selected airport water/wastewater infrastructure expansion plan alternative as outlined above remains uncertain, the fact that the vote is even being scheduled indicates at least an initial, strong level of commitment by the Town Selectboard to quality economic development. However, it is likely that additional and substantial commitments of Town resources for furthering economic development in the community will be required beyond securing the grant funding and providing matching Town resources for airport infrastructure expansion project and this strategic economic development planning effort—if the Town is to be credible and succeed in the highly and increasingly competitive economic development arena. As the Town approaches a critical decision point as it moves to assemble the final financing package for a town-wide vote on the airport infrastructure expansion project, it must decide if it has the collective will to make the investments of the scale, type and duration needed to be successful in strategic economic development. If the Town is not wholeheartedly committed, it will be difficult—if not impossible—for such an effort to succeed. While it is clear that the level and duration of the Town’s commitment to of resources to strategic economic development in the future is at least in part tied to the findings and recommendations of this strategic economic development planning study, it is initially recommended that the Town move forward only with the endorsement of enough of the Town’s elected leaders, and its volunteer Boards and Commissions to sustain a credible effort to take its economic development program to the next and higher level. Lack of a long-term commitment by the Town to a focused and credible strategic economic development plan will likely not produce measurable, positive results, and could in fact ultimately end up being even counter-productive over the long-run.²²

As such, if the Town, through its elected and appointed officials and Town staff, find they are not able to make the resource commit to a level of resources needed to maintain a continuous and long-term support program of focused strategic economic development activity, it is better the community continue on its present, more opportunistic course—implementing policies on a piecemeal basis tied to the opportunities to leverage the activities of the Town with key partners of importance to the Town as opportunities emerge (such as the airport infrastructure expansion study). Although that approach would be less structured and less likely to organically generate new opportunities for the Town other than those that would have come along anyway, it would require the Town to take fewer financial and policy risks, which remains as a legitimate way for the Town to approach its economic development objectives.

²⁰ The Northern Border Regional Commission (“NBRC”) is a federal-state partnership for economic and community development in the most distressed counties in four states in the northern Northeast region of the U.S.—including Maine, New Hampshire, Vermont and upstate New York. While the NBRC has always been a major player in northern Vermont and recently expanded its available resources, it also expanded its mission and it is likely that the level of competition for its grant and other resources will also be similarly expanded over the coming years.

²¹ As part of his Administration’s 2022 budget recommendations.

²² For example, industry-new company recruitment will likely require professional assistance and adequate marketing resources to be maintained over a multiple years before such efforts would achieve the level of credibility required to be successful. Alternatively, “stop and start” policies would likely undermine the Town’s economic development efforts in that as well as other economic development areas.

Review of Relevant Policies and Past Studies that Impact Economic Development in the Town

In this section of the current conditions and past efforts to support development, summaries of all recent and relevant past studies and policies of the Town of significance to economic and community development are summarized as a starting point for this economic development planning study. The following are summaries of each report and policy that were provided to the EPR-Crane Associates consulting team by Town staff. These studies and policies are reviewed within the policy context of each report’s-policy’s contribution to the regulation of and/or its impact on economic development activity in the Town.

Figure 3: Summary of Town Regulations Impacting Economic Development

Figure 1: Summary of Town Regulations Impacting Economic Development	
<p>Town of Highgate Development Regulations By Highgate Planning Commission Adopted 03/05/15 114 Pages</p>	<p>Key Provisions for Economic Development</p> <ol style="list-style-type: none"> 1. Home based businesses are exempt from permits which supports business. 2. Village District, which is intended to “accommodate a majority of growth in Highgate” requires one acre for a minimum lot size even with connections to Community water to sewer; ditto for Industrial/commercial Zone. However, the Forest Reserve and Shoreline Protection zones only require ½ acre for a development permit. 3. I/C zone is intended to be “protected from residential development” but is allowed as a conditional use. 4. Requires an approval or disapproval within 30 days, helping provide predictability to the process. 5. Setbacks in Village District is 40 feet from road center line may be uncharacteristic of a typical Vermont village in certain places and unnecessarily reduce buildable land. I/C zone is more restrictive. 6. Off-street Parking appears to address the identified parking issues, especially in the village portion of the Town where the shortage of parking is most acute and dangerous in and around Desorcie’s market, the Library, and both “quick stops.” Parking is problematic when large trucks-vehicles stop for refreshments-meals and park where sight lines are interrupted for vehicles pulling off St. Armand Road and Mill Hill Road. Similarly, care must be exercised in terms of enforcement to assure that these requirements do not become an unnecessary burden to business investors seeking a building permit from the Town.
<p>Town of Highgate Town Report 2020 By Town of Highgate Published in February 2020 72 Pages</p>	<ol style="list-style-type: none"> 1. Village wastewater expansion planning is underway. 2. Town budget is \$2.7 million in expenses with revenues at \$2.9 million and a fund balance of \$2.5 million. 3. Largest revenue sources for the Town are: Municipal Property Taxes of \$1.4 million, followed by Intergovernmental transfers (\$600,000), Payment in Lieu of Taxes (\$400,000), and Charges for Town Services (\$275,000). 4. Largest expenses are Highways (\$1.3m), General Government (\$600,000), Culture and Recreation (\$300,000) and Public Safety (\$200,000).
<p>Town of Highgate Capital Improvement Program and Budget 2017-2022 By Highgate Planning Commission and the</p>	<ol style="list-style-type: none"> 1. This is the most current Capital Improvement Plan. Adopted in 2015 and provides an analysis of capital expenditures from 2008 to 2014. 2. For the purposes of this Economic Development Planning project, it provides the consultant with a limited and retrospective view of the town’s capital assets six years ago. Notable information includes: 3. The Town’s preference to pay as you go, to avoid debt as much as possible. 4. No public water or wastewater infrastructure in town. The town expresses a need to explore the feasibility of the system but no funding was allocated for this purpose. Prior to the

<p>Northwest Regional Planning Commission Adopted 11/19/2015 39 Pages</p>	<p>Airport Water and Wastewater Expansion Project, there were no clear plans to build a municipal system. Community septic is being discussed.</p> <ol style="list-style-type: none"> 5. Municipal Tax rate has been relatively stable between 2008 and 2014 years. 6. Table 5 of the CIP provides a list of capital projects. No ranking of preferences was completed. 7. Town acquired “Jedware Property” for potential brownfield redevelopment. 8. The remainder of the CIP Program and Budget is a list of capital upgrades and repair projects to town’s existing assets with a budget of 2.7 million. The degree to its completion is unknown.
<p>Highgate Town Plan 2015-2020 By the Highgate Planning Commission and the Northwest Regional Planning Commission Adopted 07/23/2015 88 Pages</p>	<p>The Town plan is a 5-year document and last adopted in 2015. The plan is a vision and goal setting document and not a policy document. It contains a body of data and statistics that may be helpful in combination with other sources, for economic development strategies. The Plan contains a 2-page implementation chapter that sets forth 17 recommendations, none of which are requirements. Most relevant recommendations for this study include: (1) develop a Capital Budget Program; (2) explore an impact fee ordinance; (3) complete an access management plan; and (4) review zoning for its effectiveness in managing growth.</p>
<p>Implementation Plan for Highgate Town Center Dated 01/19/19</p>	<ol style="list-style-type: none"> 1. This document discusses the redevelopment of the Town Center. The Village Core Property is made up one purchased property, one historically owned by the Town (the former town garage site) and the other was owned by the school district and was donated to the Town for this project. The document is a result of a public engagement process and draft site plans. 2. The document produces a 12-step process that gives the Town guidance on how to implement the plan. 3. The document culminates in an RFP process for a private developer to propose a specific building and use and for the Town to build a 5,300 square foot public library. The report provides a list of potential sources of funding.
<p>Highgate Total Grant List Status as of 3/18/21 2-Page Table</p>	<ol style="list-style-type: none"> 1. A 2-page table that shows the total list of all grants the town has been awarded. 2. A total of has been \$6.4 million is granted to town. 3. \$5.5 million allocated to Machia Road Bridge and bank stabilization with remained allocated to small budget planning and capital purchases. 4. \$1.4 million is pending approval for the construction of the airport. This project has the highest potential to impact economic development out of all projects on the list.

Figure 4: Summary of Key Studies of Significance to Economic Development in the Town

<p>Highgate Airport Infrastructure Study By Aldrich and Elliott Dated May 2020 30 pages (131 pages with appendices)</p>	<ol style="list-style-type: none"> 1. The purpose of the report was to determine the feasibility of extending sewer and water to the Franklin County Airport. 2. Report states that 17 water customers and 9 sewer customers would be served. 3. Commercial sewer customers would pay \$816/year and there are no residential sewer customers. 4. Commercial water customers \$1,111/year and residential customers would pay \$322/year. 5. On-site wastewater systems are in good operating condition. 6. Report concludes that the project is technically feasible but expensive due to the low number of users.
<p>Highgate Library & Community</p>	<ol style="list-style-type: none"> 1) The purpose of the study was to determine the feasibility of remodeling the existing Library versus building a new one.

<p>Center Feasibility Study By GBA Architecture and Planning Dated 12/21/2017 40 pages</p>	<p>2) The report concludes that remodeling current building is not feasible and constructing a new one is the best options for meeting the needs of the town. 3) Limited relevance to this study except that a new library is an asset that helps attract new employers and a quality workforce as a significant “quality of life” asset.</p>
<p>Lamkin Street Corridor Study By Resources Systems Group, Inc. No Date 38 pages</p>	<p>1) Report has no date. Unsure on the relevance of the data within the study. Latest demographic data used is from 2006. 2) Purpose of the report is to create a build out analysis of growth potential of the study area (Lamkin Street). 3) There are 14 undeveloped parcels in the study area, which, under current zoning, can accommodate 272 units.</p>
<p>Highgate Center Bicycle and Pedestrian Facilities Feasibility Study By DuBois and King Engineers June 2000 16 pages</p>	<p>1) A 20-year-old study on the feasibility of bike/ped infrastructure. The report has little relevance to this study.</p>
<p>Town of Highgate Tax Stabilization Policy By Town of Highgate Adopted March 03, 2020 8 pages</p>	<p>The Town of Highgate chose to invoke a local Tax Stabilization option enabled by VT Law 24 VSA 2741. The policy offers investors/owners of commercial or industrial buildings who engage in projects that result in an increase of \$200,000 or 35% of current property assessed values a 5-year graded tax stabilization. The increases in assessed values will be taxed and 10% of the current assessed values of the real property in the first year, 20% in the following year then 40%, 60%, 80% and finally 100% at the sixth year. Stabilization rates are applied to only the assessed value increases. An applicant must submit a detailed application for review and there is a penalty for early termination. The policy was adopted in March of 2020.</p>
<p>Town of Highgate Infrastructure Expansion Study By Economic and Policy Resources 05/15/2020 65 pages</p>	<p>The purpose of this report was to create a coordinated and strategic approach for leveraging the proposed water/wastewater infrastructure expansion at the Franklin County Airport for increased economic development opportunities in the Town.</p> <p>The research and report found several primary industry clusters that are best matched to the strategic advantages/core competencies of the Town and region, which would likely produce the “highest rate of return” for economic development. They are: Agriculture; Food and Beverage manufacturing/Processing; Machinery Manufacturing and Fabricated Metals; Warehousing and Storage; and Administrative and Support Services.</p>

List of Historical Village Upgrades Undertaken by the Town

In addition to the above, the Town has a long history of making improvements and undertaking important studies of significance to the village. This list includes more than two decades of significant and recently sustained activity. The list by initiative, study or activity includes the following:

- 1999- D&K Riverwalk Design along Missisquoi River on Waugh Farm Road,
- 2000- Route 78 Bike and Pedestrian Safety Study- Dubois&King – Great ideas for our village and safe routes to school,
- 2004- AOT Grant- Gore Road Sidewalk Design,

- 2007- Lamkin Street Corridor Study- NRPC,
- 2008- AOT Grant- Gore Road Sidewalk Grant- Effort was not completed, grant was returned,
- 2009- Walking Path around the school and arena- the alternative route,
- 2008- Swanton Safety Study RT 78 at MVU Highgate School
- 2012- Lamkin St. Sidewalk T.A. Grant (installed in 2017),
- 2013- Official Village Designation,
- 2014- Paved the Park and Ride,
- 2015 Park and Ride Grant- stripe, signage, lighting,
- 2014- RISE VT Bike Rack Grant for arena,
- 2014 MPG- ADA Access study on municipal office,
- 2015 RISE VT- Bike Rack Grant for the Park,
- 2015- National walking expert, Mark Fenton, visited the municipality,
- 2015 HUD Grant- Arena upgrade,
- 2015 RISEVT Water cooler grant,
- 2015 BGS- Recreation Grant- dehumidifier,
- 2016 BGS- Recreation Grant- Bleacher upgrade,
- 2016- Safe Routes to School Plan completed (2% kids walk to school, 11% live within 0.5 miles of the school; 30% within 1.0 miles of the school),
- 2016- MPG -RT 78 Village Pedestrian Safety Study,
- 2017- MPG Library Relocation Feasibility Study,
- 2017 -installed Lamkin St Sidewalk with flashing beacon and crosswalk on Route 78,
- 2017- Town installed crosswalk on Gore Road,
- 2017- Voters approved purchase of blighted property in Village Center,
- 2017- Brownfield Program- Phase I & II on blighted property,
- 2017- Park and Ride Grant-Bus Shelter, garbage /recycling receptacles, install green space to reduce entrance opening,
- 2017- Official Village Designation Renewal,
- 2018- VCDP- ADA modifications grant- universal access upgrades at municipal offices,
- 2018- Brownfield Program- removed Stinehour Café from blighted property,
- 2018 –MPG Village Core Master Plan (VCMP) Feasibility Study,
- 2018 RISEVT playground equipment grant for the arena,
- 2018/ 19- Electric Vehicle Charging Station Grant at Park and Ride ,
- 2018- Village Park upgrades, new benches, flower planters repair Veteran’s Monument,
- 2018- Village Core Master Plan Study,
- 2019- ANR Wastewater and Water Planning Advance Study for Village,
- 2019- VCMP Property clean up and mural installation,
- 2019- RISE VT & Governor’s Bike Ride to Highgate,
- 2019- VCMP Community Celebration with historical roundtable,
- 2019-MPG- Wastewater and Water Study Support Services – landowner survey, etc.,
- 2019- Collaborating with Northern Forest Canoe Trail on LCBP Grant to improve the portage route around the Highgate Falls Day,
- 2020- Applying for USDA RBDG funding for VCMP development planning, and
- 2020- Preservation Trust of VT funding for historical assessments on VCMP Property and Library.

The list demonstrates a municipality committed to improving its village center and improving the quality of life within the Town. This degree of commitment and motivation by the Town in general is an essential ingredient to taking its strategic economic development efforts to a new and higher level of activity.

Additional Information and Data Reviewed

In addition to the above Town-supplied studies and information, this initial review also reviewed additional publicly available data and information of significance to the Town’s current situation and conditions. These included tax rates and gross sales and use tax receipts. Those data are as follows:

Table 5: Total Combined Municipal and Education Tax Rates of Franklin County (as of September 30, 2020)

TOWN	CLA	Municipal Plus Homestead Rate	TOWN	Municipal Plus Non-Homestead Tax Rate
Franklin	96.10	1.7561	Swanton	2.0092
Highgate	97.41	1.7888	Franklin	2.0299
Swanton	100.76	1.8118	Highgate	2.0589
Sheldon	94.20	1.8586	Berkshire	2.1072
Berkshire	101.90	1.8754	Sheldon	2.1094
Georgia	89.80	1.889	Georgia	2.1122
Montgomery	101.36	1.8903	Montgomery	2.1234
Bakersfield	93.03	2.0496	Bakersfield	2.3035
Fairfax	85.93	2.119	Richford	2.4053
Richford	112.34	2.1642	Fairfax	2.4907
Enosburg	97.31	2.3111	St Albans Town	2.5129
Fairfield	87.55	2.377	Fairfield	2.5157
St Albans Town	95.02	2.3852	Enosburg	2.5895
Fletcher	86.34	2.5598	Fletcher	2.6902
St Albans City	89.23	2.6265	St Albans City	2.8153

The combined municipal plus homestead tax rate for Highgate ranks as the second-lowest among the 15 towns in Franklin County. The municipal plus non-homestead tax rate, which is paid by non-residential property taxpayers, is ranked third-lowest in Franklin County. The Town of Highgate’s CLA ranks as the fifth-highest among the municipalities in the County, landing in the top one-third. Having a “comparatively low” overall tax rate can have a beneficial effect on economic development prospects—all other major factors of importance being relatively equal between regions-communities.

Table 6: Sales and Use Tax in Franklin County

Town	Gross	Gross Count	Retail	Retail Count
ST ALBANS	\$579,810,637	197	98,337,597	172
ST ALBANS TOWN	\$365,149,225	72	94,709,569	67
SWANTON	\$175,755,727	126	30,130,639	108
ENOSBURG	\$ 76,945,776	88	23,809,336	82
RICHFORD	\$ 65,495,626	38	3,833,046	28
FAIRFAX	\$ 59,173,793	80	16,607,898	68
SHELDON	\$ 41,131,114	18	2,431,631	17
HIGHGATE	\$ 35,620,043	33	8,242,723	26
GEORGIA	\$ 24,788,901	41	7,035,000	33
MONTGOMERY	\$ 9,216,804	29	2,704,526	22
FAIRFIELD	\$ 7,995,892	31	1,705,364	25

FRANKLIN	\$ 6,653,857	19	1,957,826	17
BAKERSFIELD	\$ 2,958,970	12	1,268,548	11

The Town of Highgate ranks 8th in generating Sales and Use Tax in Franklin County. A total of \$35.6 million in gross sales is generated from 33 establishments compared to \$579.8 million in gross sales generated by establishments in the Town of St. Albans—which is the location of the regional Wal*Mart store just off the Interstate 89, near Exit 20 in the Town. The table also shows that it is noteworthy that establishments in neighboring Swanton also generated roughly five times the gross receipts-sales associated with the State Sales and Use Tax vis-à-vis the Town. Moreover, the table also shows that the Towns of Sheldon, Fairfax, Richford, and Enosburg also all had significantly larger gross taxable sales receipts bases in comparison to the Town of Highgate.²³

Potential Economic Development Assets

As part of the project kick-off meeting, the EPR-Crane Associates Team asked the members of the Town’s Planning Commission, the Development Review Board, and Town staff that were part of the Steering Committee of this strategic economic development planning study to identify the Town’s key natural and physical assets of the Town that they felt were potential strategic economic development assets. The list below of each category of assets will be employed in this planning study an initial list of the Town’s assets of strategic significance to its future economic development efforts. Like the definition of economic development (discussed above), this was an initial list that was subject to revision and augmentation as this study proceeds. Nevertheless, this initial inventory of economic development assets of strategic importance was used as part of the identification and evaluation process for potential new economic development tools that were recommended to be added to the Town’s existing community toolbox.

Inventory of Natural Assets

- Missisquoi National Wildlife Refuge
- Missisquoi River
- Highgate Cliffs Natural Area (encompassed by Highgate State Park)

Inventory of Physical Assets

- I-89 Highway
- Route 78
- Three official village designations (Highgate Falls, Highgate Springs, and Highgate Center)—with the Village center available for thoughtfully-crafted development
- Canadian Border Crossing
- Franklin County Airport
- Highgate Public Library
- Missisquoi Valley Union High School
- Highgate Elementary School
- Highgate Fire Department
- Highgate Sports Arena
- Highgate Springs Boat Launch (municipally-owned) and two Vermont Fish and Wildlife boat launches (located in the “Springs”)
- Lamoille Valley Rail Trail
- Highgate Falls Historic Truss Bridge
- St. Johns Historic Church in Highgate Falls
- Methodist Church and Community Center and Daycare
- Highgate Center businesses—including McCuins Hardware, Feed and Fuel Store facilities (100 years old)
- VELCO power station within the Town (as a low impact municipal revenue source for the Town)
- Highgate Falls Dam (as a low impact municipal revenue source for the Town)

²³ The reader is cautioned that these Sales Tax statistics include only those reported by merchants. As such, they do not include so-called e-commerce sales to residents within those communities.

- High voltage power lines than run through the Town (potentially adaptable to supplemental development)

Overview of Potential Economic Development Strategies

The following Economic Development Strategies have been structured to build upon the ten key industries that were identified in the Airport Infrastructure Expansion Study as having the greatest potential for creating jobs and building the tax base in Highgate. With the recent passage of the bond vote for the Airport Infrastructure Expansion project in September of 2021, the range of possibilities open to the Town to directly and indirectly support local economic development activities/projects has expanded significantly. Authentic local/municipal level initiatives to expand job creation and support business/job retention for any municipality come from an honest assessment of, and are therefore typically based on: (1) a community's skill sets and demonstrated core competencies; (2) its culture; and (3) its vision of itself. The specific recommendations in this part of the report have been designed as a menu of options in order for the Town to take advantage of those attribute-driven opportunities. They have been developed during this study with an eye towards leveraging the community's resources, its demonstrated strengths, and the significant amount of community economic development energy that exists across the community today. We break down the study's recommendations into those that: (1) Are Not Recommended by the CA-EPR Team; (2) Are Recommended by the CA-EPR Team for which the Town would take a "leading role" or a "supporting role," and (3) Are Recommended by the CA-EPR Team for which the Town should take a "supporting," but still very important facilitating role. We do not expect that the Town could take on all of the opportunities presented. Instead, we have identified and completed a preliminary evaluation of the merits and fit for the Town of those possible strategic actions, and included recommended actions-tasks for further exploring and testing the feasibility of those actions. As a result, we believe these opportunities should be viewed as the start of a "living list" of potential areas for strategic action over the near-term, intermediate-term, and prospectively even a long-term time frame as part of the Town's demonstrated long-term commitment to strategic economic and community development.

These strategies also cover a broad area of potential activities and build upon a number of strategic economic and community development activities that the Town already is committed to, and already has committed a significant amount of staff and grant funding resources toward. Our recommendations seek to identify some next steps to further those pursuits, even though it is clear that the Town would not have the resources to undertake each one of the recommendations for further action over the near-term, or in all likelihood even over even a longer, five-to-ten-year time frame. We developed this list with the expectation that the policymakers in the Town will evaluate the possibilities associated with each as they are weighed against the requirements/obligations associated with pursuing one or more of the opportunities. We therefore endeavored to not be the "limiting factor" in terms of the prospective role that that Town may wish to have. We further assumed that if any or a number of these recommendations are acted upon in one form or another, they will be done using the community's past emphasis on successfully cultivating a number of strategic partnerships—including with its private sector, other local inter-municipal and non-profit partners, and existing and prospective regional, State, and federal partners—to appropriately leverage the Town's efforts and resources to undertake any of these strategic activities and to get them to an appropriate, ultimately successful outcome.

The following section includes an inventory of the various strategic economic development alternatives that appear to make sense for the Town because they are consistent with its skill sets/competencies, its culture, and current vision.²⁴ For each potential strategic economic development policy area for prospective action, we provide a description of the program, a recommendation, and an explanation of the recommended course of action—including a description of the Town's responsibilities for each where they can be identified and reasonably described-estimated. We provide this information in order assist the Town to take the next steps in charting out how to access the currently available economic and community development tools and resources that appear to make sense for further strategic economic development activities in the Town. As part of this study's recommendations development process, a comprehensive review of the alternative State Designation and grant programs, and available federal and other programs were reviewed and assessed within the framework of consideration of the Town's core competencies,²⁵ its natural and constructed infrastructure assets, its amenities and attributes, and against the backdrop of its vision and stated values

²⁴ However, we note that the community's vision is still evolving—especially as the community embarks on its new conversation about its future in 2022 under the Vermont Council on Rural Development's "Community Visits Program."

²⁵ As evidenced by the presence of direct and indirect participants in the region's key industry sectors.

as set forth in the 2015 Town Plan²⁶ and other additional information that was found. These recommendations also build upon the recently completed Airport Infrastructure Expansion Study and other on-going activities by the Town itself and its strategic partners. However, they move on to what was viewed to be the next level of detail and commitment in terms of advancing the Town’s strategic economic and community development efforts.

With the above as background, the CA/EPR Team proposes a program of three, mostly multi-dimensional and overlapping strategy areas for action—with the intention of having the Town move toward implementing a number of the highest economic return potential opportunities over the course of the next five-to-ten years. We also include a fourth area for investigation—relating to the inclination of some of the members of the Town’s elected and appointed boards and commissions to investigate the issue of impact fees tied to the Town’s residential development. For the strategic economic development portion for this study, the goal was to fully explore the implementation of at least some of the proposed strategies opportunities over time. These strategies are discussed in sufficient detail to allow for a phased or sequential testing/implementation of these proposed initiatives/actions. Our team also recognizes that in the current environment—which includes the effects of a once in every hundred years pandemic—the circumstances around many of these potential strategies/actions is evolving and will likely change over time. We therefore have attempted to provide enough detail about each potential strategic economic development option/activity for the Town to consider to allow for a reasonable amount of re-assessment/re-evaluation of each strategy area over the course of the next five to ten years should circumstances change. We also believe that our research and analysis construct also allowed for the Town to more easily update of our current recommendations and suggested actions, should circumstances surrounding each evolve to the point where our initial recommendations as presented in this report study change and therefore indicate an adjustment in the execution of the strategies and supporting tasks as presented was warranted. As such, our overarching goal was to provide enough detail to the steps required to carry out each strategy/action so those steps could be altered/changed to meet the new circumstances and opportunities that may evolve and present themselves over time.

Group One: Strategies Comprehensively Assessed—But Not Recommended:

With the discussion above as context, this first group of strategies involved in-depth review of a set of potentially useful strategic economic development tools that offered promise and appeared on the surface to be a “good fit,” but which in the end turned out for one reason or another to not work within the context of meeting the community’s strategic economic development needs over the next five-to-ten years. The descriptions of these tools are extensive, in part a reflection of the level of analysis done before not being able to recommend them, and also because they remain within the realm of possibility as a potentially useful tool should favorable circumstances develop where they might work effectively in the Town’s toolbox. In addition, at least one strategic economic development tool examined and not recommended involved a tool that lays a significant amount of groundwork for a current legislative discussion of a related tool that is on the list of recommended options in the case of the Tax Increment Financing or TIF District tool that is under development to establish a project-based TIF tool for single infrastructure projects that appears to be consistent with the smaller scale needs in this area for smaller Vermont communities.

I. Seek State Designation of a “Growth Center” in and Around the Franklin County State Airport (Not Recommended)

One of the first opportunities that was examined by this study was the potential for establishing a State-designated Growth Center in and around the vicinity of the Franklin County Airport. Considering the strong momentum associated with the Airport Infrastructure Expansion Study—as evidenced by the successful town-wide bond authorization vote in September of 2021—the CA/EPR Team examined the advantages and requirements of applying for, and potentially obtaining, a State designation of that area as a State Growth Center under 24 V.S.A. Section 2791. Growth Center designation in the State of Vermont has the overall objective of aligning public infrastructure and private building investment with a local framework of policies and regulations to ensure that 20 years of future development will enhance the vitality of the designated commercial center, while protecting farm and forest land outside the designated Growth Center.

²⁶ As updated for additional information related to the Town’s more recent strategic economic development activities since the passage of the current version of the Town Plan.

Over time, the application material point out that a designated Growth Center must include and support a designated downtown, village center, or new town center in order to get through the designation process successfully. Designations are typically made the Vermont Downtown Board (hereafter the “VDB”) through the Vermont Department of Housing and Community Development following a rigorous application and review process. Designation of a Growth Center lasts for a total of 20 years after approval. After the original designation, the VDB reviews the designation every five years to determine whether or not the Growth Center continues to meet the designation standards that were in effect at the time of its original designation. The Five-Year Review (hereafter “FYR”) process focuses on any changes that may have occurred over the previous half decade that may be material with respect to the original findings of facts that were key aspects of the Growth Center’s designation. The FYR is also designed to review compliance with any conditions that were part of the original and/or updated designation. The FYR process also provides the VDB with the opportunity to receive on-the-ground information about, and enables the VDB to have a discussion with, growth center’s principals about the challenges they face in terms of implementing their plans in order to allow them to succeed and meet both the community’s goals and the overall State goals for the Growth Center program.

The FYR is designed as an inclusive process that involves all relevant State, regional, and municipal stakeholders. It represents a deliberative process where the VDB decides if any changes or corrective action are required. If the VDB decides that the Growth Center meets the standards of its designation, no action is typically required. If the VDB finds that the Growth Center no longer meets the standards of its designation, it may: (1) require corrective action (including adding a set of conditions in order to ensure compliance with applicable Growth Center standards); and/or (2) provide technical assistance through the coordinated assistance program; and/or (3) take action to remove the Growth Center's designation—but removal of a Growth Center designation does not affect any of the growth center's previously awarded benefits. If the VDB determines that the Growth Center has failed to comply with a condition requiring regulatory changes, the VDB may modify, suspend or revoke the designation. A municipality may apply to amend any aspect of the Growth Center designation at any time—including at the FYR, and the VDB may decide on any amendment at any time or during the FYR process. The amendment process has the same submission requirements as the usual FYR.

The application for State designation involves obtaining a favorable determination of compliance with a relatively complex set of a dozen evaluative criteria indicating that the local municipal growth plan for the designated “Growth Center” area is consistent with the State economic and commercial growth objectives. Growth Center designation has been designed to recognize municipalities that have completed plans for or are planning for a walkable, mixed-use development adjacent to a designated downtown, village center, or new town center. The State Growth Center designation has the overriding objective of aligning local planning efforts with state policies and funding that would in all practicality implement so-called “Smart Growth” principals as laid out in program guidelines.

There are a number of advantages to achieving a State “Growth Center” designation. For municipalities, these include: (1) to assist municipalities with meeting the requirements of establishing a “tax increment financing district (or “TIF”); (2) to enable qualified “mixed income” or “mixed use” development projects be exempt from Act 250 development review; (3) to allow for potentially reduced Act 250 mitigation fees for loss of primary agricultural soils; (4) enables projects to directly seek preliminary Act 250 findings; and (5) to enable municipalities to receive priority consideration under a number of State grant programs (including Agency of Commerce and Community Development’s Municipal Planning grants, Vermont Agency of Transportation grants, Vermont Agency of Natural Resources grants, and Vermont Community Development Block Grants).

Currently, the Town has three State designated Village Centers.²⁷ The State’s Village Center Program looks to support revitalization efforts of small to medium-sized historic centers in the State through the use of targeted financial incentives, and training and technical assistance needed to attract new business to smaller communities in the State.²⁸ The Town is therefore generally familiar with State designation applications, even though the “Growth Center” designation is different and is significantly more rigorous than is the case for Village Center designation. Currently,

²⁷ Including the Highgate Center Village Center (Established in November of 2012 and slated for its next renewal in November of 2025); Highgate Falls Village Center (Established in June of 2018 and slated for its next renewal in June of 2026); and the Highgate Springs Village Center (Established in June of 2018 and slated for its next renewal in June of 2026).

²⁸ See page 2 of the State ACCD’s Village Center Application Guidelines.

the most logical, near-term opportunity for the Town to potentially utilize a State “Growth Center” designation application concerns the area in and around the Franklin County Airport that was the subject of the Airport Infrastructure Expansion study.

In order to achieve a State Growth Center Designation, any area within the Town would need to successfully meet the following criteria for State designation:²⁹

1. **Location of Growth Center proposal meets the definition of a growth center established in subdivision 2791(12) of this title. 24 V.S.A. § 2793c(a)(1).** “Growth Center” means an area of land that ... is located in an area of land that is in or adjacent to a designated downtown, village center, or new town center, with clearly defined boundaries that have been approved by one or more municipalities in their municipal plans to accommodate a majority of growth anticipated by the municipality or municipalities over a 20-year period. Adjacent areas shall include those lands which are contiguous to the designated downtown, village center, or new town center. In situations where contiguity is precluded by natural or physical constraints to growth center development, adjacent areas may include lands lying close to and not widely separated from the majority of the lands within the designated growth center. Noncontiguous land included as part of a growth center must exhibit strong land use, economic, infrastructure, and transportation relationships to the designated downtown, village center, or new town center; be planned to function as a single, integrated growth center; and be essential to accommodate a majority of growth anticipated by the municipality or municipalities over a 20-year period. 24 V.S.A. § 2793c(a)(1) and 24 V.S.A. § 2791(12).
2. **Natural and Historic Resources within Growth Center the applicant has identified “important natural resources” and historic resources within the proposed growth center and the anticipated impacts on those resources, and has proposed mitigation. 24 V.S.A. § 2793c(b).** “Important Natural Resources” means headwaters, streams, shorelines, floodways, rare and irreplaceable natural areas, necessary wildlife habitat, wetlands, endangered species, productive forest lands, and primary agricultural soils, all of which are as defined in 10 V.S.A. chapter 151. 24 V.S.A. § 2791(14).
3. **Agricultural Soils and Areas.** The approved municipal plan and the regional plan both have been updated during any five-year plan readoption that has taken place since the date the secretary of agriculture, food and markets has developed guidelines in compliance with 6 V.S.A. § 8, have been used to identify areas proposed for agriculture, and have been designed so as to avoid the conversion of primary agricultural soils, wherever possible.
4. **Municipal Plan:** The applicant has a regionally confirmed planning process and an approved municipal plan, pursuant to section 4350 of this title, and the approved plan contains provisions that are appropriate to implement the designated growth center proposal. 24 V.S.A. § 2793c(c)(3).
5. **Bylaws:** The applicant has adopted bylaws in conformance with the municipal plan that implement the provisions in the plan that pertain to the designated growth center. 24 V.S.A. § 2793c(b)(4).
6. **Natural and Historic Resources Outside the Growth Center:** The approved plan and the implementing bylaws further the goal of retaining a more rural character in the areas surrounding the growth center, to the extent that a more rural character exists, and provide reasonable protection for “important natural resources” and historic resources located outside the proposed growth center. 24 V.S.A. § 2793c(b)(10).
7. **Has Completed Sufficient Infrastructure and Capital Planning:** The applicant municipality has adopted a capital budget and program in accordance with section 4426 [4430] of this title, and that existing and planned infrastructure is adequate to implement the growth center. 24 V.S.A. § 2793c(b)(5).
8. **Sufficient Size of the Proposed Growth Center:** The proposed growth center is of an appropriate size sufficient to accommodate a majority of the projected population and development over a 20-year planning period in a manner that is consistent with the definition under subdivision 2791(12) of this title, and that the growth center does not encompass an excessive area of land that would involve the unnecessary extension of

²⁹ See pages 4 through 6 of the State ACCD’s Growth Center Applications Guidelines document.

infrastructure to service low-density development or result in a scattered or low-density pattern of development at the conclusion of the 20-year planning period. 24 V.S.A. § 2793c(b)(1).

9. **There is a Need for the New Growth Center Because the Capacity for Growth in Downtown, Village Center or New Town Center is Beyond the Capacity of Existing Centers:** The proposed growth center growth cannot reasonably be achieved within an existing designated downtown, village center, or new town center located within the applicant municipality. 24 V.S.A. § 2793c(b)(2).
10. **There is Adequate Support for Downtown, Village Center or New Town Center:** The growth center will support and reinforce any existing designated downtown, village center, or new town center located in the municipality or adjacent municipality by accommodating concentrated residential neighborhoods and a mix and scale of commercial, civic, and industrial uses consistent with the anticipated demand for those uses within the municipality and region. 24 V.S.A. § 2793c(b)(3).
11. **Consistent with the Definition of “Smart Growth” Principles as Applied by the State:** The application is consistent with "Smart Growth Principles," which for the purposes of State “Growth Center” designation means growth that is consistent with 24 V.S.A. § 2791(13): including: (A) Maintains the historic development pattern of compact village and urban centers separated by rural countryside; (B) Develops compact mixed-use centers at a scale appropriate for the community and the region; (C) Enables choice in modes of transportation; (D) Protects the state's important environmental, natural and historic features, including natural areas, water quality, scenic resources, and historic sites and districts; (E) Serves to strengthen agricultural and forest industries and minimizes conflicts of development with these industries; (F) Balances growth with the availability of economic and efficient public utilities and services; (G) Supports a diversity of viable businesses in downtowns and villages; (H) Provides for housing that meets the needs of a diversity of social and income groups in each community; (I) Reflects a settlement pattern that, at full build-out, is not characterized by: (i) scattered development located outside of compact urban and village centers that is excessively land consumptive; (ii) development that limits transportation options, especially for pedestrians; (iii) the fragmentation of farm and forest land; (iv) development that is not serviced by municipal infrastructure or that requires the extension of municipal infrastructure across undeveloped lands in a manner that would extend service to lands located outside compact village and urban centers; (v) linear development along well-traveled roads and highways that lacks depth, as measured from the highway.

CA/EPR Comments, Findings, and Conclusion: If the Town were to pursue this option to submit a State “Growth Center” designation application under this program, the Town’s filing would need to accurately reflect an extensive amount of required, forward-looking planning for growth for the broadly-varied type of future growth activity the State requires under this program for a specifically-defined area within the Town that the above-itemized statutory criteria are designed to encourage. The Town would also need to demonstrate that it has developed and implemented (or is at least ready to implement) a comprehensive set of complimentary, actionable strategies-tools (such as a consistent set of zoning regulations) within its approved municipal plan to guide development for the “Growth Center” area—such that over 50% of the Town’s future growth over the next 20 years will occur within the defined Growth Center being applied for. Lastly, the Town would also have to demonstrate that it also had a clearly articulated set of strategies/tools in place designed to protect important natural and historic resource lands in the Town, and that the Town was conducting the type of “smart growth planning” across the Town consistent with what is expected by the State under the “Growth Center” statute.

At this point, it is our opinion that a significant part—if not a majority—of the required level and type of future growth planning and the implementation of the Town-wide policy-tool set necessary to meet the statutory requirements of State “Growth Center” designation would need to be developed and put in place. As such, those significant planning activities would need to be undertaken, approved, and then implemented (or at least made ready for implementation) in a very expeditious manner—ideally within the next calendar year to eighteen months. In addition, after reviewing the nature of development and future growth currently expected/planned for in-and-around the Franklin County Airport facility, this expected profile/mix of future development would not likely meet the profile of the wide range of growth and land uses typically associated with State “Growth Center” designation—including, for example,

residential development around an airport³⁰ and the type of town center/village center commercial development that is characteristic of Town and Village commercial centers (e.g. retail businesses, eating and drinking establishments, and professional services establishments). It also is not at all clear that a future growth proposal could be assembled that would comport with the “Smart Growth Principles” as defined by the State criteria (listed above), and that the area would be at least somewhat in conflict with the State “Growth Center” designation’s goal of protecting critical natural and historic resources—including prime agricultural land. It is well-known that an adjacent landowner to the airport has been dealing with agricultural land issues for a significant period of time, and the existence of this on-going issue may be in conflict with obtaining a positive determination for State “Growth Center” designation.

While the Town has three State-designated Village Centers that were developed with the professional planning-application assistance of the NRPC, it seems the level of support required to credibly pursue an application for State “Growth Center” designation would involve a significantly higher level of required application support. The required level of forward-looking planning and implementation tool development would likely require a significant expenditure of resources that would appear to be well-beyond the capacity of the Town’s resources available through either its operating and/or capital budgets. As such, any State “Growth Center” designation application to be developed—assuming it could meet the statutory criteria—would likely involve access to a combination of technical expertise/support available from Town staff, the technical support expertise of staff at the Northwest Planning Commission, and/or grant through technical support services that might be available from consultant well-versed in local and State growth planning issues of this type. Resources-wise, unless the Northwest Planning Commission has sufficient funds available in its current budget for technical assistance of this type, the Town would likely need to make a commitment to expend its own staff-budgetary resources (from its operating budget and/or from its capital budget) to develop-complete the type of analyses, planning, and policies that are needed to secure a State “Growth Center” designation. The Town in the past has been reluctant to commit its very scarce budgetary resources for such activities without securing additional grant funding sources to undertake such endeavors—especially when such activities face relatively uncertain prospects for a successful outcome. **As a result, the CA-EPR consulting team does not recommend that the Town pursued this option at this time—although this option can and should remain as a longer-term opportunity as the Town’s future development-growth plans are further developed, refined and implemented over the next five to ten years.**

II. Pursue Project Investment under the Federal Opportunity Zones Program (Not Recommended)

Opportunity Zones were also examined as part of this study as another investment-based economic development tool that could potentially be employed to assist in the Town’s strategic economic development efforts. As envisioned, the Opportunity Zones Program (hereafter “OZ”) would allow businesses and individuals to invest in State-identified distressed areas (identified/designated at the census tract level under the program) throughout the United States in exchange for preferred income tax treatment. The purpose of the program is to spur economic growth and job creation in low-income areas while providing tax benefits to investors with capital gains income. Any taxpaying corporation or individual can take their unrealized capital gains income and invest those gains in an opportunity fund under the program.

Qualified Opportunity Zones (hereafter “QOZs”) were created under the Tax Cuts and Jobs Act (“TCJA”) signed into law by the previous federal administration in December 2017. While the TCJA created numerous incentives for individual taxpayers, investors and businesses by modifying existing laws, one of the most unique changes in federal U.S. tax law was the “OZ” Program. The initiative was specifically intended to encourage capital investment activities and generate economic and job growth in lower-income areas of the U.S., and various U.S. territories. According to various project descriptions, more roughly 15% of the people in the U.S. live in distressed areas targeted by the OZ Program, allowing investors to assist with employment and small business growth. Distressed areas such as low-income inner-city neighborhoods, underserved rural communities, and areas adjacent to distressed areas benefit from the long-term investments that the QOZ program provides. Investments include new development, rehabbing, or repositioning of assets such as infrastructure, industrial and manufacturing properties, and multifamily projects targeted toward the workforce housing rental segment. Profits from the sale of any investment asset – including stocks, a business, and/or real estate—if invested in a QOZ within 180 days from the asset sales date--receive a full

³⁰ Which experience has shown to be a generally “incompatible mix” of development over the years, especially for airports seeking to expand commercial air traffic.

deferral of capital gains tax due through the end of 2026 under the program. Investors receive a 10% increase on the basis of the original investment if the QOZ investment is held for at least five years. Additional capital gains tax generated from gains in QOZ investments held for at least 10 years are excluded from capital gains taxation.

As of mid-calendar year 2021, there were a total of more than 8,760 census tract defined OZs listed by the Internal Revenue Service (“IRS”) in every U.S. state, the District of Columbia and in various territories of the United States. During the OZ selection process during the last federal Administration, governors of each state and territory, along with the mayor of Washington, D.C., nominated census tracts to the U.S. Department of Treasury to be officially designated as QOZs. Criteria used in the selection process included: (1) median family income in the census tract of 80% or less of the metropolitan or statewide median family income for urban areas; (2) median family income in the census tract of 80% or less of the statewide median family income for rural areas; and (3) a poverty rate in the census tract of at least 20%. The IRS also allows for QOZs in census tracts that are not located in low-income areas. However, the census tract must be adjacent to a low-income QOZ as long as the “adjacent area” had a median family income of 125% or less of the median family income in the “neighboring” low-income census tract.

The program has a prescribed schedule for the timing of when capital gains income must be invested in order to obtain the preferred income tax treatments allowed under the program. Looking out past 2021 and up to 2026, deadlines are focused on investments for eligible capital gains realized for the taxable years ending in calendar-tax year 2025. Deadlines for investment of capital gains generally are within six months of the gains realized in each tax year through calendar year/tax year 2025. For example, starting in calendar year/tax year 2021, eligible gains can be invested on a rolling annual basis as follows:

1. **June 28, 2022** — Eligible capital gains recognized in 2021 must be invested by this date.
2. **June 28, 2023** — Eligible capital gains recognized in 2022 must be invested by this date.
3. **June 27, 2024** — Eligible capital gains recognized in 2023 must be invested by this date.
4. **June 28, 2025** — Eligible capital gains recognized in 2024 must be invested by this date.
5. **June 28, 2026** — Eligible capital gains recognized in 2025 must be invested by this date.

According to published IRS materials pertaining to the OZ program,³¹ as of **December 31, 2026**, the deferment on original gain ends, and gain should be recognized. By **April 15, 2027**, income taxes for 2026 are due, and under the program this includes tax payments due on any original deferred gain. **June 28, 2027** corresponds to the last date for program participants to invest their 2026 capital gains. This is also the final deadline to invest in a QOZF for the 10-year gain exclusion. Calendar year/tax year **2028** corresponds to the first year in which some of the earliest OZ investments may be sold and qualify for the 10-year gain exclusion. The date of **June 28, 2037** corresponds to the earliest date on which the last OZ investments may be sold and qualify for the 10-year gain exclusion. This applies to deferred gains that were invested into a QOF from 2026 through June 28, 2027. The 10-year gain exclusion also starts ending on this date for deferred gains invested into QOZF from 2026 through June 28, 2027. If held for 10 years, IRS materials indicate that those investments could begin to be sold as of that date. As of **December 31, 2047**, the ability to eliminate gains on a taxpayer’s QOF investment could cease upon the expiration of QOZ designations. In other words, gains that may be deferred include both capital gains and qualified 1231 gains, but only gains that would be recognized for federal income tax purposes before January 1, 2027. Gains claimed also cannot be the result of a transaction with a related person. To obtain a federal tax deferral, the IRS says the amount of the eligible gain must be timely invested in a QOF in exchange for an equity interest in the QOF (which defines a “qualifying investment”). Once this is done, IRS documentation indicates that business and individual income taxpayers can claim the deferral on their federal income tax return for the taxable year in which the gain would have been recognized if they had not deferred it.

By design, the Congress and the previous federal administration drafted the OZ legislation to be open-ended. The thought behind the open-ended authorizing legislation was to allow, even incentivize, innovation and a diversity among investors and OZ-participating development projects. But the designed “open-endedness” of the program’s authorizing legislation led to a long implementation curve, with a considerable amount of program design and rules uncertainty. That also left the task of ensuring positive community outcomes—from the types of real estate developed to the quality of jobs created—to be especially difficult. For community-minded investors, the lack of clarity on OZ structure and impact reporting appears to have been somewhat of a disincentive to diving into OZ investment over at

³¹ See [irs.gov/newsroom/opportunity-zones](https://www.irs.gov/newsroom/opportunity-zones).

least the initial years of the program’s existence. This feature may have therefore inadvertently contributed to the under-utilization of this program throughout Vermont.

The OZ Program is a relatively complex program that has in some parts of the country has been typically employed for the partial funding of real estate development projects. The OZ Program by design has encouraged a significant amount of traditional planning and stakeholder participation in the development of OZ investment programs which typically include a blend of public-private sector, inter-governmental, local development, and for-profit/non-profit stakeholder cooperation. The OZ Program also involves a significant degree of cooperation/collaboration between sophisticated capital providers—including private sector capital investors and lenders, and among community development and grant funders and lenders, for-profit and non-profit real estate development companies, and individual investors. Project development funding under the OZ Program coordinates with, and often been used by financial institutions and/or experienced fund managers that have developed qualifying investment projects (known as “eligible investment vehicles”). Forward-thinking users of the OZ Program have thought innovatively about how OZ equity funds can blend with other more traditional economic development financing strategies, and have increasingly been used as part of a broader package of financing tools alongside the more traditional use of tax credits and other financial incentives.

In Vermont, the State designated twenty-five OZs back in March of 2018 including twenty-three low-income communities and two non-low-income contiguous census tracts. Under that list, there were no designated QOZ census tracts within the Town. To qualify, OZ Program participants (through Qualified Funds) must invest more than 90% of its assets in a QOZ Property located in a designated OZ. The property must be significantly improved, must be consistent with an original use, or the basis of the property must be doubled including only the value of basis of the non-land assets. Capital gain taxes are deferred for investments reinvested into investments in these OZs and, if the investment is held for ten years, all capital gains on the new investment are waived.³² Over the past several years, the Internal Revenue Service has from time-to-time published regulatory guidance concerning the OZ Program—including final regulations over a year ago. However, lack of clear-cut regulatory guidance throughout the existence of the OZ Program (at least to-date) has been widely viewed as a possible obstacle to what could have otherwise been higher levels of participation by various funders and investors under the OZ Program.

CA/EPR Comments, Findings, and Conclusion: The OZ Program has been in development for the greater part of the calendar year 2018-21 timeframe since the OZ Program was passed as part of the 2017 Tax Cuts and Jobs Act in late December of 2017. To qualify, the Opportunity Fund must invest more than 90% of its assets in a QOZ property located in an OZ. The property must be significantly improved as a result of the investment (excluding land assets). There presently is one OZ Fund listed as operating within the State of Vermont on the Vermont Agency of Commerce and Community Development website. From all indications as of the date of this writing, the OZ program does not appear to have been a major player in funding site-ready real estate development projects and/or for providing significant capital investment amounts for strategic economic development projects involving the improvement of real estate assets in Vermont (such as financing housing and clean energy projects).

The closest census tract designated as an “OZ” to the Town is currently Census Tract 107, a roughly one square mile tract located in the neighboring City of St. Albans. That OZ-designated census tract has a population of 3,500 residents, and a median household income of \$42,000—which has been calculated to be roughly 33% lower than the State average median household income of \$63,000. The CA/EPR consulting team during the course of this study also had conversations with representatives at various local financial institutions who indicated that the Town may qualify for OZ investments under the program’s “adjacency” rules (see above). This seemed unclear given the requirement that an “adjacent” census tract in order to be a QOZ census tract area would need to have a “median family income of **125% or less of the median family income in the “neighboring” low-income census tract.** That would mean an adjacent census tract would need to have a median family income of 125% or less of the \$42,000 median family income level of the adjacent tract—or \$52,500—which would need to demonstrate that the median family income of the adjacent tract was 16.7% below the State-wide median family income level of \$63,000 per the Vermont ACCD website for this program.³³

³² See <https://www.proskauertaxtalks.com/2020/01/final-regulations-on-opportunity-zones/>

³³ See <https://opportunitydb.com/zones/50011010700/>.

In assessing the potential of the OZ Program for use in providing funding for real estate-based strategic economic development projects in the Town, it became apparent that the Town has not had the type of “shovel-ready,” real estate development projects that investors using the OZ Program prefer. Most of the potential for future real estate development has been located in either the existing Village Centers within the Town or tied to the area in and around the Franklin County airport. These development areas have not so far achieved the type of “shovel-ready” status that the OZ Program could take advantage of, by and large, because these areas required substantial investments in necessary water and wastewater infrastructure in order to allow for the type of capital investment that could have potentially come from OZ Program-type investments.

Further, the absence of an OZ census tract designation within the Town dating back to the Spring of 2018 when those designations were being made, also likely handicapped the Town’s potential utilization of the OZ Program (the OZ Program’s somewhat opaque adjacency rules notwithstanding). Taken together, it seems as though the Town would have had to have aggressively pursued at least one OZ census tract designation at that time if it were going to be able to take advantage of the OZ Program.

In fact, in many respects, the “OZ Program Train” appears to have left the station. Under current program rules and without an OZ Program extension,³⁴ an investor would have had to have invested in a so-called Opportunity Fund tied to an OZ Program-eligible project within the Town by the end of 2019 to have met the seven-year holding period and be able to exclude 15% of the deferred capital gain. In addition, a prospective OZ investor in a Town project would also only be able to exclude the 10% of the deferred capital gain by investing in a so-called Opportunity Fund tied to an OZ project within the Town by the end of 2021 in order to take advantage of the full five-year holding period.

At this point, since prospective OZ investors look as though their tax benefits may be limited by the shorter duration of the tax deferral period, it does not at this point look that any Town-sponsored OZ investment projects would be competitive at this point since there are no fully-planned, stakeholder supported, or otherwise “ready-to-go,” OZ Program-qualifying investment projects that could likely be able to receive OZ-Program funding by the end of this calendar year (or by December 31, 2021). As a result, without a deferral period extension beyond that which is now available through the OZ Program, it looks as though the OZ Program is not a viable option to fund prospective real estate-based economic development projects anywhere within the Town. We therefore recommend that Town look to pursue other better-positioned, potential strategic economic development opportunities and programs the offer better potential to further the community’s economic development efforts at this time.

III. Seek State-Designation of a Tax Increment Financing (“TIF”) District In-and-Around the Franklin County Airport (Not Recommended)

The next potential economic development policy tool investigated by the CA-EPR consulting team involved evaluating the efficacy of establishing a State-designated Tax Increment Financing District (or “TIF District”) within the Town to help finance future economic development projects-opportunities. TIFs is a strategic economic development tool that municipalities can use to stimulate other private sector investment and grant-based funding sources in targeted areas by capturing a portion of the increased tax revenue generated by the private development itself to pay for public infrastructure improvements that catalyze/enable the development or re-development in the prescribed area. In Vermont, TIF districts are evaluated and approved or denied by an independent citizen board called the Vermont Economic Progress Council (“VEPC”). The legal voters of a municipality, as part of the application to the VEPC Board, must agree to incur “general obligation debt” to help build the needed public infrastructure improvements—with a portion of the newly generated education and municipal tax revenues generated by the private project or projects—dedicated to pay the costs associated with servicing that new private investment-enabling, municipal debt.

³⁴ We note that there was OZ Program extension legislation introduced during the 117th Congress to extend the election and capital gains deferral periods for two years for qualified opportunity zones. Known as the [Opportunity Zones Extension Act of 2021](#), this legislation was introduced on February 11, 2021 and was referred to the Ways and Means Committee of the U.S. House of Representatives.

VEPC currently oversees a total of ten State-designated TIF districts throughout the State. There presently are two TIF Districts in the City of Burlington; one in the City of Winooski, in the City of Barre, in the City of South Burlington (related to its City Center), in the City of Montpelier, and in St. Albans City. There also is one State-designated TIF district in the Towns of Bennington, Hartford, and Milton. All of the above municipalities have made substantial resource commitments to plan for, apply for, and administer their TIF district programs—which typically exist for at least 20 years. Since its establishment in the late 1990s, experience with the TIF district program in Vermont has shown that applying for, establishing, and administering TIF District programs involve significant resource commitments by the municipalities involved. Many times, these commitments of staff and resources are beyond the staff and fiscal capacities of all but a few municipalities across the State. That is why TIF District programs over the period have largely been found among only relatively larger municipalities in Vermont.

Before working through the extensive amount of upfront planning and analysis required to even apply for establishing a TIF District, a municipality must do enough up-front “due-diligence” to reach an affirmative determination that establishing a TIF District is appropriate and that the municipality would stand a reasonable chance of being approved—if it were to apply. According to Vermont Agency of Commerce and Community Development TIF District guidelines, establishing a TIF District in a community is appropriate when: (1) there is a demonstrable need for substantial new development or redevelopment; (2) the development/re-development requires a substantial amount of new public infrastructure development-improvements; (3) normal municipal financing mechanisms (such as through operating and/or capital budgets) are not sufficient to undertake the public infrastructure improvements; (4) it can be demonstrated that the planned development/re-development will generate sufficient amounts of “eligible” property taxes to help “service” the debt incurred to finance the infrastructure development; (5) there is an identified group of parties that have an interest in developing “real property” assets within the TIF District if the needed infrastructure is built; and (6) the projects planned within the TIF District over the life of the TIF District can meet the statutory approval criteria (see below) and there will be demonstrable “outcomes” from executing the TIF District plan that will meet the State’s TIF District statutory guidelines of stimulating development, creating employment opportunities, and improving/broadening the tax base and economic vitality of the municipality, region and state.

Assuming that a municipality can make a positive determination that establishing a TIF District is an appropriate financing tool for supporting the development of needed infrastructure, the municipality must then examine whether or not it stands a reasonable chance of receiving State approval through the Vermont Economic Progress Council (“VEPC”) with respect to meeting the various TIF District statutory approval criteria that will be examined during the State’s TIF district application process. If a municipality’s application is approved by VEPC, the municipality will then be authorized to utilize a portion of the State incremental Education Property Tax to finance TIF District debt. More specifically, the criteria that must be “met affirmatively” in order to receive approval for a TIF District include:

- (1) **Purpose Criterion:** For this criterion, the applicant must make a positive declaration that the municipality’s TIF District Plan meets the purpose for TIF as stated in statute. This typically involves a declarative statement that the TIF District application comports with the State’s TIF statute after careful consideration of those statutes as the TIF District plan was developed.
- (2) **“But For” Criterion:** For this criterion, VEPC must determine that the use of TIF is required to finance development enabling public infrastructure to be built. More specifically, VEPC must determine that the infrastructure improvements proposed to serve the TIF District and the proposed development in the prospective TIF District would not have occurred as proposed or would have occurred in a significantly different and less desirable manner than proposed but for the utilization of the TIF area incremental State Education tax revenues. The review takes into account items such as the following: (1) The amount of additional time, if any, needed to complete the proposed development within the TIF district and the amount of additional cost that might be incurred if the project(s) were to proceed without State education property tax increment revenues financing; (2) How the prospective TIF District development components and their size would differ; and (3) The amount of additional revenue expected to be generated as a result of the proposed development—including estimates in the financing plan regarding the percentage of that revenue that shall be paid to the State Education Fund; the percentage that State education Fund revenue that will be retained by the municipality; and the percentage of the revenue paid to the municipality that shall be used to pay financing incurred for development of the tax increment financing district. Successfully meeting the “But For” criterion is essential for proving that the State’s investment of public resources (through forgone State

Education Tax revenues) is “incentive-izing” development that would otherwise not have occurred or would have otherwise occurred in a substantially less desirable manner.

- (3) Process Criteria (Must Meet All Four of the Following Criteria):** If a municipality pursues the establishment of a State-approved TIF District, it must follow a process for establishing a TIF District that includes the following: (1) The municipality’s legislative body holds the required public hearings held and correctly follows the state-required process to establish the TIF; (2) The Town completes a complete and complaint TIF District Plan and TIF District Finance Plan; (3) The legislative body of the municipality pledges at least 85% of incremental municipal property tax revenues with be used to pay debt service costs of all TIF District debt incurred; and (4) The TIF District Plan is compatible with local and regional plan and is of clear local and regional significance for employment, housing and transportation improvements.
- (4) Location Criteria (Must Meet Two of the Following Three Criteria):** If a municipality applies for a State TIF District designation, the application must meet two of the three Location Criteria. These Location Criteria include: (1) An affirmative determination that the development associated with the TIF District and development plan will be compact and high density or located in or near existing industrial area; (2) The designated boundaries of the TIF District is within an approved Growth Center Designated Downtown, Village, New Town Center, or Neighborhood Development Area; and (3) The planned TIF District development will occur in an economically distressed area, which means the TIF is within a municipality that for the year of application has either: (a) a median family income at 80% or lower of statewide median; (b) has an average unemployment rate at least one percent greater than statewide average; or (c) a median sales price for residential properties at 80% or lower of statewide median.
- (5) Project Criteria (Must Meet Three of the Following Five Criteria):** If a municipality pursues the establishment of a State-approved TIF District, it must meet three of the following five Project criteria. These Project Criteria include: (1) Need: The successful execution of the TIF District development plan requires substantial public investment over and above what would be available to the municipality through its normal municipal operating budget and its capital budget through pay-go resources and/or bonded debt; (2) Affordable Housing: Private development in the TIF District development plan includes new or rehabilitated affordable housing as defined by 24 VSA 4303; (3) “Brownfields:” Infrastructure improvements or private development will result in brownfield remediation/redevelopment, which means: (a) A hazardous substance, pollutant, or contaminant is or may be present; and (b) the “Brownfields” situation is likely to complicate development; (4) Create/Attract a New Business: Implementation/execution of the TIF District growth plan will result in at least one entirely new business or a business expansion. If the plan includes a new business, that new business must be from outside Vermont, and the new business or business expansion will create new, quality jobs that meet or exceed prevailing wage for region; (5) The new development in the TIF District plan will enhance transportation, meaning it: (a) will result in improved traffic patterns and flow; and/or (b) will create or improve public transportation systems.
- (6) Nexus Criteria:** If a municipality pursues State TIF District designation, it must demonstrate that the public infrastructure developed and financed under the TIF District plan has a sufficient relationship (or “nexus”) to the anticipated private development expected within the TIF District. The State TIF District program does not require that the public infrastructure developed under the plan be exclusively developed for just the expected growth within the TIF District. In fact, the developed infrastructure can be located anywhere within municipality. However, (a) it must serve the TIF District; (b) there must be a linkage, connection, impact on the real property development that is expected to occur within the TIF District; (c) the real property development expected within the TIF District must be linked to projected public infrastructure that is developed through the TIF District financing mechanism; and (d) the parcels included must have a sufficient nexus or relationship to the developed infrastructure or have expected private development tied to that infrastructure development.
- (7) Proportionality Criteria:** If new infrastructure or infrastructure improvement associated with the municipality’s TIF District application will serve areas other than the TIF District, VEPC will review the TIF District plan determine the proportion of the cost that can be financed with State Education Tax TIF revenue. When making the TIF District application, the municipality will make a recommendation based on its TIF District development plan and financing plan. To determine the proportion if State designation of the TIF

District is approved, VEPC will use actual data, if available or a “rational formula” to determine the proportion, based on subjective descriptors and data analysis as it reviews the TIF District application’s development and financing plans and the data supporting them.

An Applicant Must Demonstrate Its Plans Are Viable Financially and Market-Wise: If a municipality in Vermont pursues State TIF District designation, it must demonstrate that its planned private development assumptions are grounded in reality and include “viable” expectations that such private development will be achieved (including an analysis of existing stock and marketability and absorption of proposed development and the existence of any market and/or feasibility analyses of the TIF District’s development plan or at least key parts of the TIF District’s development plan). Over the years, applicants have come to adopt private development assumptions that track a “most accelerated” rate of private real property development that could reasonably be expected over the life of the State designation to support the incremental State education Tax revenues, so as to not have the TIF District’s real private property development assumptions not be a significant, limiting factor regarding the viability of the TIF District financing plan. For this part of the TIF District’s development and financing plans, the VEPC Board will look at these plans for market viability, and how those real private property development assumptions may impact and/or interact with: (a) the financing plan’s analysis of infrastructure cost and debt assumptions; (b) the real property development and State Education Tax and municipal property tax revenue generation assumptions, (c) the availability of other sources of revenue and their availability to service the debt service costs associated with the municipal debt to be issued—including any grant funds. Typically, VEPC makes a positive or negative determination regarding the financial sufficiency-viability of the TIF District’s financing plan based on the totality of the evidence submitted by the applicant. VEPC must approve the application for State designation and specifically sign off on the TIF District’s financial plan prior to the municipality seeking a public vote on issuing debt under a TIF District designation.

VEPC Will Decide on the Municipality’s Approved Share of State Education Property Tax Increment: Under the State TIF District designation process, no more than 70% of the new incremental State Education Tax revenues associated with the new private development activity can be allocated to service TIF debt/related costs under the program. The applicant’s TIF District financing plan will propose a percentage of up to the full 70% maximum of that new revenue increment allowed under the program. The State, through the application review by VEPC, does not assume 70% of that new revenue increment is required under the TIF District’s financing plan—as filed. Financial analysis and review will determine the appropriate share and VEPC final approval—if made—will set the share.

Other Limitations in the TIF District Program: Post Act 69 of the 2017 Session, state statute limits the number of TIF Districts that can be approved by VEPC to a total of six. Since the passage of Act 69 of the 2017 Session, two TIF Districts (one in Downtown Bennington and one in Downtown Montpelier) have been approved, leaving a total of four more potential post-2017 TIF Districts to be approved by VEPC without additional input from the Vermont Emergency Board or Legislature. Under the current TIF Program, no municipality with an existing District can apply for a new one until the debt under the existing TIF District retired. If VEPC receives a TIF District application that “would otherwise qualify,” VEPC has the option of presenting the application to the Vermont Emergency Board, who may “in its discretion” increase the cap. Generally though, the Vermont General Assembly must authorize VEPC to approve more Districts beyond six, subject to reporting and determination of “amount of new long-term debt that prudently may be authorized.” No more than two TIF District applications can be approved per county and districts in existence prior to 2017 do not count against the county. If a County already has one approved new, post-2017 TIF District and VEPC receives two new applications at once for that county, VEPC shall approve the application that, in its discretion, “best meets the economic development needs of the county.” If a municipality with a new District does not proceed or does not incur debt, VEPC can re-consider and approve another District in its place in the future.

Summary of the Application Process: If a municipality decides to apply for State TIF District designation, there are several steps to creating and applying for State designation. These steps include the following:

- (1) The municipality undertakes and completes an extensive local study and planning effort to identify needs and design a TIF district consistent with its needs. The State recommends that this be done with public input. Often key municipal staff and members of the municipality’s legislative body meet with VEPC staff regarding the prospective TIF District application and gain State input on whether an application would likely be “approvable.”

- (2) Municipality complete its TIF District Plan and Finance Plan. At or around that point, the municipality submits a “letter of intent” to file a TIF District application.
- (3) Once the planning and the preliminaries are complete and the municipal legislative body is satisfied with the TIF District plans, the municipality’s legislative body: (a) adopts a “Finding of the TIF District’s Purpose;” (b) adopts the TIF District Plan;³⁵ (c) passes a resolution to create the TIF District; (d) adopts a policy that pledges a minimum of 85% of the new incremental municipal tax revenues to TIF District debt; and (e) Authorizes the staff to prepare and file the TIF District application. All of the above items are required to be done in properly warned public meetings--which are required to include at least one properly warned public hearing specifically on the TIF District plan.
- (4) After the above, the Town clerk then records the creation and adoption of the TIF District plan, and the Town assessor/lister certifies the original taxable value of the parcels in the TIF District—if approved.
- (5) The Town then files the TIF District application with VEPC by the first Friday of the month consistent with the timing of the letter of intent to file a TIF District application (see (2) above).
- (6) VEPC considers the TIF District Plan/application; The TIF District Financing Plan Including the details of the debt instruments, rates, terms, and repayment schedules) must be approved by VEPC and the State authorization to use the incremental State Education Property Tax revenues **must be approved prior to the municipality seeking voter approval to incur any debt.**

CA/EPR Comments, Findings, and Conclusion: On the surface, the potential to develop and plan an application to VEPC to establish a TIF District within the Town in and around the Franklin County airport was an attractive prospect. Such an approach was consistent with the Town’s longstanding policy of using sound financing tools to leverage the community’s budgetary and capital budget resources. It also was initially perceived as a reasonable way to lower the amount of municipal debt that might be required to provide municipal water and wastewater infrastructure in that area of the Town—an area that had previously been designated for commercial and industrial growth since the 1970s. Finally, establishing a TIF District in that part of the Town, which already had strong additional resource commitments with other public and private partners to facilitate the Town’s resource allocation to the Phase I Infrastructure Expansion Project, seemed to be a logical fit for the longer-term development plans in the area. Those plans potentially involve a Phase II—and even a Phase III—expansion of municipal water and wastewater infrastructure depending on the degree of success in encouraging new private development enabled by the Phase I infrastructure expansion. This was in part because there can be multiple debt issuance tranches within a TIF District infrastructure development plan. While there is in fact a time constraint or limit pertaining to the timeframe under which a municipality with a TIF District may issue new TIF debt, a TIF District designation is an efficient way to try to finance and construct multiple stages of infrastructure development that are more closely aligned with the expected timing of the new private development needed to adequately finance it (e.g. so it does not have to be done all at once, upfront in the TIF District’s development and financing plan).

The examination of using the TIF District designation tool proceeded to the point where discussions were held with the Town Planning Commission and initial telephone calls were made to VEPC staff to determine whether or not the Town would likely be able to develop an “approve-able” TIF District Application. During the course of this TIF District application due-diligence process with the State, it was determined that—even though the State TIF District designation tool offered promise as an infrastructure financing option—the Town was not likely to be able to meet the requirement that it meet two of three “Location Criteria” under the Program. As discussed above, the State requires that a TIF District applicant must demonstrate that it conclude “affirmatively” that: (1) the development associated with the TIF District will be compact and high density, or be located in or near existing industrial area; (2) that the designated boundaries of the TIF District be within State-designated Growth Center, Downtown, Village, New Town Center, or Neighborhood Development Area; and (3) that the planned TIF District development occur within an economically distressed area. While the Town could likely satisfy the locational criterion related to high density development in and around the Airport, the area is not located in a State-designated Growth Center, Downtown, Village, New Town Center, or Neighborhood Development Area. The Town’s TIF district area also is not located in an area as defined by the State’s TIF District Program as an economically distressed area. For that, the Town overall

³⁵ After this vote by the municipality’s legislative body, the five-year clock to incur debt starts.

would have to demonstrate that its median family income is at the level of 80% or lower of statewide median (and the latest reading for that variable as of 2019 per the State income tax statistics by Town had Highgate at the level of 84.4% of the statewide average); had an average rate of unemployment that was at least one percent greater than statewide average (for that variable; the Town actually had a lower rate of unemployment relative to the statewide average (at 5.0% for the Town in calendar year 2020 versus a 5.6% statewide average unemployment rate³⁶), or had a median sales price for residential properties under 6 acres at 80% or lower relative to the statewide median. For that final indicator of economic stress, the Town’s median residential sales price was actually 3.1% lower (at \$218,000 in the Town in calendar year 2020) than the Statewide median residential property median selling price statewide in calendar year 2020 of \$225,000.

In addition, there was some discussion with Town staff and the Town Planning Commission during the Summer of calendar year 2021 about using a State TIF District as a way to potentially reduce the prospective amount of the Town’s general obligation debt that might be issued with respect to the Phase I Airport Infrastructure Expansion Project. However, because of the requirement that VEPC approve the TIF District Plan and Financing Plan prior to the Town-wide debt authorization vote, the successful, September 14, 2021 bond vote for the Phase I Airport Infrastructure Expansion Project (which was needed to satisfy an existing grant funding requirement) effectively took using the TIF District financing to support the Phase I Airport Infrastructure Expansion Project off-the-table.

As a result, the CA-EPR consulting team does not recommend using the State-designated TIF District financing tool to support strategic economic development at this time. Should the Town at a later date decide to do the substantial amount of planning work and devise plans that might comport with the State’s Growth Center statutes and program and/or the Town’s key economic statistics change enough to meet the State’s definition of “an economically distressed area,” this recommendation could be re-evaluated at that time—particularly with respect to using potential residential housing development as a vehicle toward meeting State “Growth Center” requirements. However, housing development and airports have a long record of tension that would also need to be factored into any planning considerations in this regard.

Group Two: Strategies Comprehensively Assessed—Recommended:

This second group of strategies involved additional in-depth review of a set of potentially useful economic development tools that also offered promise as a good strategic fit for the Town to be potentially employed over the next five-to-ten-year time horizon. Potential strategic economic development tools that are recommended by the study are arranged in descending order in terms of the recommended role and responsibility (e.g. lead or supporting) and the corresponding level of Town resources required for each recommendation. The recommendations track with the Town’s priority of leveraging its own resources to the greatest degree possible and taking on more of a role on “high value added” opportunities with a high probability of success. In addition, there are two areas of recommendations where we propose a course of action for the Town to take a leading role in facilitating additional investigation into potential strategic economic development alternatives with higher economic return, and then move on to executing the full implementation of those strategies, if the results of the recommended studies-examination warrant moving on to the full development of the recommended strategies. Once again, it is important to point out that we are not recommending that the Town change course on the various community and economic development initiatives that are currently underway. We are instead suggesting a list of possible additional strategies to be pursued over and above the Town’s current and significant community and economic development activities.

Beyond the above, we also recommend the Town position itself to provide “high value” support to its private sector and public sector partners³⁷ to facilitate their on-going and evolving efforts to develop and recruit new businesses within and to the Town and region with the idea of assisting with and otherwise facilitating the development-recruitment of new, “higher economic return” businesses to the Town and region over the next five to ten years. The recently completed Airport Infrastructure Expansion Study identified a number of key industries of importance to the Town and region, and those categories of employers offer the most promise for more fully utilizing the Town’s and

³⁶ The same was also true for the relative rate of unemployment for the 2021 state fiscal year. During that time frame, the Town had a 3.5% rate of unemployment versus a statewide 3.7% rate of unemployment also for 2021 state fiscal year.

³⁷ Including the adjacent property owners and the management in and around the Franklin County Airport. other private businesses and property owners particularly in and around the Town’s Village Centers, and public and private sector strategic economic development partners such as the Northwest Regional Planning Commission and the Franklin County Industrial Development Corporation.

the region's increasingly scarce economic development resources. Lastly, this study makes two additional recommendations for consideration regarding two issues that were considered to be tangential to the Town's strategic economic development efforts. The first is not an economic development issue per se, but one which does have a significant bearing on the ability of the Town to absorb the costs of new growth in the community. The second deals with a leveraging strategy that could help build energy sustainability and resiliency in the community and provide assistance to the community's critically important production agricultural sector. While those issues were not the focus of this investigation and assessment of useful strategic economic development tools, there was enough discussion around those topics that we felt we had to address those issues on a relatively high level. This was a reflection of an observed level of concern expressed by at least some members of the Planning Commission regarding their concerns about the financing of the cost of growth in the community. For those tangential economic development issues, we discuss a recommended "high level" future course of action without dedicating too much in the way of the project's relatively scarce resources to these non-economic development matters.

I. Seek State Approval for a Project-Based Tax Increment Finance (TIF) Application (Recommended for Further Development).

The first option examined in this section of recommended strategies involves seeking State approval for a project-based TIF application with a series of "If-this, then-that" steps. Execution of this strategy is likely to support further strategic economic development directly for the Town's Key Industries #2 through #8 (which are mostly manufacturing sectors—see below) and would provide indirect support for the Town's Production Agriculture sector (Key Industry #1—see below).³⁸ Further, we recommend a progressive approach for pursuing this strategy because at this point, the Vermont Legislature has not yet approved project-based TIF as a State policy. Last legislative session, the concept of project-based TIF was introduced as a possible addition to the State's box of economic development financing tools as it was described in legislative proposal in the Vermont State Senate (S.33). The thrust of this 2021 proposal was to attempt to make a TIF-based financing tool more widely available across Vermont—particularly for smaller communities which did not have the staff or other financial resources to navigate all of the way through the planning-intensive, TIF District eligibility positioning and application process. Project-based TIF under S.33 was designed so that municipalities could develop TIF District-like plans but only for a single public infrastructure project and forecast of resulting private sector development to accompany it—which was more in keeping to the scale of the needs and projects that could potentially utilize this tool in smaller municipalities throughout the State. In general, the current project-based TIF proposal was initially designed to have many of the same policy, process, and operating characteristics as the State's TIF District Program.³⁹ The proposal also streamlined the otherwise exhaustive development planning and financial planning process because it was designed to involve only a single infrastructure project—with a single issuance of municipal debt—and the more straight-forward expectations for the amount and type of private development activity expected to be associated with it. As proposed, project-based TIF also did not have the same Location Criteria as the TIF District program—which the Town to-date has not been able to meet—unless the community were to undertake a very substantial, time consuming, and resource intensive effort of applying for State designation of a "Growth Center" (see above).

The desirability of project-based TIF as an alternative to the State TIF District designation for the Town became apparent during the initial "due-diligence" discussions with VEPC staff regarding the Town's potential application for a State-designated TIF District. During that discussion, after the Town did not show up on lists of "Location Criteria" as an "economically distressed municipality,"⁴⁰ VEPC staff quickly pivoted and indicated that a project-based TIF approach was perhaps a more viable option for the Town to pursue. After discussions with Town staff and with members of the Planning Commission at its September 2021 regular monthly meeting (which was also attended by the Selectboard Chair), there was a consensus that a full investigation and vetting of undertaking an effort to file a prospective project-based TIF application was a preferred option for the study. Considering the opportunities that the project-based TIF approach would provide for the Town to use a high degree of financial leverage to support high quality, sustainable-resilient economic development activity in key areas of the Town, the CA-EPR Team undertook

³⁸ As determined by the Strategic Economic Development Assessment: Town of Highgate Airport Infrastructure Expansion Study (May 15, 2020).

³⁹ For example, a municipality could not undertake a second project-based TIF effort without first fully retiring the project-based TIF debt issued in conjunction with the first project-based TIF)

⁴⁰ Again, since the Town did not have a State-designated "Growth Center" anywhere within the Town.

a full investigation and developed a progressive, comprehensive approach to undertaking an effort to complete a timely application to the State for a project-based TIF in the Town by the end of calendar year 2023.

CA/EPR Comments, Findings, and Conclusion: Considering the opportunities that the project-based TIF approach would provide for the Town to use a high degree of financial leverage to support high quality, sustainable-resilient economic development activity in key areas of the Town, the CA-EPR Team undertook a full investigation and developed a progressive, comprehensive approach to undertaking and completing a timely application to the State for a project-based TIF. First, Appendix I of this report includes the current,⁴¹ Vermont ACCD-recommended application forms, the Vermont ACCD-recommended inventory of required information and financial analysis needed to complete a full project-based TIF application. The draft application and requested information forms were prepared by the ACCD staff in response to a request by members of the House Ways and Means Committee and the Senate Finance Committee during the 2021 session in order to frame out what a project-based TIF approach “...might look like.” These materials were prepared as these key policy-making committees were discussing the merits of project-based TIF in order to provide additional detail for how the project-based TIF application and approval process might work. As such, we note there is some risk for the Town in going too far with developing these draft materials, at least until the legislative committees with project-based TIF jurisdiction have had a chance to decide how this approach may actually work.

As such, because the application and information request forms as presented in this report at this point reflect only what the Vermont ACCD staff believes that the application materials for a project-based TIF should include, they represent a reasonable place to start but are not the final word on these matters. It is recommended that Town staff and its economic development partners monitor these policy discussions for significant changes from the initial ACCD proposals that may impact the Town’s interests in this possible financing tool. We also recommend that the Town not begin to develop materials for a possible full project-based TIF application until most of the significant application processes, rules, and operating requirements are “settled.” The Town and its partners should be reasonably certain that the legislative deliberations did not result in any “show-stopper” issues during the 2022 legislative session as the committees review any project-based TIF municipal applications. This likely means that the “full scale” planning and application development process to be undertaken by the Town will not get underway in earnest until the range of uncertainty has been reduced to “acceptable risk” levels should project-based TIF gain traction and actually see some municipal applications pass in an acceptable form during the upcoming session.

Looking at the ACCD-proposed application form and accompanying spreadsheet of requested information, the Town can take some comfort in that the ACCD-recommended project-based TIF structure mirrors many of the guidelines, processes, and program operating parameters that are well known and are workable within the existing TIF District Program as administered by VEPC. The chief difference between the two approaches is that many of the TIF District’s eligibility and long-term planning criteria are re-focused under the project-based TIF to plan, develop, and complete a financial analysis plan for a single infrastructure project—along with its associated private sector growth response. Since a project-based TIF would potentially be a “one and done” endeavor,⁴² the usual high degree of uncertainty associated with the out-year infrastructure planning-development, the private sector growth forecasts under the TIF District Program, and the long-term TIF financial projections associated with the TIF District planning and application process would be substantially reduced under the project-based TIF approach. The large amount of growth planning, infrastructure planning and build-out, and financial analysis associated with the TIF District application and approval effort dwarfs the substantially scaled-back amount of planning, analysis, and market feasibility evidence that is required under project-based TIF. That difference alone, in our opinion makes the project-based TIF a significantly more viable option for the Town to pursue, even if the Town were able to meet all of the eligibility criteria for the TIF District Program option.

Even though the planning, analysis, and forecasting effort is scaled back under project-based TIF, the CA-EPR consulting team nevertheless recommends a progressive approach to developing a project-based TIF application. This approach would ideally result in an “approvable” project-based TIF application that would be developed in time for review and possible approval during the 2023 Vermont legislative session (which is likely to take place over the January 2023 and May/June of 2023 time frame). Pursuing a project-based TIF application for review and prospective approval during the 2023 session of the Vermont General Assembly would involve the following broad steps: (1)

⁴¹ At least as of this writing in mid-November of calendar year 2021.

⁴² For at least ten to perhaps twenty years out into the future—until the TIF debt that was issued is fully retired.

development of a sufficiently-detailed conceptual approach for Highgate’s project-based TIF during the December 2021 through January-February 2022 time frame for use in support of the project-based TIF concept that will be under review during the 2022 Legislative session; (2) support for obtaining an approval for the project-based TIF concept from the 2022 Vermont legislature by providing case study-like information and data to support for the legislative deliberations to be undertaken next year with the Vermont ACCD, as well as other project-based TIF stakeholders (such as the State’s regional development corporations and the State’s regional planning commissions) and three to four other similarly-situated municipalities that are considering project-based TIF applications to be submitted in 2022 which would be seeking Legislative approval for their own project-based TIF applications during the 2022 session of the Vermont Legislature;⁴³ (3) if the 2022 Legislative session deliberations result in allowing project-based TIF and working in conjunction with the Town’s key project-based TIF partners and other stakeholders, develop, build public-private consensus for, and submit a full project-based TIF application for the Town to be deliberated and prospectively approved during the 2023 session of the Vermont Legislature (likely to be held between January 2022 and May-June 2022).

We recommend the preparation of a full project-based TIF application for the 2023 Vermont Legislative session for several reasons. First, the timing of the 2023 Legislative session is consistent with the lead time required to develop a credible plan for the second phase of the Franklin County Airport’s infrastructure expansion plans—which also may need this financing tool as a way to complete the second phase of that prospective infrastructure project’s still evolving cost estimates and corresponding capital stack. This would be especially true if the current bonanza of federal infrastructure spending support dollars begins to decline over the next couple of years as the last of the federal pandemic relief dollars for infrastructure are allocated and the new federal infrastructure funding dollars from the federal infrastructure legislation are committed over the next couple of federal fiscal years. In contrast, the financing plans for first phase of the Franklin County Airport infrastructure expansion project and the prospective wastewater system planned for the Village Center are nearly complete—as of this writing.⁴⁴ Therefore, project-based TIF could be employed as an important financing tool to assist with closing any funding gaps for the second phase of the Franklin County Airport infrastructure expansion. This would especially be the case, if the Town is allowed to pursue only one project-based TIF opportunity over the next ten to twenty years.⁴⁵ Lastly, we think project-based TIF is better aligned for the second phase of the airport infrastructure expansion because the Town has already held its successful Town-wide vote to authorize the issuance of up to \$500,000 in general obligation debt to help finance the Phase I portion of the Airport infrastructure expansion prior to seeking and gaining approval of its TIF financing plan under a project-based TIF application. Although it is only an ACCD-proposal at this point, we think trying to use project-based TIF for the first phase of the airport infrastructure expansion would carry too high of a risk for a State denial because the Town held its Town-wide debt authorizing vote for Phase I back on September 14, 2021. As such, we do not see any practical way for the Town to get around the prospective requirement under a possible project-based TIF application for the State to approve the Town’s TIF financing plan prior to holding a Town-wide debt authorization vote.

Given the above, we believe that the Town would gain two things by this progressive approach to a project-based TIF application, including: (1) the Town would be able to actively participate in the process that could ultimately lead to the approval of the project-based TIF concept during the upcoming 2022 Vermont legislative deliberations—which would ideally include the presentation and defense of all aspects of the Town’s needs/requirements for a successful project-based TIF application—which the Town and its partners could articulate as an active and fully-involved stakeholder in the policy deliberations during the 2022 legislative session, and (2) at the same time avoiding the considerable effort and costs associated with the development of a full project-based TIF application—that would

⁴³ The outcome of the deliberations on project-based TIF as an approved policy during the 2022 session of the Vermont General Assembly has become a bit more uncertain with the recent departure of the Executive Director of the Vermont Economic Progress Council who had laid a lot of the groundwork for the upcoming policy discussions-deliberations on this policy. It is unclear if her successor would have the same degree of support for this potential State policy.

⁴⁴ As the only two current projects in the Town that would potentially be able to utilize project-based TIF funding as a financing tool. This recommendation is also bolstered by the prospect of even more additional funding options for those two projects afforded by the various federal pandemic relief funding options and even more additional funding opportunities for these two projects afforded by the recently passed bipartisan infrastructure legislation of which Vermont is expected to receive more than \$2.0 billion in additional federal funding support for infrastructure projects.

⁴⁵ This is because it is likely that a final project-based TIF policy will require, per the current ACCD policy proposal, that a municipality retire all previously issued project-based TIF debt for a project prior to applying for a second, project-based TIF infrastructure project and its associated issuance of additional municipal debt to finance it.

likely be needed within the next 45-60 days—but which would likely carry a high degree of uncertainty for even being approved at this juncture. As a result, the Town would be able to use a progressive approach to avoid the considerable costs associated with the development of a full-blown project-based TIF application before the Vermont Legislature even decides it would support a workable project-based TIF from the Town’s perspective. Such a progressive approach to developing a project-based TIF application would also allow the Town to change course with respect to submitting a fully-developed, project-based TIF application in January of 2023 should policy deliberations on project-based TIF not reach a positive outcome during the 2022 legislative session and/or the Legislature’s actual “approval” of the project-based TIF concept resulted in one or more aspects that simply would not work for the Town (e.g. there might include an aspect or feature of an approved program that would end up being a “deal-killer” for the Town).

Recommended Action-Strategy Area #1: Design, Develop, Propose, and Receive State-Approval for a Project-Based TIF Application to the Benefit of the Town.

Summary of High Priority Areas for Strategic Actions: Complete a multi-year effort designed to secure State approval of the Project-Based TIF concept so that the Town using the second phase of the expansion of municipal water and wastewater infrastructure in and around the Franklin County Airport to facilitate “high-value,” sustainable, and resilient economic development.

I. Summary of Recommended “Initial-Feasibility Phase” Project-Based TIF Application Development Tasks:

1. Devise a concept level Project-Based TIF proposal for the Town in sufficient detail to actively engage in 2022 legislative deliberations for this approach in support of the Vermont ACCD, the Northwest RPC, municipal partners-stakeholders, and other possible allies seeking to utilize a workable Project-Based TIF in Vermont.
2. Seek and participate in ‘high-value’ policy deliberations and advocacy events in conjunction with the Vermont ACCD, the Northwest RPC, members of the State delegation for northwest Vermont, and other key partners-stakeholders as indicated.
3. Monitor policy deliberations on key aspects of a prospective Project-Based TIF, looking specifically at the “pros and cons” of various key features of the prospective State program—with special attention paid to proposals and features that may be helpful or harmful to the Town’s needs and/or interests for such a program.
4. Following the end of the 2022 Legislative session, complete a “risk assessment” as to whether or not the use of a Project-Based TIF financing tool would work as a strategic economic development financing tool given the Town’s needs and specific requirements and circumstances surrounding the policy debate following the policy debate during the 2022 session of the Vermont General Assembly.
5. Based on the results of the comprehensive risk assessment (above), achieve consensus among Town policymakers (e.g. the Planning Commission and the Selectboard) as to whether or not to pursue the full development of a Project-Based TIF application for the Town.
 - a. If the answer is “no” in terms of pursuing a Project-Based TIF application for the Town, then this effort ends.
 - b. If the answer is “yes” in terms of pursuing a Project-Based TIF application for the Town, move on to the **Recommended Affirmative “Follow-Up” Project-Based TIF Application Tasks** (see below).

II. Summary of Recommended “Follow-Up” Action Steps-Project-Based TIF Application:

1. With the assumption that there is a consensus among Town policymakers-staff to pursue the full development of a Project-Based TIF application for the Town, initiate and complete the needed project-based TIF-required analysis, the infrastructure expansion planning, the private sector development analysis and planning, and the long-term financial planning needed to complete a project-based TIF application. Consistent with the

above CA-EPR recommendation, the following includes a step-by-step action plan for executing the recommended approach as outlined above).

- A. Initiate the Establishment of a Project-based TIF Area in and Around the Franklin County Airport—Likely tied to Phase 2 of the Airport Infrastructure Development.
 - a. Determine appropriateness and feasibility of using project-based TIF financing;
 - b. Conduct in-depth discussions of possible TIF projects with private partners and in public sessions (e.g. in Planning Commission and Selectboard meeting sessions as required) to highlight how project-based TIF will meet infrastructure development and resulting private sector development goals of the Town; and
 - c. Reach a positive policy determination that project-based TIF is an appropriate financing tool for economic development in the Town.
- B. Town Works to Formulate a Project-Based TIF Plan and Project-Based TIF Financial Plan (per Application Forms).
 - a. Create a specific development plan—with year-to-year projections—tied to previous plans in the Town. Work collaboratively with public and private sector economic development partners to line up “high economic return” projects to fulfill the private sector development on the approved, project-based TIF application tied to/enabled by the second phase of the airport infrastructure expansion.
 - b. Define TIF area boundaries for the “project-based TIF application;”
 - c. Estimate project timeline and infrastructure development costs as part of a Project-based TIF financing plan;
 - d. Estimate tax base, revenue increment, and debt policies required to carry out the project-based TIF program of the Town; and
 - e. Establish benchmarks for monitoring progress and the Project-based TIF termination date.
- C. Town Adoption of Project-Based TIF Plan.
 - a. The Selectboard adopts the project-based TIF ordinance; and
 - b. The Town applies for Legislative Committee approvals (with support of Town’s state delegation) of a project-based TIF, working with VEPC-ACCD partners, the Northwest RPC, other communities (if any with interest in project-based TIFs during the 2023 session next year since the Town might find it beneficial to join forces with others to potentially to assist in gaining approval of its project-based TIF application with the legislature.
- D. Issuing Debt after Approval from the State of the Town’s Project-Based TIF Financial Plan
 - a. A public vote is required for the project-based TIF’s issuance of debt—with specific estimates of debt to be incurred and the cumulative amount of debt issued as of that date for the TIF overall and adequate notice to voters;
 - b. Town is required to pledge and appropriate at least 85% of the municipal tax increment received from TIF properties to the financing of improvements and related costs—but no more than 70% of the Education Fund tax increment can be used (30% is retained by the State);

- c. TIF approval affects the Grand List as of April 1 of the year following approval and would be limited only by the failure to follow through to create an increase in property values; and
 - d. For any TIF debt incurred within the first ten years after creation of the TIF, but for no other debt, the education tax increment may be retained for up to 20 years beginning the year the initial debt is incurred.
 - E. Set the original taxable value of the project-based TIF area—set taxable values each year thereafter.
 - a. Based on the property values as of April 1st of the year the project-based TIF area is created by the Selectboard, the lister/assessor would certify to the Selectboard the valuation of all taxable real property within the project-based TIF region. That valuation sets the "original taxable value" for the defined project-based TIF region, and the approved proportion of the new, incremental State Education Property Tax revenues resulting from the new real property value increases within the specified project-based TIF area can be used to cover all allowable costs (e.g. debt service costs associated with the municipal bonds issued to pay the cost of the public infrastructure expansion);
 - b. For each year thereafter, the taxable value for the duration of the TIF area is frozen and additions to real property values become the basis for the "tax increment" that is used to generate State education Tax revenues that can be used to pay for debt service related to the debt issuance to fund the Project-based TIF infrastructure expansion.
2. Seek and participate in 'high-value' policy deliberations and advocacy events in conjunction with the Vermont ACCD, the Northwest RPC, members of the State delegation for northwest Vermont, the State delegation of northwest Vermont—including Franklin County and Grand Isle County Senators and representatives—and other key partners-stakeholders in a coordinated effort to secure legislative approval of the Town's project-based TIF application as indicated during the 2023 session of the Vermont General Assembly.
3. Following the prospective State approval of the Town's application (likely Legislative approval will be required), follow the prescribed project-based TIF plan development and processes to finalize plans for, develop, and finance the second phase airport infrastructure project and file with the completed application with the State.

III. Summary of On-Going Responsibilities and Follow-Up Tasks:

1. Monitor development projects in the Project-Based TIF area for economic return and consistency with then Town's TIF and Financial Plans and for consistency with development objectives. Participate as needed with discussions about key opportunities with key strategic economic development partners;
2. Complete the Town's on-going project-based TIF administration and annual reporting as required, adhering to the final set of rules and requirements associated with the prospective legislative approval of the project-based TIF concept.
3. When project-based TIF plan and the financial plan have been fully executed, the Town should report that to the State and the Town's TIF Project will be terminated.
 - a. Final Report on the project-based TIF would then be drafted and submitted to the State (usually to a department of the ACCD such as VEPC) after the project-based TIF plan has been completed.

Estimated Budget: The estimated costs of completing a project-based TIF application are expected to be significant, should the Town decide to pursue this option. It likely involves between an 18 and 24 month effort to go from start

to finish involving a multi-disciplinary team of professionals—including Town staff (including only those incremental hours above and beyond what would be customary), key elected and appointed Town officials (including only those incremental hours above and beyond what would be customary), an engineering consultant for infrastructure design and engineering, and a planning consultant that is fully versed in TIF matters and TIF application development, and support from key strategic regional partners (such as the Northwest RPC and the Franklin County IDC) to complete both the preliminary policy phase and then the project-based TIF application should the Town decide to go forward next year. While there is some flexibility in terms of the use of Town staff and elected and appointed Town officials and there may be some flexibility in terms of out-of-pocket reimbursements for key partners (considering the labor intensity of assembling a project-based TIF application and administer a project-based TIF program on an on-going basis⁴⁶), there should be no doubt that this would be a considerable undertaking for the Town—which does not currently have full-time, or even part-time, professional economic development staff.

Consistent with its emphasis on leveraging its limited taxpayer-funded resources, the Town has primarily relied on federal and State grant funds and “in-kind” support from regional partners to fund the majority of the effort to complete those strategic economic development tasks. We do not expect that approach to change for this effort, subject to the prospective availability of those federal and State grant funds following the Town’s past, very successful efforts to secure significant sums of federal and State grant support for its strategic efforts to date. As such, it is not inconceivable that the Town might begin to run into some grant funding resistance before all of its plans for strategic economic development efforts are complete. Grant funders occasionally have been known to want to “spread the wealth” around between various recipient groups among their key constituencies, and it is possible that at some point the Town may fall into a category where it could be viewed as “a victim of its own success” in securing an impressive sum of federal and State grant funding in recent times—just as it finds itself at this critical juncture in evaluating a number of new, additional initiatives that it could undertake in terms of its strategic economic development plans. This is particularly a concern with the recently announced retirement of Senator Leahy—as Chair of the Senate Appropriations Committee—who has been instrumental in assisting the Town with obtaining federal grant funds to complete its important projects.

The following table represents an estimated preliminary budget to execute on developing a project-based TIF application to be presented in early calendar year 2023 for deliberation during the 2023 Vermont legislative session. This budget for the second part “Follow-Up” phase of this effort assumes that the Vermont Legislature will respond favorably to the project-based TIF concept and that any prospective approval of a project-based TIF application (or applications) for other interested municipalities will not include any issue that would make project-based TIF an unusable strategic economic development financing tool for the Town. This is obviously a substantial effort and commitment to be made by the Town if it elects to accept and act upon this recommendation.

As stated above, this first recommended strategy—if the Town elects to go forward on it—would be positioned to directly enable the development of new and existing businesses and job opportunities within at least eight of the ten strategic industry sectors of the Town (and region) as they were identified in the Strategic Economic Development Assessment of the Airport Infrastructure Expansion Study of May 2020. Those sectors were identified as key industry sectors because they had attributes and economic returns that fit strategically with the demonstrated core competencies/skill sets of the Town and region and were also consistent with the Town’s values and vision as contained in the Town Plan. They also were sectors that can take advantage of the Town’s comparative competitive advantages and attributes for success that fit naturally with Town and regional employers—and thereby facilitating their ability to succeed in the future.

⁴⁶ For example, reimbursement will likely be subject to negotiations with respect to the level of effort, the staff members involved and their rates, and the required level of reimbursement depending on the interpretation about whether or not this work is transportation oriented (e.g. for transportation planning) which is not likely, falls under the Vermont ACCD-planning contract for the RPC planning support to municipalities (where it might qualify for a discounted rate of reimbursement), or whether the RPC would require full cost reimbursement (which then will involve an estimate of the actual costs (e.g. for the cost reimbursement required for assigned staff at the RPC and any other reimbursable costs). For the purposes of this cost estimate, we assume costs will have to be reimbursed based on that is incurred by the RPC to accomplish these tasks.

Table 7: Estimated Budget for the Assessment and Possible Filing of a Project-Based TIF Application

Strategy Area #1: Design, Develop, Propose, and Receive State Approval for a Project-Based TIF to the Benefit of the Town											
Task Area	Town Staff		Elected-Appointed Officials		Consultants (2)		Key Partners		Total Estimated Town OOP Costs [1]		Memo: Town Hours
	Hours	Total	Hours	Total	Hours	Total	Hours	Total	Hours	Total	
A. Initial-Feasibility Phase Project-Based TIF Application Tasks [Estimated Total]											
1. Devise a Concept-Level Project-Based TIF	40	No OOPC	16	No OOPC	80	\$10,000.00	40	\$2,200.00	120	\$12,200.00	56
2. Policy Deliberations-Advocacy Events	80	No OOPC	40	No OOPC	16	\$2,000.00	40	\$2,200.00	56	\$4,200.00	120
3. Monitor Policy Deliberations	80	No OOPC	40	No OOPC	20	\$2,500.00	40	\$2,200.00	60	\$4,700.00	120
4. Risk Assessment of the Results of Policy Deliberations	20	No OOPC	20	No OOPC	20	\$2,500.00	20	\$1,100.00	40	\$3,600.00	40
5. Final Decision to Make A Project Based TIF Filing	20	No OOPC	20	No OOPC	40	\$5,000.00	16	\$880.00	56	\$5,880.00	40
B. Follow-Up Project-Based TIF Application Tasks [Estimated Total]											
1. Initiate and Complete Analysis and Planning Tasks	40	No OOPC	20	No OOPC	80	\$10,000.00	40	\$2,200.00	120	\$12,200.00	60
2. Participate in "High Value" Policy Deliberations-Advocacy to Support Town's Application	80	No OOPC	60	No OOPC	40	\$5,000.00	46	\$2,530.00	86	\$7,530.00	140
3. Complete planning and Analysis for Project-Based TIF Application Implementation Strategies	80	No OOPC	40	No OOPC	140	\$17,500.00	40	\$2,200.00	180	\$19,700.00	120
Subtotal, Labor (Complete a Project-Based TIF Application)	440	No OOPC	256	No OOPC	436	\$54,500.00	282	\$15,510.00	718	\$70,010.00	696
C. On-Going Responsibilities and Follow-Up [Per Year]											
1. Monitor Development Project Activities for Consistency with Town TIF and Other Plans	40	No OOPC	16	No OOPC			40	\$2,200.00	40	\$2,200.00	
2. Complete the Town's On-Going Pproject Administration/Annual Reporting	20	No OOPC	8	No OOPC			20	\$1,100.00	20	\$1,100.00	
3. When complete, Terminate Project-Based TIF Per Prescribed Procedures-Rules	20	No OOPC	8	No OOPC			16	\$880.00	16	\$880.00	
Subtotal, Labor (On-Going Program Administration-Reporting (Per Year))	80	No OOPC	32	No OOPC	0	\$0.00	76	\$4,180.00	76	\$4,180.00	112
Expenses										Total	
Out-of-Pocket for A. Above										\$1,500.00	
Out-of-Pocket for B. Above										\$3,500.00	
Out-of-Pocket for C. Above										\$350.00	
Subtotal, Expenses for A., B., and C.										\$5,350.00	
TOTAL ESTIMATED OUT-OF-POCKET COSTS for A. and B.										\$75,010.00	
TOTAL ANNUAL ESTIMATED OUT-OF-POCKET COSTS for C.										\$4,530.00	
Hourly Rates											
Town Staff	No Out-of-Pocket Costs (NOOPC)										
Elected-Appointed Officials	No Out-of-Pocket Costs (NOOPC)										
Consultant	\$125.00										
Key Partnerses [Potentially Reimbursable a the Hourly Rate Indicated]	\$55.00										

At the minimum, the Town’s other two key industry categories—including Food Manufacturing (NAICS sector 311) and Beverage Manufacturing (NAICS sector 3121)—would provide at least provide indirect support for Animal Production (identified as Key Industry #1 for the Town relating to Production Agriculture). This indirect support for Production Agriculture would arise by potentially “localizing” the supply chain for those export-based manufacturers by developing a more geographically closer source of raw product grown/produced on local-regional farms for those key manufacturers-processors. Localizing the raw product supply chain could ultimately prove to be a helpful way to increase the value-added retained within the Town and region for otherwise locally-produced raw farm products within the Town and region—consistent with the findings of recently completed studies and long-term plans for the food production sector undertaken at the state level.⁴⁷

Consistent with the findings of that earlier strategic economic development assessment study, we encourage the Town and its strategic economic development partners to use this economic return typology to prioritize and focus their efforts on new development opportunities because “not all economic development opportunities are created equal.” We recommend the Town use its influence to encourage its private sector and public sector partners to actively seek the type of higher return economic development opportunities to help the Town and region maximize the economic return-value created with respect to by its development activities because the inventory of developable land for economic development has become an increasingly scarce resource.

Achieving the highest rate of economic return and encouraging the development of “best fit” strategic economic development opportunities is the key to maximizing the value from the use of the Town and region’s scarce economic development resources. It also is a proven way to increase the sustainability and resiliency of the Town’s and region’s economic development pursuits. As a reminder, we include the table (below) from that May 2020 study to remind readers of this report of the Town’s key industry sectors and the expected job, income and output effects of creating 100 new job opportunities in each. Because the table was produced as part of the Airport Infrastructure Expansion Study, the table also indicates the need for municipal water and wastewater and their connection to the Town’s “neighbor to the north” to round out the “expected fit” for these key industry sectors with the development area in-and-around the Franklin County State Airport facility.

⁴⁷ See Vermont Agriculture & Food System Strategic Plan/Farm to Plate, 2021-2030, and the Vermont Dairy Marketing Assessment, Final Report, February 24, 2020; Karen Karp & Partners; Prepared for the Vermont Agency of Commerce & Community Development and the Vermont Agency of Agriculture, Food, & Markets.

Table 8: Table of Key Industries by NAICS Category, 2020

Key Industry Economic Return Calculations-SUMMARY									
Economic Return Created by the Permanent Addition of 100 New Jobs in Franklin County									
Key Ind. #	KEY Industry Sector (By NAICS Sector)	Job Impact Vermont Total	Job Impact Franklin Co.	Incr. Labor Income Frank. Co. (\$ 000s.)	Incr. in Output Frank. Co. (\$ 000s)	Waste Water Requirement	Linkages with Other Sectors	Linkages with Quebec	
GOODS-PRODUCING:									
1	Animal Production (NAICS 11)-Includes Dairy	143	114	\$ 1,999.2	\$ 25,031.9	High	High	High	
2	Fabricated Metal Manufacturing (NAICS 332)	175	126	\$ 10,517.3	\$ 27,774.2	High	Modest	Modest	
3	Machinery Manufacturing (NAICS 333)	171	130	\$ 12,609.8	\$ 29,883.9	High	Modest	Modest	
4	Food Manufacturing (NAICS 311)	249	156	\$ 11,863.5	\$ 88,695.0	High	High	Mixed	
5	Beverage-Tobacco Manufacturing (NAICS 312)	291	174	\$ 17,350.0	\$ 119,812.2	High	High	Modest	
6	Chemical Manufacturing (NAICS 325)	273	163	\$ 15,240.5	\$ 102,339.1	High	Modest	Modest	
7	Plastics & Rubber Manufacturing (NAICS 326)	171	125	\$ 9,209.5	\$ 30,110.3	High	Modest	Modest	
SERVICES-PRODUCING:									
8	Transportation-Warehousing (NAICS 48-49)	159	121	\$ 7,824.4	\$ 15,800.1	Low-Medium	Low-Medium	Modest-High	
9	Admin. And Support Services (NAICS (561)	128	109	\$ 4,317.5	\$ 8,975.9	Low	Low	Low-Modest	
10	Ambulatory Health Care Services (NAICS 621)	150	117	\$ 8,055.2	\$ 10,955.9	High	High	High	

Source: Strategic Economic Development Assessment: Town of Highgate Airport Infrastructure Expansion Study (May 15, 2020)

II. Strategies to Directly Support Value-Added-Production Agriculture⁴⁸ through the Establishment of a Highgate Agricultural Exchange Place “Food Hub” (Recommended for Further Development)

Although applying for and completing a prospective project-based TIF application on behalf of the Town will clearly be a significant undertaking for the Town, the results of this study indicated there was more to a comprehensive municipal economic development strategy than just applying for the use of the prospective project-based TIF financing tool. As a result, we are recommending that the Town consider taking some additional specific steps to branch out and more fully investigate a set of possible high-value strategies that are intended to directly support its production agricultural base. As the largest dairy producing county in the State of Vermont and in the entire New England region, production agriculture—and in particular production agriculture in dairy—has always been critical to the health of the economy of the Town, the northwest region of Vermont, and to the state overall. Pursuing a number, or even one of these proposed strategies is consistent with the Town’s and region’s demonstrated core competencies and is consistent with its clearly stated priority of supporting the legacy of working farms and the Town’s and region’s working rural landscape.

Looking more specifically to dairy, conditions in the dairy sector across the State, region, and Town overall have been weak since the period of strong milk prices ended back in calendar year 2014.⁴⁹ At that time, milk prices had come down off their historically high levels during that year following a period of extraordinary demand primarily from Asian (e.g. Chinese) demand for milk powder which peaked during that year. Since calendar year 2014, milk prices, have come down significantly and have experienced a period of alternating relatively low (during times of higher milk supply levels) and relatively higher prices (during periods of lower milk supply levels). Those alternating over-supply/under-supply situations where prices increased for a while—only to be followed by a down period where milk prices again declined—have unfortunately been characteristic of the “up and down” fortunes of the dairy industry in recent years.

More recently, around the beginning of calendar year 2020 and just as prices had begun to firm up, the COVID pandemic hit—negatively impacting the entire dairy industry (among others). More specifically, the closure of in-person learning at K-Grade 12 schools and the curtailment of customer traffic restaurants had a large negative impact on prices as those two key areas of demand for dairy products struggled. This was because schools had traditionally been one of the primary outlets for fluid milk for the region’s farmers—a market use which typically earns producers the highest prices for their raw milk product. In addition, cheese makers throughout the region—and particularly those who served markets for cheese consumption at local and regional restaurants—also unexpectedly found a reduced number of outlets for their hard products. Although residential demand for dairy products from the “stay at home” population increased, switching production to packaging and product configurations that satisfied that at-home consumption market involved hefty capital investments that some processors were able to make—but many were not able to make. The processors and distributors that were able to configure their final products for pick-up and home delivery found a way to make up for some of their lost demand tied to the pandemic by tapping into these new and changing markets. Others who could not, struggled until at least some financial relief from the negative impacts associated with the pandemic became available during calendar year 2021.

⁴⁸ Refers to Key Industry sector for the Town and region labeled “Animal Production,” or NAICS Sector 11 (see above).

⁴⁹ Per our interview with Leon Berthiaume on November 01, 2021. See also the historical track of milk prices in dollars per hundred-weight for Order No.1-Suffolk County, MA (Boston).

On a macro level for the industry, the milk over-supply situation of recent times has been exacerbated by the increasing size of farms particularly out in the western U.S., where larger-scaled commercial farms have been, and continue to compete with the generally smaller-sized farms that are characteristic of Vermont and the northeast. That concentration of milk production at larger farms out West has made the already long-standing milk over-supply situation even worse. To help address the over-supply situation in general, Dairy Farmers of America (which acquired the St Albans Cooperative Creamery in 2019), has worked to establish a set of quotas for its farmers in a broader effort to bring aggregate supply and demand back into better balance and firm up milk prices. All of this has been going on at the very same time that Danone, owners of the Horizon Organic product label, recently announced they will no longer be accepting milk from organic farmers as of August 31 of next calendar year in four Northeastern states—including farms in Vermont. Consistent with what the industry has been experiencing with the on-going over-supply situation for fluid milk, Danone has indicated that it can likely get cheaper raw product for its operations from producers in the Midwest and West regions, where sources would be closer to its U.S. headquarters in Colorado—thereby simplifying its sourcing logistics. The company also claims that by reducing transportation routes, it also would realize significant reductions in its carbon emissions as the whole agricultural sector is coming to grips with the impacts of Climate Change on production agriculture throughout the country.

All of this is important to the Town because when the agricultural sector struggles, other agriculture-dependent businesses throughout the region and in the Town also experience difficulties. For example, the Franklin County region is home to a number of important anchor employers in the Food Manufacturing sector, all of which use locally and regionally produced raw product. Key employers in the northwest region of Vermont, such as Barry Callebaut, Franklin Foods, the St. Albans Coop, and Ben & Jerry’s Homemade, all process local and regional raw milk product and turn it into other high value-added consumer products. These operations also are part of a larger regional economic impact that includes: (1) feed and equipment dealers, (2) other high value services professionals (including occupations such as veterinarians) serving various production agricultural operations in the region, and (3) lending institutions involved in making loans to farmers, agri-businesses, and local retailers who in turn rely on purchases made by the region’s farmers and their employees, and from purchases by so-called agritourists who visit the area for its broad array of locally produced products⁵⁰ and its scenic rural working landscape. Without a viable, if not vibrant, Production Agriculture sector within the region and Town, it will be a difficult long-term challenge for the Town and region to maintain their unique, prized, scenic open spaces and to continue to have the type of rural working landscape that is so highly valued by both visitors to and residents of the Town.

CA/EPR Comments, Findings, and Conclusion: To this end, we recommend the Town commit to expand its economic development efforts to include one or more initiatives from a set of recommended strategies to further, leveraged the Towns efforts to the Production Agriculture sector. We recommend that the Town take a series of steps to facilitate the establishment of a multi-faceted, regional “Food Hub” with the intention of serving the Town and the northwest region of the State at a new, higher and more resilient and sustainable level of: (1) local food production; and (2) encourage investment in the increased capacity to process, store, and market more locally-produced products. These actions would be geared towards an integrated effort to more fully and sustainably utilize and preserve its critically important base in Production Agriculture. The overriding organizing principle of these possible actions would be to establish a more robust and sustainable local and regional food supply-chain that is more capable of supporting year-round demand for locally produced food. It would ideally encourage more investment and reinvestment in the broader development of food production, processing, storage, and marketing infrastructure in the Town and region—a strategic regional and community asset that is so critical to nurturing its prized, working rural landscape. This area of strategic economic development actions would capitalize on the increasing interest in the greater availability of more locally produced food for the supply chain in response to breakdowns in the more industrialized global and national food supply chains that have come under greater scrutiny during the COVID pandemic. This approach could also be helpful as support for increasing the number of specialty crop farms and farmers that has become important to the agritourism economy.

Our recommendations would therefore be targeted towards building the necessary production-to-market infrastructure to enable local food and agricultural production to serve as an economic engine for the region and Town. By the term “economic engine,” we mean actions capable of stimulating the creation of new local food production and service jobs, and capable of providing product development efficiencies for existing small-scale operations and new

⁵⁰ Including maple syrup and fruits, vegetables, meats, and other value-added farm products.

businesses to grow their operations and gain access to larger and more consistent markets for higher value-added products. In short, as a potential aggregating conduit between the producers, processors, and consumers in the region and Town (and potentially new markets beyond the Town and region), we believe the establishment of the regional Food Hub concept could be replicated for its success elsewhere in the State and could be helpful in terms of laying important groundwork for a vibrant, more localized food network for the Town and region. The concept of a regional Food Hub has been successfully employed in other parts of the state using a similar multi-faceted approach as recommended here (see the recent experience in Rutland County).⁵¹

Some of the essential elements for our recommended approach already exist in the region through various seasonal farmer’s markets and “farm-to-plate” initiatives under way. Those efforts represent an impressive list of potential partners for this effort (e.g. perhaps in partnership with the Northwest RPC and the “Farm to Plate” program and efforts of the Vermont Sustainable Jobs Fund). As part of our recommendation, we see the opportunity to bring additional organization and energy to these existing activities should the “Food Hub” concept prove itself following the results of a recommended market feasibility studies to be undertaken on the various components of this Food Hub as outlined below. If successful, the collective result of this area of potential actions will not only be in expanded food access to locally grown-produced products, but also potentially result in the expansion of the development of additional production, storage, and marketing infrastructure—in conjunction with improved access to a coordinated set of technical assistance resources—that are necessary for this important strategic industry sector of the Town and region to reach the level and type of scale to production that is critical for this concept to be successful and create full-time year-round jobs. This may also involve shared production facilities for start-ups that could be brought together in the format of a shared facility along the lines of a business incubator. The objective would be to facilitate the development of this production, storage, marketing, and distribution infrastructure for these locally-produced products into an integrated set of facilities (both hard facilities and electronic capabilities) that would collectively aggregate into the recommended “Food Hub” concept for the Town and region to properly scale production, distribution, and marketing capabilities to a level that would sustainably facilitate the creation of new job opportunities.

Recommended Action-Strategy Area #2: Assess the Feasibility of Developing a Regional Food Hub in the Town.

Summary of High Priority Areas for Strategic Actions: Complete a multi-faceted effort designed to assess the feasibility of establishing a Food Hub in the Town with emphasis on increasing access to locally produced food and to encourage the stabilization and revitalization of production agriculture on the Town and region by encouraging significant new capital investment in the local food supply chain’s processing, storage, distribution, and marketing infrastructure to create a new economic engine and new job opportunities for producers in the Town and region.

I. Summary of Recommended “Initial-Feasibility Phase” Tasks for Developing a Highgate Regional Food Hub:

1. Devise a concept level plan of approach for assessing the feasibility of developing a multi-faceted regional food hub in the Town, including strategies for approaching logical partners and interested stakeholders in the Town and region (including the Vermont ACCD, the Northwest RPC, municipal partners-stakeholders, leading participants in production agriculture such as the Vermont Agency of Agriculture, Food and Markets, the Vermont Sustainable Jobs Fund, and the Franklin County Industrial Development Corporation, and other possible parties interested in supporting production agriculture).
2. Develop an approach for identifying and making applications for strategic grant funding and additional staff and financial resources support to undertake the needed feasibility assessment studies (see below) and operations plan design assessments needed to test the concept of establishing the possible components of a regional Food Hub as discussed in more detail below.
3. As envisioned, the regional “Food Hub” would include as many as four components, to potentially be developed sequentially over time as indicated by their market feasibility and the availability of resources to develop those components—including the establishment of: (1) a “Highgate Agricultural Exchange Place”—which would potentially operate as a virtual farmer’s market; (2) a possible food and beverage

⁵¹ See the [Vermont Farmers Market and Education Center](#) in Rutland County which combines local production, processing, marketing, and education into an integrated approach for matching locally produced food building

incubator facility—including the establishment of a “for rent,” properly scaled production facility (e.g. a possible commercial kitchen facility) and shared professional office space to encourage “cross pollination” interactions among prospective food production and marketing entrepreneurs; (3) the establishment of an agricultural product co-packing and/or cold storage facility; and (4) consideration of potentially hosting of a regional slaughterhouse and packing facility for fresh meats in the Town.

4. Lastly, to round out this area of CA-EPR recommendations, we recommend that the Town investigate, through collaboration with the Vermont Electric Coop (“VEC”), the Town Planning Commission, the Town Development Review Board, and the Selectboard, the possible development of an expedited project approval process for methane-based, net metering projects in the Town based on the concept of “Cow Power” renewable energy projects. These projects could be helpful to assisting the Town’s dairy operations with managing their production costs and at the same time resulting in important environmental benefits related to manure disposal. A “Cow Power”-type program could provide at least some relief to farm’s future electric bills, and at the same time help to limit the levels of phosphorus contamination of the Town’s (and the region’s) waterways that have been historically attributed to production agriculture’s activities in the region.

II. Description and Additional Discussion Regarding the Possible Individual Components Proposed for the Regional Food Hub: The following section provides some more detail on the various components involved in the establishment of a prospective regional Food Hub. Each of the potential components and how they might be developed is discussed below.

1. Investigation of the Establishment of a Permanent Web-Based Farmers Market

The first element of this prospective “Food Hub” for the Town would involve the full exploration into the feasibility of establishing a “Highgate Agricultural Exchange Place” (hereafter the “Exchange”). Consistent with Priority Strategy #8 of the 2021-2030 Vermont Agriculture & Food System Strategic Plan/Farm to Plate,⁵² the mission of the Exchange will be to increase the “value added” of the Town’s and region’s locally-produced raw agricultural food products. Value-added agriculture occurs through a wide range of activities along the supply-chain, ranging from processing, to storage, transportation-distribution, and the establishment of market exchanges as an outlet for locally grown-produced products. The Exchange would ideally serve as the central headquarters and resource center for value-added agriculture in the Town and for other partners throughout the region, providing local, regional, and even out-of-the-region producers with the capacity, technical knowledge, capital facilities, and access to new markets for their value-added products. This would in all likelihood be positioned as a long-term economic development project that will build on the Town’s most significant local key industry, its Production Agricultural base, and the Town’s oft stated desire to remain a rural agricultural economy while providing local jobs to residents. The Exchange could occupy any of the new industrial buildings near the airport and utilize new public sewer and water capacity. It also could conceivably be staffed with and/or provide access to contractors with technical support and skills-expertise in food processing, storage, and the marketing of agricultural products.

A web-based farmers market is established to create an agriculture exchange for producers and buyers to meet, advertise, sell and buy farm products at retail and wholesale quantities. No different than a traditional farmers market, where buyers and sellers assemble on a specified day, however, this farmers market never closes and serves not only households at retail prices but would also conceivably serve wholesale buyers such as restaurants, distributors, and even grocery stores. The exchange would be set up permanently on the internet with buyers and sellers each having a private account. As envisioned, the Exchange would involve the creation of a permanent web-based platform where account holders seeking to buy products can browse the market of producers, communicate directly with them, establish recurring purchases at regular intervals and/or have the ability to simply make a single purchase. The sellers benefit from being a member of the exchange by taking advantage of several economies of scale including advertising, sales processing, and access to statewide and regional markets. Sellers may also benefit from additional services, on an optional basis, including inventory management, storage (dry or cold), transportation logistics, packaging, and shipping.

⁵² Strategy #8 of that long-term planning effort states “*Support product-specific value chain development*”...including ...”*bringing producers, distributors, and buyers together at match-making events, assisting producer-driven aggregation, distribution and marketing enterprises, and funding the development of market opportunities in the Northeast...*”; See Page 30.

Initially, this could start out as an augmentation of and utilize the approach of collaboration with the current “farm-to-plate” efforts already underway in the State and across the region (including the program that has been housed at the Northwest RPC) with the idea of making these efforts permanent and year-round, and also focused on the specific needs of the producers in the Town and surrounding region. The logical first step would involve an assessment of the feasibility of such an effort which would ideally tap into the existing resources available locally, and through the Vermont Food Hub Collaborative, the various efforts of the “Farm to Plate” initiative of the Vermont Sustainable Jobs Fund, and the broader development efforts of the Vermont Agency of Agriculture, Food, and Markets and to strengthen markets for the locally produced food products. This effort would also look to build upon the current network of seasonal “Farmers Markets” in the region with the idea of adding value to those efforts and provide supplemental resources where indicated. There are a number of such web-based farmers markets in the State—most notably the efforts in the Rutland region (i.e. the Vermont Farmers Market and Education Center). During this study were made aware of the on-going, collaborative regional efforts of Healthy Roots along with the NRPC. Because the focus of this study was the Town, this recommendation along with other efforts to expand the regional infrastructure would need to be “meshed” as part of the initial feasibility assessment to see how the Town may specifically fit into that overall regional effort. Nothing in this recommendation option is intended to be duplicative and/or work against that on-going and worthwhile effort. This study sought to emphasize the Town’s needs and perspective, which in the view of the CA-EPR Team, are not at all “at odds” with the regional efforts of Healthy Roots.

Conducting a feasibility analysis and initial business plan for this component of the Food Hub would be a logical starting point for this part of the overall Food hub effort. Case studies of what is out there (including Healthy Roots) and what would likely work in a Highgate and northwest Vermont regional context should also be reviewed and assessed. An evaluation of the information and activities associated with current Farmer’s Market networks including all those that have gone to web-based applications as part of their response to the COVID pandemic and change customer preferences for on-line ordering and curb-side pick-up should also be included. Identifying existing so-called “Ghost Kitchen” facilities in the area-region that could conceivably be part of the Food Hub concept could also be worthwhile. In addition, any assessment would also need to include a review of the information technology needs and aspects of web-based applications like this along with the web-based requirements and capabilities that such a system would need to effectively reach all possible customer classes—especially as the amount of public resources that are being committed to expanding broadband access and capabilities are being discussed and committed to more and more parts of the State’s rural areas.

The first step is to establish whether or not this concept is even feasible, in terms of the availability and marketing of physical product, whether or not there is an unmet local and regional marketing need for such an operation, and if there are the institutional resources-capabilities to establish and operate such an Exchange. Like the other components of this recommendation, this will require that an objective feasibility analysis study be completed. We provide the outline below as a starting point for such a feasibility analysis and initial concept for the Exchange:

Part I: Feasibility Study of the Proposed Web-Based Farmer’s Market

1. Goals and Objectives of the Feasibility Study
 - a. Primary vision of the Web-Based Farmer’s Market
 - b. Operational Goals-Requirements/Needs (including web-hosting and technology requirements for where the hosting can be located)
 - c. Review of “Best Practices” of Existing Web-Based Farmers Markets
 - d. Develop a Highgate Business Model for an Appropriately Scaled Web-Based Farmer’s Markets/Product Exchange

2. Demand Analysis
 - a. Primary data collection
 - b. Market research
 - c. Market Size
 - i. Market Area: Primary and Secondary Market Areas
 - ii. Identification of Market Constraints

- d. Estimate of Market Demand Potential
- 3. Assessment of Product Supply Availability
 - a. Primary data collection
 - b. Assessment of the supply capacity by region
 - c. Estimate of Market Size
 - i. Assessment of the “feasible” catchment area for product—including Primary and Secondary Markets
 - ii. Identification of Supply Constraints
 - d. Estimate of Supply Potential
- 4. Technology Assessment and Hosting Recommendations
- 5. Findings and Conclusions
- 6. Implementation Plan (Including Funding Requirements, Budget-Staffing, and Responsibilities)

Estimated Budget: In terms of time and resource commitment by the Town and its potential partners for this component of the regional Food Hub, this commitment would not be all that large (i.e. in comparison to the resource requirements of filing an application for a project-based TIF). We do not think that the feasibility study would be more than in the range of a \$17,500-\$20,000 study (including the specifications for the technology requirements of the Exchange—although some comments we received for this concept indicated that the original estimate of the \$12,500 to \$15,000 feasibility study amount may be “light” versus what will actually be needed. This estimate therefore was increased to \$17,500 to \$20,000 per those comments and is likely still subject to further revision-refinement). The commitment of Town staff resources and the estimated time devoted by elected-appointed officials appears manageable and each could be softened by the involvement of a regional partner (such as the NRPC and/or the FCIDC or the Vermont Sustainable Jobs Fund) and by gaining access to any available grant funds—which the Town has so far has a very successful track record of obtaining. The table below represents our current best estimate of time and resources that would be required to assess this opportunity.

Table 9: Estimated Budget for the Assessment of the Feasibility of Establishing a Web-Based Highgate Agricultural Exchange

Strategy Area #2: Assessment of the Feasibility of Establishing a Web-Based Highgate Agricultural Exchange (First Prospective Regional Food Hub Component)											
Task Area	Town Staff		Elected-Appointed Officials		Consultants (2)		Key Partners		Total Estimated Town OOP Costs [1]		Memo: Town Hours
	Hours	Total	Hours	Total	Hours	Total	Hours	Total	Hours	Total	
A. Feasibility Assessment Study and Administrative-Oversight Tasks [Estimated Total]											
1. Devise the Town's Approach to Undertaking This Strategy	24	No OOPC	4	No OOPC			16	\$880.00	16	\$880.00	28
2. Issue RFP and Administer then RFP Reply Process for Feasibility Study	20	No OOPC	4	No OOPC			4	\$220.00	4	\$220.00	24
3. Rank RFP Replies-Interact with Responders	16	No OOPC	12	No OOPC			8	\$440.00	8	\$440.00	28
4. Draft contract language and award contract	16	No OOPC	8	No OOPC			8	\$440.00	8	\$440.00	24
B. Administer Feasibility Study Contract Process/Conduct Feasibility Study											
1. Initiate and Complete Analysis and Planning Tasks	40	No OOPC	20	No OOPC			40	\$2,200.00	40	\$2,200.00	60
2. Review Feasibility Study Progress Periodically/Schedule Updates for Elected-Appointed Officials	40	No OOPC	60	No OOPC			40	\$2,200.00	40	\$2,200.00	100
3. Complete the Feasibility Study/Brief Town and Residents on Results	40	No OOPC	40	No OOPC	Fixed Fee	\$20,000.00	40	\$2,200.00	40	\$2,200.00	80
Subtotal, Labor (Complete a Project-Based TIF Application)	196	No OOPC	148	No OOPC		\$20,000.00	156	\$8,580.00	156	\$28,580.00	344
C. On-Going Responsibilities and Follow-Up [Per Year]											
1. Town Monitoring Oversight of Prospective Exchange--Supporting Role Expected	40	No OOPC	16	No OOPC			40	\$2,200.00	40	\$2,200.00	
2. Annual Review of Exchange activities /Annual Contract for Incubator Manager	40	No OOPC	8	No OOPC	Fixed Fee	TBD	24	\$1,320.00	24	\$1,320.00	
Subtotal, Labor (On-Going Program Administration-Reporting [Per Year])	80	No OOPC	24	No OOPC		\$0.00	64	\$3,520.00	64	\$3,520.00	104
Expenses											
Out-of-Pocket for A. Above											\$750.00
Out-of-Pocket for B. Above											\$750.00
Out-of-Pocket for C. Above											\$250.00
Subtotal, Expenses for A., B., and C.											\$1,750.00
TBD-To Be Determined in Feasibility Study for Manager (Per recommended "Business Model" to be used)											
										\$30,080.00	
										\$3,770.00	
Hourly Rates											
Town Staff											No Out-of-Pocket Costs (NOOPC)
Elected-Appointed Officials											No Out-of-Pocket Costs (NOOPC)
Consultant											Fixed Fee Award Expected
Key Partners (Potentially Reimbursable at the Hourly Rate Indicated)											\$55.00

2. Investigate the Establishment of a Food and Beverage Manufacturing Incubator Facility

The second component of the regional Food Hub concept would involve the investigation of the feasibility of and the possible development/establishment of a food and beverage manufacturing incubator facility. During our discussions and research for this study, we learned that in order to help build resiliency and sustainability in the local and regional food system, producers need improved access to critical production and distribution infrastructure (such as affordable

access to key food and beverage production equipment), and improved access to coordinated technical support resources. On the other side of the transaction ledger, we also learned from various sources that potential buyers of locally produced food products were interested in securing sufficient quantities of locally produced food and beverage products that can fulfill demand that goes beyond that supplied by the various growing seasons.⁵³ We envision this important component of the broader, new Food Hub would meet those cross-cutting challenges by outlining a program design and operations plan for this prospective incubator facility to include recommendations for the various production processes, staffing, costs, and revenue projections and recommendations that would be required to open and operate such a facility for the overall “Food Hub” concept.

Against the context of the worsening effects of climate change, the negative impacts associated with the still unfolding COVID pandemic, and the difficulties surrounding the reliability of global and national supply chains, the need to de-industrialize and reorient the food production supply chain back to more localized sources seems increasingly important. We envision this eventually being scalable to the growth of the broader concept of an integrated “Food Hub” in and around the Town that could conceivably be established over time within the Town associated with the efforts to establish high value added employers that are connected to the Town’s and region’s core competencies and its natural comparative advantages for the production of high-quality raw food and beverage commodities by implementing the next steps as recommended under this part of the study. The primary goal for a food and beverage manufacturing incubator building is to increase household income of local Highgate and regional small business owners and/or start-up companies. Establishing a food and beverage manufacturing incubator facility would enable this by lowering entry barriers for new business start-ups and supporting existing business profitability and growth.

Locally owned new businesses, or those seeking to start one, are constrained with limited financial resources, business management skills, and human resources capacity when starting a business. Based on the consultants’ experience and our various discussions for this study, we see new business owners in Vermont confronting financial hurdles, lack of startup capital, lack of credit, limited labor, and affordable manufacturing-production space to develop their ideas from concept to actual production. Challenges include items such as licensing, permitting and tax requirements, affordable production facilities and the development of viable marketing channels of a sufficient scale needed to operate a formal business. A food and beverage manufacturing incubator building would assist in addressing some of these challenges by allowing new entrepreneurs to benefit from an economy of scale on several of the arenas including facility rent, labor, and administration (including affordable overhead expenses as they move from a testing or pilot level of operations and through the initial stages of full commercialization).

The first step toward a successful food and beverage manufacturing facility in Highgate is to conduct a feasibility study that explores the size and type of market demand for such a facility. The consulting team recommends that an initial feasibility study be conducted from which the deliverables will provide clear direction on the size of the facility, number of potential tenants, types of products to be manufactured, an affordable rent, level of essential services provided (administrative, business consulting, marketing), and the type of essential capital in demand (e.g. loading and storage, assembly production, canning/bottling equipment, affordable meeting and administrative functions space, etc.). The work will include a significant level of primary data gathering on market demand including outreach to potential tenants, a collaborative planning process with prospective tenants, the owners, suppliers, and supporting businesses. The result of this feasibility study should result all the essential information needed to create a building proforma, financial model, and a business model for the entire operation.

The feasibility study and prospective business model for the facility would also ideally recommend potential partnerships and identify the leadership and management team responsibilities for the facility. The plan for this facility would also include the architectural design and engineering plans for the facility based on a final inventory of offerings—including a reasonably sized value-added product development production facility (such as a commercial kitchen), a supporting commercially-sized storage facility, and potentially separate areas for preparation of commercial products, an area dedicated to meat cutting, curing and packing, a culinary training center, and potentially a catering kitchen for both production and potentially for education to assist in any identified work force development needs to successfully develop such a facility.

⁵³ See the work of the [Aggregation and Distribution Working Group](#) of the “Farm to Plate Working Groups” of the Sustainable Jobs Fund. The [Aggregation and Distribution Working Group](#) focuses on aggregation, processing, storage and distribution strategies that expand linkages between locally produced and processed food and the full range of market outlets (e.g., schools, hospitals, grocery stores, etc.).

If selected for a feasibility assessment, the prospective food and beverage incubator facility will need to be carefully planned. To that end, we suggest the following as an initial “Table of Contents” covering the major areas of investigation to be covered. This will likely be further refined as this effort goes on based on what is learned. As such we suggest that this is only a starting point for this effort. It involves several of the same elements discussed above for the Web-Based Farmer’s Market, but also includes items that would be specific to any proposed incubator assessment analysis:

Part II: Initial Table of Contents for a Feasibility Study of the Proposed Food and Beverage Incubator Facility

1. Goals and Objectives of the Incubator Facility Feasibility Study
 - a. Primary vision of the Food and Beverage Incubator Building
 - b. Operational Goals-Requirements/Needs
 - c. Model Business Incubator Facilities/Best Practices
2. Demand Analysis
 - a. Primary data collection, outreach to prospective tenants
 - b. Market research
 - i. Analysis of the Scale of the Market
 - ii. Market Area: Definition of Primary and Secondary Market Areas
 - iii. Identification of Market Constraints
 - c. Prospective Tenant Profiles
 - i. Characteristics
 - ii. Location
 - iii. Business Type
 - iv. Assets and leverages
 - v. Financial Status/Condition
 - vi. Financial Challenges/Credit Status
 - vii. Business Goals
 - d. Business Demands
 - i. Financial Needs
 - ii. Capital Needs
 - iii. Product Development Needs
 - iv. Business Service Needs
 1. Marketing
 2. Administration
 3. Accounting/Finance
 4. Legal
3. Supply Analysis
 - a. Assessment of similar facilities in Market Area (e.g. Morrisville)
 - b. Vacancy rates
 - c. Tenant type/Products produced
 - d. Rents paid
 - e. Services offered
 - f. Existing challenges
4. Industry Analysis
 - a. Food and Beverage Manufacturing in the region and statewide
 - b. Industry Growth Trends

- c. National Market Demand Trends
- 5. Forecasted Utilization
 - a. Absorption Rates
 - b. Penetration Rates
 - c. Vacancy Rates
 - d. Absorption Period (e.g. for Facility Ramp Up Plan)
- 6. Business Model Assessment and Recommendations
 - a. Revenue Strategies
 - i. Rent
 - ii. Fees
 - iii. Sales
 - iv. Sponsorships
 - b. Personnel-Staffing and/or Contractors
 - i. Management
 - ii. Operations
 - iii. Services/Training
 - c. Five Year Pro Forma Profit and Loss Statement
- 7. Findings and Conclusions
- 8. Implementation Plan

Estimated Budget: Successfully executing this prospective strategy will be a significant undertaking, involving a significant feasibility assessment study and very likely a significant commitment of Town and potential partner staff and financial resources if the Town desires to have significant input into the development and siting of the prospective Food and Beverage Incubator Facility. There are successful examples of such an incubator/shared facilities in Vermont—such as the facility in Morrisville and another in the City of Rutland which also makes an educational and work force development contribution to the regional food production infrastructure. As such, the resource commitment by the Town will involve an early decision about how central a role the Town would like to play in conducting the feasibility assessment and then ultimately what role the Town wants to have in the development and operations of such a facility—assuming that this option is to be pursued to attempt to locate such a facility in the Town.

It also seems apparent that this is the type of facility would likely require access to the type of water and wastewater requirements that would make it a candidate to be located in a fully infrastructured portion of the Town—such as the area adjacent to the Franklin County Airport following the completion of the construction of the expansion of the municipal water and wastewater to the area. The following table is a middle-of-the-road estimate of staff time and financial resources that would be required to fully investigate this concept—if this alternative is selected for potential assessment of its market feasibility—and to have the Town participate in the development of but have only an advisory capacity⁵⁴ over the long-term should this facility be developed and potentially operated in the Town. Ideally, the feasibility study would make a recommendation for on-going management of the incubator should the concept prove itself through the feasibility study process. As such, the amount required to “manage the incubator” at this point is “To Be Determined.”

⁵⁴ Such as participating on a Board of Directors or on an Advisory Board of some type.

Table 10: Estimated Budget for the Assessment of the Feasibility of Establishing a Food and Beverage Manufacturing Incubator Facility in the Town

Strategy Area #2: Assessment of the Feasibility of a Food and Beverage Manufacturing Incubator Facility (Second Prospective Regional Food Hub Component)											
Task Area	Town Staff		Elected-Appointed Officials		Consultants (2)		Key Partners		Total Estimated Town OOP Costs [1]		Memo: Town Hours
	Hours	Total	Hours	Total	Hours	Total	Hours	Total	Hours	Total	
A. Feasibility Assessment Study and Administrative-Oversight Tasks [Estimated Total]											
1. Devise the Town's Approach to Undertaking This Strategy	40	No OOPC	24	No OOPC			20	\$1,100.00	20	\$1,100.00	64
2. Issue RFP and Administer then RFP Reply Process for Feasibility Study	20	No OOPC	20	No OOPC			16	\$880.00	16	\$880.00	40
3. Rank RFP Replies-Interact with Responders	40	No OOPC	20	No OOPC			20	\$1,100.00	20	\$1,100.00	60
4. Draft contract language and award contract	24	No OOPC	8	No OOPC			20	\$1,100.00	20	\$1,100.00	32
B. Administer Feasibility Study Contract Process/Conduct Feasibility Study											
1. Initiate and Complete Analysis and Planning Tasks	40	No OOPC	20	No OOPC			40	\$2,200.00	40	\$2,200.00	60
2. Review Feasibility Study Progress Periodically/Schedule Updates for Elected-Appointed Officials	60	No OOPC	60	No OOPC			40	\$2,200.00	40	\$2,200.00	120
3. Complete the Feasibility Study/Brief Town and Residents on Results	80	No OOPC	40	No OOPC	Fixed Fee	\$27,500.00	40	\$2,200.00	40	\$29,700.00	120
Subtotal, Labor (Complete a Feasibility Study of a Food-Beverage Manufacturing Incubator Facility)	304	No OOPC	192	No OOPC		\$27,500.00	196	\$10,780.00	196	\$38,280.00	496
C. On-Going Responsibilities and Follow-Up [Per Year]											
1. Town Monitoring Oversight of Prospective Incubator--Supporting Role Expected	80	No OOPC	40	No OOPC			80	\$4,400.00	80	\$4,400.00	
2. Annual Rreview of Incubator activities	40	No OOPC	24	No OOPC	Fixed Fee	TBD	40	\$2,200.00	40	\$2,200.00	
Subtotal, Labor (On-Going Program Administration-Reporting [Per Year])	120	No OOPC	64	No OOPC	0	\$0.00	120	\$6,600.00	120	\$6,600.00	184
Expenses										Total	
Out-of-Pocket for A. Above										\$1,500.00	
Out-of-Pocket for B. Above										\$2,000.00	
Out-of-Pocket for C. Above										\$1,000.00	
Subtotal, Expenses for A., B., and C.										\$4,500.00	
TOTAL ESTIMATED OUT-OF-POCKET COSTS for A. and B.										\$41,780.00	
TOTAL ANNUAL ESTIMATED OUT-OF-POCKET COSTS for C.										\$7,600.00	
Hourly Rates											
Town Staff										No Out-of-Pocket Costs (NOOPC)	
Elected-Appointed Officials										No Out-of-Pocket Costs (NOOPC)	
Consultant										Fixed Fee Award Expected (For Feasibility Study and Incubator Management Contract)	
Key Partnerses [Potentially Reimbursable a the Hourly Rate Indicated]										\$55.00	

3. Explore Possibilities for Enhancing Investment in Dairy Cold Storage and Dairy Co-Packing Facilities

Based on our discussions during this economic development study and based on the information included in the Vermont Agriculture and Food Systems Strategic Plan, 2021-2030,⁵⁵ it seems apparent that Franklin County milk producers (and other Vermont milk producers) could benefit from establishing a dairy-focused co-packing facility, a cold storage facility, and/or a potential combined co-packing/cold storage facility⁵⁶ within the Town. Although these are two somewhat different facilities, we have grouped them together based on the similar operating requirements and characteristics of the two facilities (i.e. both would like need refrigeration capabilities), their somewhat complimentary nature, and from the standpoint that they would likely require similar requirement for a site and utilities. In fact, although these facilities could be similar, we recognize the Town may wish to facilitate any potential partners with interest in investigating the feasibility of these opportunities to undertake their feasibility assessments separately based on their own respective individual merits and requirements. In this study, we make no specific conclusion as to how this component (or these components) might be configured. We believe the type of facility or facilities and the order in which they might be developed would be among the first significant conclusions decisions to be made/reached in the research design regarding the feasibility analysis and evaluation of this prospective component (or components) of the proposed regional Food Hub. We also recognize that there may also be sequencing issues associated with the evaluation of these opportunities, and therefore recognize that this could result in the prospective development of both facilities eventually, even if they are done over a relatively long period of time.

⁵⁵ See Priority Strategy #7 which states: “...*Make significant investment in storage, processing and distribution infrastructure in order to enhance product innovation and quality access to all food products, expand regional access for businesses, and increase the resilience of local food chains. This includes new investments in new facilities, and marketing enterprises, and funding development of market opportunities in the Northeast...*”; and Priority Strategy 5. Part 3 which states “...*Support stabilization and revitalization of the dairy industry through: ...(3) increased capital investment and funding for dairy processing, storage, and co-packing (particularly for cheese, yogurt, butter, etc.);* See page 30.

⁵⁶ See Karen Karp & Partners Vermont Dairy Market Assessment February 24, 2020 (Commissioned in June of 2019 by Act 83 of the 2019 Vermont General Assembly); Page 22 where this assessment stated that “...*value-added product supply chains may represent the best opportunities for Vermont’s small farms...*”; and see the Report and Recommendation of the Vermont Milk Commission 2019; Vermont Agency of Agriculture, Food, and Markets; January 2019.

At this time, data and information from the recent planning and market assessment studies referenced above indicate that co-packing facilities and refrigerated storage in Vermont both appear to be in short supply (see above). With respect to cold storage capacity, there is only one facility in Vermont that we could identify which offers refrigerated storage to farmers. Undertaking an effort to assess and develop a facility that would provide refrigerated storage in the Town may provide a critical service in the local, regional, and state food chain, and be particularly helpful for the regional and the Town's dairy producers. Like the other components of the regional Food Hub, we would recommend finding grant funding and the assistance of a strategic partner for the purposes of conducting a feasibility study and developing a prospective business plan for such a facility that could potentially be developed to serve the needs of production agriculture in the Town and region.

In terms of a co-packing facility, co-packing involves processing, packaging, and labeling products. For dairy products, there appears to be a significant unmet need for co-packing for dairy products given the findings of the Vermont Agriculture and Food Systems Strategic Plan, 2021-2030, the findings of the 2020 KK&P Vermont Dairy Market Assessment, and within the context of the recent decision of Danone—the owners of the Horizon Organic product label—to stop accepting raw product deliveries from organic producers Vermont and three other northeastern states as of August 31, 2022. As a result, developing a local co-packing facility could provide access to significant new markets for individual milk producers and dairy processors-product manufacturers across the region and State. Milk producers benefit from the “economies of scale” that co-packers generally provide including specialty equipment, technical skills, complex planning, marketing, inventory management, warehousing, and distribution.

Nearly all dairy products are capable of being co-packed and distributed in one form or another. These include products that range from fluid milk to ice cream (roughly a third of the co-packed products), cheese (at nearly 30% of the co-packed products), and cultured products (at about a quarter of the co-packed product volume). There also appears to be recent increases in demand worldwide for shelf-stable products such as dried milk powder, and aseptic manufactured products for worldwide distribution—particularly in the developing world.

The Town may be able to serve an important niche in the development of value-added milk products by establishing a co-packing facility a cold storage facility, and/or a combined facility in the area adjacent to the Franklin County Airport—utilizing its municipal water and wastewater infrastructure expansion and its excellent location close to Interstate 89 and potentially significant number available producers. As of this writing, the CA-EPR team is aware of only a limited number of dairy co-packers across the state. Locally, Franklin Foods in Enosburg Falls produces cream cheese products. Outside of the northwest part of the State, Green Mountain Creamery in Brattleboro packages yogurt. Further market feasibility analysis is needed to determine the scale and nature of demand for dairy products cold storage and co-packing that could benefit from such a facility. This analysis would ideally include an objective assessment of the regional distribution network capacity and the identification of any under-utilized opportunities for delivering high value-added products through such a facility. The key would be designing a facility that would allow local and regional producers to access more markets and better markets, and at the same time be able to do so with potentially greater efficiency and timeliness as they seek to build a critical mass of year-round product to access those currently untapped market opportunities.

Estimated Budget: Successfully implementing the next steps for the full consideration of this prospective opportunity will likely also be a significant undertaking, involving a significant feasibility assessment study and a significant commitment of Town and potential partner staff and also financial resources. There are successful examples of such a facility in the region—the Franklin Foods co-packing facility in Enosburg Falls. Like the food and beverage incubator facility discussed above, the resource commitment by the Town will involve an early decision about how central a role that the Town would like to play is conducting the feasibility assessment and then ultimately what role the Town wants to have in the development of such a facility (or facilities)—should an affirmative decision be reached to pursue this opportunity in the future. Like the prospective food and beverage incubator facility, the siting of this type of facility (or facilities) would likely require municipal water and wastewater infrastructure to operate efficiently and effectively depending on what is included in the facility (or facilitates) and the likely commercial and/or production activities that appear feasible. It is likely that the siting of such a facility (or facilities) would be limited to a location in a fully infra-structured portion of the Town such as the areas around the Franklin County Airport following the completion of the municipal water and wastewater expansion in the area. Like Table 8 above, the following table is a middle-of-the-road estimate of staff time and financial resources that would be required to fully investigate this concept—if this alternative is selected for potential assessment of its market feasibility.

Table 11: Estimated Budget for the Assessment of the Feasibility of Establishing a Co-Packing/Cold Storage Facility in the Town

Strategy Area #2: Assessment of the Feasibility of a Co-Packing/Cold Storage Facility (Third Prospective Regional Food Hub Component)											
Task Area	Town Staff		Elected-Appointed Officials		Consultants (2)		Key Partners		Total Estimated Town OOP Costs [1]		Memo: Town Hours
	Hours	Total	Hours	Total	Hours	Total	Hours	Total	Hours	Total	
A. Feasibility Assessment Study and Administrative-Oversight Tasks [Estimated Total]											
1. Devise the Town's Approach to Undertaking This Strategy	24	No OOPC	4	No OOPC			8	\$440.00	8	\$440.00	28
2. Issue RFP and Adminster then RFP Reply Process for Feasibility Study	20	No OOPC	4	No OOPC			8	\$440.00	8	\$440.00	24
3. Rank RFP Replies-Interact with Responders	16	No OOPC	12	No OOPC			8	\$440.00	8	\$440.00	28
4. Draft ccontract language and award contract	16	No OOPC	16	No OOPC			8	\$440.00	8	\$440.00	32
B. Adminster Feasibility Study Contract Process/Conduct Feasibility Study											
1. Initiate and Complete Analysis and Planning Tasks	40	No OOPC	20	No OOPC			24	\$1,320.00	24	\$1,320.00	60
2. Review Feasibility Study Progress Periodically/Schedule Updates for Elected-Appointed Officials	40	No OOPC	24	No OOPC			24	\$1,320.00	24	\$1,320.00	64
3. Complete the Feasibility Study/Brief Town-Residents on Results (For Both Co-Packing/Cold Storage)	40	No OOPC	24	No OOPC	Fixed Fee	\$22,500.00	40	\$2,200.00	40	\$24,700.00	64
Subtotal, Labor (Complete a Co-Packing/Cold Storage Feasibility Study)	196	No OOPC	104	No OOPC		\$22,500.00	120	\$6,600.00	120	\$29,100.00	300
C. On-Going Responsibilities and Follow-Up [Per Year]											
1. Town Monitoring Oversight-Supporting Role Expected	4	No OOPC	4	No OOPC					0	\$0.00	
2. Annual Review of Food Hub Activities	4	No OOPC	4	No OOPC					0	\$0.00	
Subtotal, Labor (On-Going Program Administration-Reporting (Per Year)	8	No OOPC	8	No OOPC	0	\$0.00	0	\$0.00	0	\$0.00	16
Expenses										Total	
Out-of-Pocket for A. Above										\$750.00	
Out-of-Pocket for B. Above										\$750.00	
Out-of-Pocket for C. Above										\$500.00	
Subtotal, Expenses for A., B., and C.										\$2,000.00	
TOTAL ESTIMATED OUT-OF-POCKET COSTS for A. and B.										\$30,600.00	
TOTAL ANNUAL ESTIMATED OUT-OF-POCKET COSTS for C.										\$500.00	
Hourly Rates											
Town Staff		No Out-of-Pocket Costs (NOOPC)									
Elected-Appointed Officials		No Out-of-Pocket Costs (NOOPC)									
Consultant		Fixed Fee Award Expected (For Both a Co-Packing and Cold Storage Facility)									
Key Partnerses [Potentially Reimbursable a the Hourly Rate Indicated]		\$55.00									

4. Consider Hosting a Meat Slaughterhouse and Packing Facility

With respect to the fourth prospective component of the possible regional Food Hub, we recommend the Town consider facilitating the full investigation into the feasibility of locating a meat slaughterhouse and processing facility within the Town. The demand for high quality, and specialty meats in Vermont and across the northeast has been increasing in recent times, and the need for appropriately scaled slaughter and processing facilities appear to be increasingly critical to the future health of smaller-scale livestock and dairy operations—especially in the wake of the COVID pandemic. The Vermont Agriculture and Food System Strategic Plan, 2021-2030 specifically cites the lack of processing facilities as a serious bottleneck in the area of locally-supplied meat.⁵⁷ This bottleneck is also having negative impacts on smaller and moderate sized farms across the State who are looking for a similarly small to moderate sized outlet to process their cull cows and other livestock meat slaughter and processing needs. The strategic plan recommends: (1) expanding training in meat processing, food safety, and marketing; (2) to develop an “interactive directory” for slaughtering and processing supplier and buyers; and (3) improving the Vermont Meat Inspection program so that state producers can expand into national markets (see page 84).

Although we are aware of some recent “negative history” associated with having such a facility located within the northwest Vermont region, the establishment of the regional Food Hub with this type of production capacity would meet a crucial need that would contribute to the strengthening the Town and regional economies by re-localizing a significant source of the local production of meat and meat products of the region’s agricultural base. This is because smaller farms (including livestock operations and dairy producers looking for viable outlets for their culled cows, tend to be more reliant on the availability of small slaughterhouses to process their livestock. To many small producers, access to larger more industrialized operations is not a viable option because of the combination of sub-optimal transportation costs-logistics, and an apparent unwillingness of the larger operations to accommodate the needs of smaller farm operations. As such, the success of small, adaptable facilities like that which might be a part of the prospective regional Food Hub for the Town in many ways could be a key part of a more resilient local food system.

⁵⁷ See Priority Strategy #6 of the Vermont Agriculture and Food Systems Strategic Plan, 2021-2030 which states: “...to increase the availability of local meat, improve productivity and processing capacity at Vermont meat slaughter and processing facilities through increase investment in plant upgrades, new facilities, technical assistance, and work force development...”; See page 30.

By potentially facilitating the establishment of such a facility locally, the Town would be helping to reinforce sustainable food systems in region (and in Vermont) where market studies have identified an increasing level of demand for sustainable, more locally and humanely-raised meats throughout the northeastern U.S. region. Supporting the establishment of this component of a regional Food Hub would mean supporting small farms in the Town and region (and in all likelihood across much of the State) that raise cattle, swine, goats, and sheep humanely—using management practices such as pasture-based feeding systems. Without the availability and proficiency of small slaughter and processing plants similar to the facility contemplated under this recommendation, it is quite possible that the outcome will be that the demand for meat from small-scale, sustainable farms in the northeastern U.S. would not likely be met.

Looking at the current landscape for local livestock and dairy producers in the Town and region, the nearest slaughter and processing facility is located in the Town of Ferrisburgh in Addison County (Vermont Livestock Slaughter and Processing Company LLC), with the next closest facility located across state lines in New York (e.g. Champlain Beef in the Town of Whitehall, New York). For many producers in and around the Town, those options can include a drive time of more than an hour. As a result, without reliable and near-by slaughter and processing options, producers in the local area are often faced with the unfavorable choice of either transporting their livestock over an unacceptable and prohibitively expensive distance (especially in a time of rising fuel prices), and perhaps delivering an inferior product to the final marketplace because the ordeal of such a trip often causes stress on animals that can have an adverse effect on the quality of the finished product. Experience has shown that it is far better to serve the rising demand for high quality product by raising livestock on smaller, humanely-operated farms to have access to slaughter and processing facilities within a relatively short drive of livestock producers. This is far more economical to the smaller scale producers, and is also important to a high quality final product to have affordable access to skilled, reliable, and appropriately scaled slaughter and processing facilities in order to maintain a local and reliable food supply chain. Access to a more robust network of skilled, appropriately scaled, and reliable slaughter and processing facilities has in fact been identified as a key to unlocking the potential for serving the New England region’ growing demand for sustainably and humanely raised meats, and thereby is also a significant opportunity for enhancing the sustainability and resiliency of the regional-local food supply chain.

Estimated Budget: The market feasibility assessment work associated with pursuing the next steps for the full consideration-assessment of this prospective strategy will likely be a more limited task, likely involving a relatively narrow third-party feasibility assessment study involving only general oversight by the Town staff, elected-appointed officials, and potentially a strategic partner. The best example of a similar facility in Vermont is the Vermont Livestock Slaughter and Processing facility in Ferrisburgh, Vermont in Addison County. The facility is operated by a small team of experienced professionals that serves small scale farms within a two-hour radius in Vermont for the last 50 years. It is an aging facility but one that is vitally important to the regional food supply chain. Like the co-packing and cold storage feasibility assessment, the resource commitment by the Town will involve an early decision about how central a role that the Town would like to play in conducting the feasibility assessment and then ultimately what role the Town wants to have in the development of such a facility—should a decision be reached to go forward to develop this component of the proposed regional Food Hub. Like the prospective food and beverage incubator facility and the co-packing/cold storage facilities above, the siting of this type of facility would likely require full access to municipal water and wastewater infrastructure to operate efficiently and effectively.

As such, those requirements would likely limit is initiative to a location in a fully infra-structured portion of the Town in the area around the Franklin County Airport following the completion of the expansion of the municipal water and wastewater to the area. Like Tables 8 and 9 above, the following table is a middle-of-the-road estimate of staff time and financial resources that would be required to fully investigate this concept—should this alternative is selected for potential assessment of its market feasibility.

Table 12: Estimated Budget for the Assessment of the Feasibility of Establishing a Slaughterhouse and Product Processing Facility in the Town

Strategy Area #2: Assessment of the Feasibility of a Slaughterhouse-Product Processing Facility (Fourth Prospective Regional Food Hub Component)											
Task Area	Town Staff		Elected-Appointed Officials		Consultants (2)		Key Partners		Total Estimated Town OOP Costs [1]		Memo: Town Hours
	Hours	Total	Hours	Total	Hours	Total	Hours	Total	Hours	Total	
A. Feasibility Assessment Study and Administrative-Oversight Tasks [Estimated Total]											
1. Devise the Town's Approach to Undertaking This Strategy	24	No OOPC	4	No OOPC			20	\$1,100.00	20	\$1,100.00	28
2. Issue RFP and Adminster then RFP Reply Process for Feasibility Study	20	No OOPC	4	No OOPC			8	\$440.00	8	\$440.00	24
3. Rank RFP Replies-Interact with Responders	16	No OOPC	12	No OOPC			8	\$440.00	8	\$440.00	28
4. Draft ccontract language and award contract	16	No OOPC	16	No OOPC			16	\$880.00	16	\$880.00	32
B. Adminster Feasibility Study Contract Process/Conduct Feasibility Study											
1. Initiate and Complete Analysis and Planning Tasks	40	No OOPC	20	No OOPC			24	\$1,320.00	24	\$1,320.00	60
2. Review Feasibility Study Progress Periodically/Schedule Updates for Elected-Appointed Officials	40	No OOPC	24	No OOPC			24	\$1,320.00	24	\$1,320.00	64
3. Complete the Feasibility Study/Brief Town and Residents on Results	40	No OOPC	24	No OOPC	Fixed Fee	\$17,500.00	40	\$2,200.00	40	\$19,700.00	64
Subtotal, Labor (Complete a Slaughterhouse/Product Processing Facility Feasibility Study)	196	No OOPC	104	No OOPC		\$17,500.00	140	\$7,700.00	140	\$25,200.00	300
C. On-Going Responsibilities and Follow-Up [Per Year]											
1. Town Monitoring Oversight--Supporting Role Expected	4	No OOPC	4	No OOPC					0	\$0.00	
2. Annual Review of Food Hub Activities	4	No OOPC	4	No OOPC					0	\$0.00	
Subtotal, Labor (On-Going Program Administration-Reporting (Per Year)	8	No OOPC	8	No OOPC	0	\$0.00	0	\$0.00	0	\$0.00	16
Expenses										Total	
Out-of-Pocket for A. Above										\$750.00	
Out-of-Pocket for B. Above										\$750.00	
Out-of-Pocket for C. Above										\$500.00	
Subtotal, Expenses for A., B., and C.										\$2,000.00	
TOTAL ESTIMATED OUT-OF-POCKET COSTS for A. and B.										\$26,700.00	
TOTAL ANNUAL ESTIMATED OUT-OF-POCKET COSTS for C.										\$500.00	
Hourly Rates											
Town Staff	No Out-of-Pocket Costs (NOOPC)										
Elected-Appointed Officials	No Out-of-Pocket Costs (NOOPC)										
Consultant	Fixed Fee Award Expected (For Slaughterhouse and Product Processing Facility)										
Key Partnerses [Potentially Reimbursable a the Hourly Rate Indicated]	\$55.00										

5. Consider Establishing a Town Support Mechanism for the Public Utilities Commission (“PUC”) Approval Process for Siting “Cow Power-like” Methane Renewable Energy Projects

As a complimentary program to establishing one or more of the above recommended components of a regional Food Hub, we recommend the Town fully explore the efficacy of establishing a way to provide Town support (potentially as a “party” in the PUC approval process to facilitate the development of methane-based renewable energy projects patterned after the Cow Power Program currently available through the State’s largest investor-owned utility, Green Mountain Power Corporation, which is available in neighboring jurisdictions.⁵⁸ GMP’s Cow Power Program allows customers of the utility to purchase renewable power generated by the 14 farms participating in the program using anaerobic digestion of cow manure to generating electricity. Under the program, participants receive \$0.04/kWh produced, in addition to Vermont Standard Offer Program rates. Eligible systems must be connected to the grid and agree to sell renewable energy credits (“RECs” where 1 REC = 1 MWh) to Green Mountain Power for five years. Although the Cow Power program specifies neither minimum nor maximum generation capacity, the Vermont Standard Offer Program limits participation to distributed generation systems between 150 and 2,200 kilowatts. On the other side of the program, Green Mountain Power offers the renewable energy credits (and other environmental benefits such as carbon credits) to its customers via a \$0.04 per kilowatt hour voluntary tariff added to a customer’s retail costs per applicable rate class. Green Mountain Power’s customers can purchase 0%, 25%, 50%, or 100% of their power through the Cow Power program. Green Mountain Power’s experience with the Cow Power Program indicates that some customers are willing to pay an additional \$0.04/kWh to support renewable fuel sources, and that amount is enough of an incentive for farmers to participate in the program. Under the program, Green Mountain Power transfers the \$0.04/kWh voluntary tariff from the electric customer to the farmer, and Green Mountain Power says that it does not profit from the Cow Power Program even if the program is under- or over-subscribed. The first farm that began producing renewable power for Green Mountain Power’s Cow Power program was Blue Spruce Farm in Bridport, Vermont—which installed an anaerobic digester for manure from 950 milking cows back in 2005.

The Cow Power Program through Green Mountain Power has documented significant benefits to farm operations participating in the program, including: (1) selling power from a renewable source back to the utility for a profit, (2)

⁵⁸ see <https://chptap.lbl.gov/profile/89/VermontGreenPower-profile1.pdf>

a reduction in their heating bills that comes from their renewable power generation, (3) reduced bedding costs from the post-electricity ending by-product of the processed manure, (4) reduced odors that can be problematic in the vicinity of farms, (5) the destruction of weed seeds as a result of the anaerobic digestion process that produced the power, and (6) reduced fertilizer costs. As of 2019, Green Mountain Power says that the program annually removes approximately 73,000 tons of methane from the environment, which is equivalent to removing 15,420 passenger cars burning 8.2 million gallons of gas (i.e., nearly 1,000 tanker trucks of gasoline). The generated renewable electricity powers 3,200 Vermont customers who have chosen to opt into the program.

As of this writing, Vermont Electric Cooperative (“VEC”) does allow net-metering for methane renewable energy generation per its company website (see <https://vermontelectric.coop/net-metering>)-assuming approval by the Vermont PUC for such projects. The further investigation of this recommendation would involve assessing the applicability of the various features of the Cow Power Program run by Green Mountain Power to the specific situation in the Town working with dairy producers and the VEC (including the implications of regional electric transmission bottlenecks that have negatively impacted at least some renewable energy projects in the region in the past). Establishing a Cow Power-like program at VEC for use by farmers in the Town will also require review by Vermont Department of Public Service in conjunction with the VEC in order to design project parameters that would likely be acceptable to the Vermont PUC. We suggest that the Town consider establishing a Town Energy Committee—likely ad hoc—to work through the details of establishing a workable program that could be worthy of the Town’s public support. Establishing a way for the Town to support such projects may potentially yield significant benefits to the Town’s production agriculture base and at the same time result in significant economic, environmental, and other aesthetic benefits within the Town. In the end, it is likely that the Town would only have a limited facilitating role under such a program, ranging from a public educational role to publicize the opportunity to the municipality’s dairy farmers who might benefit from such a program, to potentially going as far as to consider posturing the Town as a formal “party” in support of such applications that could potentially be made to the Vermont PUC.

Estimated Budget: The feasibility assessment work associated with pursuing the next steps for the full consideration-assessment of this prospective strategy will involve a limited, supporting level of effort relative to the other recommendations listed above. This would likely entail a relatively narrow, assessment of what is possible to be done under such a program. This assessment would likely involve only a limited number of Town staff hours, and would likely be handled within the normal annual programmatic assessment efforts routinely undertaken each year by of the Town’s elected and appointed officials on the Planning Commission, the Development Review Board, and the Selectboard.

Table 13: Estimated Budget for Establishing Town Educational and Support Materials for Local Methane Renewable Energy Projects within the Town

Strategy Area #2: Establishing Town Educational and Support Materials for Local Methane Renewable Energy Projects											
Task Area	Town Staff		Elected-Appointed Officials		Consultants (2)		Key Partners		Total Estimated Town OOP Costs [1]		Memo: Town Hours
	Hours	Total	Hours	Total	Hours	Total	Hours	Total	Hours	Total	
A. Research into the Feasibility of a "Cow Power"-Like Program with VEC											
1. Review of GMP Cow Power Program	12	No OOPC	4	No OOPC			4	\$220.00	4	\$220.00	16
2. Formulate the Town's Approach to Supporting Such a Program in the Town	20	No OOPC	4	No OOPC			8	\$440.00	8	\$440.00	24
3. Finalize Town Policy	8	No OOPC	4	No OOPC			4	\$220.00	4	\$220.00	12
4. Draft Educational materials; Guidelines for possible Town support in PUC proceedings	16	No OOPC	4	No OOPC			8	\$440.00	8	\$440.00	20
Subtotal, Labor (Program Parameters and Materials)	56	No OOPC	16	No OOPC	\$0.00		24	\$1,320.00	24	\$1,320.00	72
B. On-Going Responsibilities for Administering the Program [Per Year]											
1. Town Efforts to Support Local Methane Renewable Energy Projects	24	No OOPC	4	No OOPC					0	\$0.00	
2. Annual Review of Program Activities	16	No OOPC	8	No OOPC					0	\$0.00	
Subtotal, Labor (On-Going Program Administration-Reporting (Per Year)	40	No OOPC	12	No OOPC	0	\$0.00	0	\$0.00	0	\$0.00	52
Expenses										Total	
Out-of-Pocket for A. Above										\$500.00	
Out-of-Pocket for B. Above (Education Materials)										\$750.00	
Subtotal, Expenses for A. and B.										\$1,250.00	
TOTAL ESTIMATED OUT-OF-POCKET COSTS for A. and B.										\$1,320.00	
TOTAL ANNUAL ESTIMATED OUT-OF-POCKET COSTS for A. and B.										\$2,570.00	
Hourly Rates											
Town Staff		No Out-of-Pocket Costs (NOOPC)									
Elected-Appointed Officials		No Out-of-Pocket Costs (NOOPC)									
Consultant		None Expected to be Required									
Key Partners (Potentially Reimbursable at the Hourly Rate Indicated)		\$55.00									

Recommended Action-Strategy Area #3: Re-focus the Town’s Current Collaborative Efforts in Strategic Economic Development on a Set of Leveraged Tactical Retention and Recruitment Activities to Assure a High-Performance Town and Regional Economy.

Summary of Priority Areas for Strategic Actions: The Town has a long track record of collaboratively working with a competent set of strategic partners to compete in the competitive arena of strategic retention and recruitment of

key employers in and to the Town—and in and to the region). Town staff, the Town’s elected officials, and the Town’s appointed officials all have worked well over the years with the partner organization ranging from the Franklin County Industrial Development Corporation (“FCIDC”), the Northwest RPC (“NRPC”), federal grant providers and connected agencies-departments, the Vermont Agency of Commerce and Community Development, the Vermont Agency of Transportation, key private developers, and several of its neighboring municipalities. Recent developments surrounding the expansion of municipal water and wastewater infrastructure to the Franklin County Airport and the surrounding area is a good example of those multi-dimensional, working relationships successfully “at work” together.

Over the years, the Town also has had a good historical record of participating in collective regional efforts and those within the Town of helping the community’s existing businesses to grow, helping to aggressively defend the Town’s and region’s existing job base, and in participating in the collective regional efforts in its highly targeted, business recruitment program. All of those areas of collaborative activity are part of a critically important integrated regional strategy of short-term and long-term actions to build a high-performance economy in the Town (and region). These efforts have historically been supported by the Town and have been appropriately based on capitalizing on the regional and Town economies’ strengths/assets and its knack for securing grant funding from many sources and private sector resource commitments to further the Town’s economic and community development activities. Continuation of those collaborative efforts by the Town’s staff and elected and appointed officials remains as a key for continued success in this regard going forward. As such, we do not propose that the Town make significant changes with respect to those important and current collaborative strategic economic and community development efforts and activities. We therefore recommend that the Town remain actively engaged with its partners in those collaborative efforts to further economic and community development in the Town and region. These on-going initiatives/programs include current high priority items such as supporting reliable broadband expansion-development to rural areas of the Town and region, and to support the use of various federal and State grant funding programs to support historical preservation, housing, and community development projects where it makes sense to do so in the community (such as its state-designated village centers) and region.

However, we also note that the upcoming completion of the first phase of the Town’s infrastructure expansion project in and around the Franklin County Airport has the potential to encourage a new round of high economic return development within the Town. Completion of that infrastructure expansion project in the near-term future also has the potential to re-define the Town’s current role and its participation in the strategic retention and recruitment of significant employers in the entire northwest region of the State. As it currently stands, we note the inventory of developable sites with a full complement of municipal water and wastewater infrastructure is in short supply. Discussions with economic development partners in the region indicated that there is currently no available and “fully-infra-structured, spec building” asset that can be used as a showcase for any potential industrial or commercial tenant that might be interested in coming to the northwest region of Vermont three-county Chittenden County-Grand Isle County-Franklin County region of the State.

The prospective expansion of municipal water and wastewater infrastructure in and around the Franklin County Airport offers promise to change that situation. In fact, it has the potential to direct the focus of the region’s high-value, strategic economic development activity towards the Town. Completion of the Airport Infrastructure Expansion Project will add a significant number of potentially developable sites located within the Town. It offers the possibility of making the Town one of the regional, if not one of the State’s, centers of future activity for high-value strategic economic development projects. That heightened interest in development in and around the Franklin County Airport also offers Town policymakers the opportunity to have significantly more input into private development decisions—to make sure that they are strategically focused on high value development opportunities that are consistent with its key industry sectors. In this way, the Town—working with its key partners—can help to make sure that those important, but scarce, strategic economic development resources in and around the airport are utilized at their highest and best use. In our view, this likely involves the Town working collaboratively with its public and private sector partners to do what is possible to direct the use of the Town’s development resources toward leveraging development opportunities within its key industry sectors and their linkages to other employers within their supply chains (through the concept of import substitution with more localized sources in those supply chains). This underpins what we recommend as a series of formal and informal strategic actions that would: (1) favor development review approvals for key employers within the list of the Town’s/region’s strategic industries; (2) for prospective development opportunities that are “demonstrate-ably connected” to those key industry sectors through suppliers and vendor relationships within the supply-chain, and/or (3) have underlying production-competitive attributes that are characteristic of the region’s successful key industry employers.

There are two principal ways that the Town can influence/impact the retention and recruitment activities of its strategic economic development and community development employers. The first, but somewhat less impactful way of influencing this activity, is through the active participation and communication of the Town's objectives and policies related to those activities through the Town's elected and appointed officials and Town staff participating in the policy and strategy deliberations and strategy planning of its partners. As an example, we understand that the FCIDC is currently examining its strategic activities through a series of meetings and discussions with its member communities and partners. Town staff and the Town's elected and appointed officials should continue to contribute in those discussions to assure that the community's objectives and needs in the area of strategic economic and community development are fully considered in the finetuning of the FCIDC's strategic goals and prospective activities. The second, and likely most impactful way to influence this activity, is to develop review criteria for new development projects in the Town that translate the Town's objectives and policies into the local and State development review process. We recommend that the Town take steps to support both approaches to positively influence the path of strategic development within the Town. The objective would be to have the Town position itself to take a supporting role to guide future development in a direction where the encouragement of high-value, strategic economic development projects to be located in the Town would fit its strategic industry sector profile. The secondary goal would be to make that key industry sector orientation to development activity in the Town as almost a given—even second nature—for all future strategic economic and community development efforts undertaken by those partners—especially if they seek to locate a development project within the Town in the area in and around the Franklin County State Airport.

I. Summary of Recommended Tasks-Actions for Supporting a High-Performance Town and Regional Economy

1. Maintain, but finetune as necessary, the existing collaborative actions by Town staff and the Town's elected and appointed officials to maintain the Town's current level of strategic input and efforts (including in-kind contributions) to in order to maintain the current positive economic and community development momentum in the Town on all existing policy and development review fronts.
 - a. Continue with the Town's current contributions to the FCIDC's current review of its strategic action plan and continue to support the recent collaborative regional efforts with the NRPC and others (including the Vermont ACCD) to direct federal and State pandemic financial relief resources to where they can be most effectively used over time. Particular emphasis should be placed on the effort to use federal infrastructure funds to facilitate the expansion of the critically important broad-band infrastructure resource throughout the Town (e.g. through "American Recovery Plan Act" or so-called ARPA funding sources) and continue to advocate for the expansion of key development-supporting infrastructure investment from new sources of federal infrastructure funds (e.g. as they come to the State from the recently passed federal bi-partisan infrastructure legislation—which is currently being developed) throughout the Town and region.
 - b. Continue with the Town's tradition of aggressively pursuing federal and State grant funding opportunities to facilitate the on-going efforts to fund strategic economic development and community development opportunities within the Town's three Village Centers from external sources, and in other parts of the Town that have been planned for private development (such as the second phase and potentially even subsequent phases of the expansion of this infrastructure around the airport).
 - c. Continue to work with private sector and other local, regional, State and federal public sector strategic economic and community development partners to identify and potentially seize upon new economic and community development opportunities (though opportunities such as the State's COVID CIP program and other similar types of initiatives) as they develop over the next five-to-ten-year time frame.
2. Doing more of the same good things and strategic economic and community development activities clearly has its limits over the longer-term, and such an approach used exclusively would also fail to take proper advantage of the changing economic development landscape brought about by the first phase of the Franklin County Airport Infrastructure Expansion Project. In addition, the use of "moral suasion" by the Town to try to affect the policies and strategies of the Town's strategic partners may have its limits in terms of being able

to convince those partners to codify the Town’s own goals and development priorities. As such, in order to help assure that this important expansion of the Town’s and region’s key economic development infrastructure assets is used to its highest and best use, we suggest the Town undertake a series of additional strategic actions that have been designed to assure that the development activity enabled by the completion of the first phase of the Airport Infrastructure Project (and potential subsequent phases as well) appropriately utilizes this new municipal water and wastewater asset appropriately by targeting higher economic return opportunities for development. If these are not undertaken, there is the possibility that the Town will run the risk that that an important Town and regional economic development asset may be used sub-optimally.

- a. The CA-EPR team recommends that the Town consider taking the initiative to include a development review criterion or criteria for that area of Town that would be designed to encourage the type of higher-economic return development projects as a natural outcome of projects in that area which would assure that this important development resource is utilized properly. Consistent with that assertion, we recommend the Town consider designating the area in and around the Franklin County Airport as a “special development district,” which could include development review criteria to encourage private developers to site higher economic return projects in that area.⁵⁹ Options in this regard may include site plan development review criteria that provide encouragement for siting new and/or existing employers within the Town’s strategic industry sectors and/or members of those key industry employers’ supply chains. Examples of prospective inducements that could be provided include: (1) streamlined site plan development review; and/or (2) preferred access to wastewater allocations during development review; and/or (3) direct support by the Town in any State development proceedings such as Act 250 development review.
 - b. Also within the context of the above, the Town could also consider using a “master plan-like, site plan approval” approach within the prospective district for owners of multiple parcels—which would potentially provide an approval for a larger, overall, multi-parcel development plan with presumptive approval for all individual projects within that master-planned type area (e.g. involving only final sign offs on individual projects and wastewater allocations) as long as the development parameters of the individual projects fell within the pre-approved development guidelines of the larger development plan as approved by the Town within the “special development district.”
3. Within the footprint of the airport, the Town has the potential for further developing strategic partnerships with the airport management, the Missisquoi Valley Union Middle-High School, and the FCIDC to develop aviation-specific development opportunities that could be sighted within the airport footprint. Ideally, those initiatives would reflect a blend of education, workforce development, and directly aviation-related development opportunities that could utilize the first phase of the expansion of the municipal water and wastewater infrastructure to the airport. Unlike the area outside of the footprint of the airport facility, the Town has more limited development opportunities and development review is a bit more constrained because only projects with direct connections or applications to air transportation and support services are allowed under Federal Aviation Administration (“FAA”) guidelines.⁶⁰ In addition, the FAA historically has not placed much weight on community input into airport development projects.
- a. Town policymakers should work with its partners at the Franklin County State Airport, in K-12 education (principally at the Missisquoi Valley Middle-High School) to encourage expanded opportunities on the airport footprint through facilitating expanded programs in aviation education. The proximity of the high school to the airport makes it an ideal site for an expanded, more formalized aeronautics mechanics programs (including more formalized internships and apprentice programs). Such expanded aviation education programs offer promise for providing more local students with the skills needed for access to such specialized, higher paying jobs.

⁵⁹ Consistent with employers that are in the Town’s list strategic industries, and or companies that support them through a vendor-supplier relationship as part of their supply chain.

⁶⁰ In addition, development near the Airport is also subject to an Airport Overlay District (AOD). The AOD limits the height of structures near the Airport that could potentially harm aircraft operations into and out of the airport.

- b. In addition, the Town should work specifically with airport management to identify any actions that could be undertaken by the Town—by itself or collaboratively with its public sector partners—to encourage the expansion of air freight operations, aircraft maintenance operations, and charters.
 - c. The CA-EPR team also recommends a more complete exploration of opportunities with key strategic economic development partners (e.g. the FCIDC, the regional work force development network, and others) of additional opportunities to expand existing employers in the region, and potentially attract new employers to the Town, potentially on and/or in the vicinity of the airport, that could be tied to the metal forming and metal cutting operations to support aircraft maintenance operations tied to expanded aviation activity at the airport.⁶¹
4. In addition to the above, the presence of the Town’s border crossing, regional airport facility (which is in line for significant facilities improvement) and the completion of the first phase of the municipal water and wastewater expansion also provides the Town with an additional opportunity to further expand the regional workforce of the Department of Homeland Security and also the footprint related to the armed forces—including the National Guard. As such, the Town has the opportunity to work with its regional and local public sector and private sector development partners, and federal Department of Defense to further expand (and perhaps more efficiently consolidate) their presence throughout the State and North Country region to the Town—in the area around the airport. It is recommended that the Town work with local representatives to explore all of the opportunities provided by the ability to host high numbers of office-like workers in the area surrounding the airport following the completion of the first phase of the infrastructure expansion.

Estimated Budget: The strategic economic development facilitating work associated with pursuing the above itemized strategic action steps will likely involve, aside from the specific development review recommendations associated with the region around the Franklin County State Airport, more of a supporting role in backing up the efforts of strategic partners. As such, we expect a limited level of incremental effort by Town staff and the Town’s elected and appointed officials, that conceivably could be mostly handled within the normal annual effort of the various Boards and Commissions that are in charge of guiding development activities within the Town and among those that participate in a policy-advisory role with the organizations involved in regional strategic economic and community development efforts. These hours could be further limited by the appointment of volunteers from a potential pool of interested Town residents in these matters, that could be brought into the Town’s assessments and actions in these policy matters following an initial review of what the by Town staff and policy making boards and commissions want to accomplish in terms of pro-actively setting the both the focus and development review parameters surrounding the extraordinary future development opportunities affordable by the expansion of municipal water and wastewater to the area in and around the Franklin County State Airport.

However, we do expect that there will at least be some additional effort that the Town staff, its elected and appointed officials, and its partners will need to undertake. Those hours and costs are itemized below in a “middle of the range” sense. Some or all of these incremental efforts could potentially be handled by hiring a development consultant that could be used to augment and reduce a significant share of the additional hours to undertake the above outlined workplan. Not all of those hours can be off set (reduced), and it is likely that the hourly rate of such a development consultant could be higher than the preferred rates charged by partners. Even so, if the Town was able to secure grant funding to hire such a development consultant, much of the costs and hours that would need to be committed could be significantly reduced and paid through outside grant sources. The table below is an initial estimate of incremental hours that could be covered by such an arrangement if the Town found it beneficial to do so.

⁶¹ The Franklin County State Airport is home to major airframe and power repairs, as well as flight instruction and charter services. The airport has a nearly fully-funded expansion and revitalization plan that includes the extension of runways and improvements to taxiways that could lead to the revitalization and expansion of aviation activities at the airport that would lay important groundwork to potentially support these initiatives.

Table 14: Estimated Budget for the Annual Incremental Hours Needed to Support Its Strategic Retention and Recruitment Efforts on High Economic Return Development—Particularly “In and Around” the Franklin County State Airport

Strategy Area #3: Estimated Incremental Program Activities to Facilitate High Economic Return Economic and Community Development in the Town											
Task Area	Town Staff		Elected-Appointed Officials		Consultants (2)		Key Partners		Total Estimated Town OOP Costs [1]		Memo: Town Hours
	Hours	Total	Hours	Total	Hours	Total	Hours	Total	Hours	Total	
A. Town Activities to Encourage High Value Economic-Community Development											
1. Task 1-Continue Current Town Strategic Retention-Recruitment Efforts	80	No OOPC	24	No OOPC			40	\$2,200.00	40	\$2,200.00	104
2. Task 2- Re-Focus of Town Strategic Retention-Recruitment Efforts	120	No OOPC	40	No OOPC			40	\$2,200.00	40	\$2,200.00	160
3. Task 3-Support On-Airport and Air Related Development Opportunities on Adjacent Parcels	120	No OOPC	40	No OOPC			40	\$2,200.00	40	\$2,200.00	160
4. Task 4-Support DHS and DOD Expansion Opportunities in the Vicinity of the Airport	80	No OOPC	40	No OOPC			40	\$2,200.00	40	\$2,200.00	120
Subtotal, Labor (Town Retention-Recruitment Efforts)	400	No OOPC	144	No OOPC		\$0.00	160	\$8,800.00	160	\$8,800.00	544
B. On-Going Responsibilities for Town Economic and Community Development Programs											
1. Town Monitoring-Oversight of its Retention-Recruitment Programs	160	No OOPC	80	No OOPC			80	\$4,400.00	80	\$4,400.00	
2. Annual Review of Program Activities	80	No OOPC	20	No OOPC			80	\$4,400.00	80	\$4,400.00	
Subtotal, Labor (On-Going Program Administration-Reporting (Per Year))	240	No OOPC	100	No OOPC	0	\$0.00	160	\$8,800.00	160	\$8,800.00	340
Expenses										Total	
Out-of-Pocket for A. Above										\$1,500.00	
Out-of-Pocket for B. Above										\$750.00	
Subtotal, Expenses for A. and B.										\$2,250.00	
TOTAL ESTIMATED OUT-OF-POCKET COSTS for A. and B.										\$17,600.00	
TOTAL ANNUAL ESTIMATED OUT-OF-POCKET COSTS for A. and B.										\$19,850.00	
Hourly Rates											
Town Staff	No Out-of-Pocket Costs (NOOPC)										
Elected-Appointed Officials	No Out-of-Pocket Costs (NOOPC)										
Consultant	Some or All of the Estimated Incremental Hours for Town Staff/Town Officials/Partners Could Be Completed by a Development Consultant										
Key Partnerses [Potentially Reimbursable at the Hourly Rate Indicated]	\$55.00										

Addendum: Recommended Action-Strategy Area #4: Assess the Efficacy of Establishing a Residential Impact Fee in the Town.

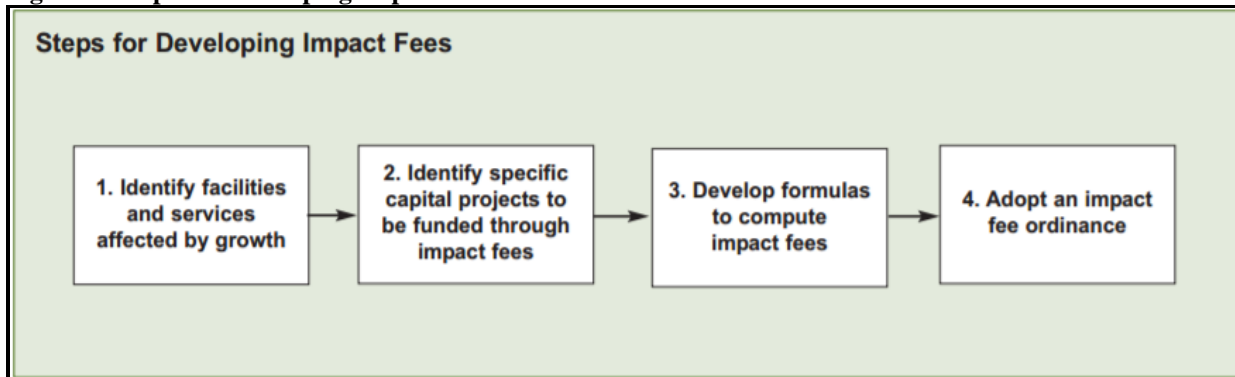
Summary of Recommended Action: During the course of this study, we encountered substantial interest among the Town’s appointed board and commission members regarding the potential establishment of a residential impact fee in the Town to counter what was widely viewed as the Town being a “possible path of least resistance” to residential development in the northwest region of the State. Although this issue is in our opinion only tangentially connected to the issue of strategic economic development in the Town, our team agreed to laying out the parameters of what would be involved in establishing an impact fee to help cover the proportionate share of the fixed costs associated with residential costs in the Town. Throughout this study, the CA-EPR Team have consistently pointed out that the establishment of any new impact fee designed to “potentially discourage population growth” was in our view antithetical to the notion of strategic economic development in the Town. We believe that it certainly is the case with respect to attaching any impact fee assessments to commercial and/or industrial development projects—which would send exactly the wrong signal that the Town appears committed to sending with this study. We also believe that establishing a residential impact fee assessment within the Town sends a conflicting signal with the Town’s need to have the type of population growth needed to help patronize the Town’s commercial businesses, especially against the backdrop of the actual documented 63 resident population decline in the Town between the 2010 and the 2020 Censuses (including the difference between the 3,472 resident count as of April 1, 2020 versus the 3,535 resident count as of April 1, 2010). In fact, the 63 person decline in the Town’s resident population between the two Census readings comes against context of the 2,200 person, or 4.6%, increase in the population count for the Franklin County region overall between the two censuses only reinforces this view. In a conventional economic and community development sense, the background for a healthy economic development environment within a community (and/or region) would ideally include a reasonable amount of resident population growth in order to provide a healthy business environment within which a community’s businesses are able to develop and grow.

When a community in Vermont experiences growth that impacts demand for a Town’s public facilities and services that impacts its existing residents, the potential exists for the development of “an unfair burden” in terms of the demand for existing public facilities and services within the Town. The use of impact fees in the State is one way that has historically been employed as a way of “mitigating” some portion of any unfair burdens. The purpose of the state statute authorizing impact fees is “...to enable municipalities to require the beneficiaries of new development to pay their proportionate share of the cost of municipal and school capital projects which benefit them and to require

them to pay for or mitigate the negative effects of construction...”. Under Vermont statutes,⁶² it also is important to note that, while additional staff resources may be needed to manage new and/or expanded facilities, Vermont statutes do not allow impact fees revenues to be used to defray operations and/or maintenance costs (including staff salaries and benefits). As a result, it is clear that impact fee revenues may only be used to defray the costs of capital projects undertaken to meet the costs of growth or the costs of providing municipal and/or education services. If a community decides that it has the need for and can justify an impact fee assessment, an impact fee can be levied on new development to help mitigate its fiscal impacts on a community, which in turn, has clearly identified the need to add facilities, programs, and services to serve the residents of the new development. Further, Vermont’s enabling legislation is based on the “proportionate share” methodology, with explicit language regarding construction credits.

After establishing the basis for a new for the impact fee, the next required step is to establish a formula that sets the fees (§5203[b]). Under Vermont statutes, the formula must carefully link the capital costs of new facility capacity to the demand for that capacity generated by each “unit” of new development. This creates what is referred to as the “rational nexus” for the impact fee—which serves as the logical and legal foundation for levying impact fees. Studies are usually needed to develop and document impact fee formulae and to support adopted fee schedules. These studies often rely on available information, including population data and data pertaining to the number of housing units and other similar data. However, in some cases establishing an impact fee would require more specific facility research and analyses, specifically relating the new growth to benchmarks tied to the community’s capital budgets and a set of standards of service. This can become complicated and can require significant financial commitments to fund these studies so that impact fees have the required legal and fiscal bases. This study did not conduct such analyses because the total budget for this project to explore strategic economic development opportunities for the Town would in large part have likely been consumed by those studies. The following chart outlines the general steps in developing an impact fee formula within the State of Vermont.

Figure 5: Steps for Developing Impact Fees



Although the Town elected and appointed officials interest in in impact fees referred to their desire for a “residential impact fee,” we interpreted that to mean they were interested in fees tied to certain Town services that would be impacted by residential unit growth—such as the number of single-family and multi-family housing units added (and/or the number of bedrooms added) to the Town’s residential housing unit inventory (or the total number of bedrooms added in relation to the Town’s total bedroom inventory) over time. Impact fees typically utilize those units as allocators of those calculated fees via a legally acceptable formula. Municipal impact fees typically take the format of any or potentially all of the following municipal cost center areas, including Fire, Police, Facilities,⁶³ Traffic/Transportation, Recreation, and/or School impact fees.

The following is a step-by-step approach for assessing the efficacy and for a specific proposal for using impact fees to offset an appropriate proportion of the eligible costs that new growth adds to the Town’s on-going growth capacity cost burdens, and with the assumption that assessing legally allowable impact fees of some kind are in the Town’s interest, a process for developing reasonable formulae for potential use by the Town in this regard.

⁶² See 24 V.S.A. Chapter 59.

⁶³ Or perhaps an overall impact fee for Town Public Safety Facilities in aggregate for the municipality—in lieu of approaching this matter through a series of separate impact fees.

I. Outline of a Suggested Methodology to Review and Potentially Establish a Town Impact Fees (or Impact Fees)

1. Demographic and Housing Assessment
 - a. Review of population levels and trends
 - b. Review of households and housing unit levels and trends by type
 - c. Review all other information from the Town as needed to supplement the above information
2. Review of Key Town Documents
 - a. Review of all past impact fee investigations by the Town (if any)
 - b. Review sample of relevant impact fee studies from other municipalities
 - c. Complete initial design of Town impact fee or fees
 - d. Review the most recent version of the Town's Capital Program and Budget
 - i. Review of relevant capital projects of significance to a prospective impact fee as initially designed
 - ii. Identify needs combining relevant and appropriate projects from the capital plan and other sources
 - iii. Confirm expected construction schedule—finetune with any updated information since last budget
 - iv. Identify all funding sources
6. Impact Fees Final Design Considerations
 - i. Analyze and determine the proportion of capital projects that can be funded through impact fees
 - ii. Consider the efficacy of calculating the impact fee via population or housing unit change-type
 - iii. Devise a clear legal and growth impact justification for the proposed fee or fees in the Town
7. Consult all relevant rules and guidelines to set the amount of the impact fee or fees by formula
 - i. Use the above to calculate the capital cost per unit of capacity (Using the level of service standards)
 - ii. Link the units of development to the demand for services being analyzed from the analysis above
 - iii. Multiply the capital cost per unit of capacity by demand per unit of development based on standard of service evaluations
 - iv. Estimate any revenue credits to be applied to the impact fee to prevent “double-counting”
8. Analysis of recommended impact fee or fees based on the recommended approach
 - i. Set the amount of the impact fee or impact fees tied to residential growth allocator
 - ii. Calculate the total estimated value of the impact fee or impact fees tied to residential growth allocator
 - iii. Review the proposed impact fee or impact fees with the Town capital plan
 - iv. Compare the proposed impact fee or impact fees with levels for comparable fees in other municipalities in the region for competitiveness
 - v. Draft Town ordinance—if indicated—at the Town Planning Commission/Development Review Board level
 - vi. Pass Town ordinance—if desired by the municipal legislative body (the Selectboard)

Estimated Budget: The Town staff and Planning Commission/Development Review Board review and efficacy assessment work should involve a level of effort that appears consistent with the normal annual work loads of all elected and appointed Commission and Boards. The assessment process and work associated with potentially establishing a Town impact fee or impact fees would likely involve a significant but likely limited number of Town staff hours, and would likely involve the retention of a consultant qualified to assess and develop a policy recommendation and financial impact assessment-plan for the Town to then be evaluated by the elected and appointed board-commissions with the policymaking authority to review, potentially approve, and potentially implement such a policy in the Town. We suggest that the policy review include the Town's Planning Commission and Development Review Board with policy oversight and approval by the Town Selectboard at certain key decision points along the way—including but not limited to: (1) agreement to even undertake this effort and hire a qualified consultant; (2) a check in “thumbs up” regarding the impact fee consultant's draft report and recommendations—including an initial presentation and “temperature check” regarding a prospective draft impact fee ordinance to be deliberated on the Planning Commission/Development Review Board level; (3) sign-off and approval on any final ordinance—including

any required public hearings and any public meetings. The following is a model estimated budget for undertaking this area of tasks—should Town policymakers decide this is the direction that they want to go on this important issue. It includes an estimate of roughly \$20,000 to hire a qualified consultant to guide the Town through this process should it elect to do so.

Table 15: Estimated Budget for the Assessment of Establishing an Impact Fee (or Impact Fees) Program in the Town

Strategy Area #4: Assessment of Establishing a Town Impact Fee or Fees to Address Potential Cost Inequities Regarding Residential Development in the Town											
Task Area	Town Staff		Elected-Appointed Officials		Consultants [2]		Key Partners		Total Estimated Town OOP Costs [1]		Memo: Town Hours
	Hours	Total	Hours	Total	Hours	Total	Hours	Total	Hours	Total	
A. Research into the Efficacy of Establishing an Impact Fee or Impact Fees on Residential Growth Activity											
1. Review of Impact Fees as a Growth Financing Tool in the Town	40	No OOPC	20	No OOPC			4	\$220.00	8	\$220.00	60
2. Formulate the Town's Approach to Undertaking Such an Impact Fee Program	20	No OOPC	20	No OOPC			8	\$440.00	16	\$440.00	40
3. Finalize Town Policy	40	No OOPC	40	No OOPC			8	\$440.00	20	\$440.00	80
4. Draft policy language; Codify with Selectboard; Pass Impact Fee Ordinance	40	No OOPC	40	No OOPC			4	\$220.00	12	\$220.00	80
Subtotal, Labor (Complete a Slaughterhouse/Product Processing Facility Feasibility Study)	140	No OOPC	120	No OOPC			24	\$1,320.00	56	\$21,320.00	260
B. On-Going Responsibilities for Administering the Program (Per Year)											
1. Town Monitoring Oversight of Program	80	No OOPC	40	No OOPC					0	\$0.00	
2. Annual Review of Program Activities/Annual Reporting	80	No OOPC	20	No OOPC					0	\$0.00	
Subtotal, Labor (On-Going Program Administration-Reporting (Per Year))	160	No OOPC	60	No OOPC	0	\$0.00	0	\$0.00	0	\$0.00	220
Expenses											
Out-of-Pocket for A. Above										\$500.00	
Out-of-Pocket for B. Above (including Review by Town Attorney)										\$5,000.00	
Subtotal, Expenses for A. and B.										\$5,500.00	
TOTAL ESTIMATED OUT-OF-POCKET COSTS for A. and B.											
										\$1,320.00	
TOTAL ANNUAL ESTIMATED OUT-OF-POCKET COSTS for A. and B.											
										\$26,820.00	
Hourly Rates											
Town Staff										No Out-of-Pocket Costs (NOOPC)	
Elected-Appointed Officials										No Out-of-Pocket Costs (NOOPC)	
Consultant										None Expected to be Required	
Key Partners [Potentially Reimbursable at the Hourly Rate Indicated]										\$55.00	

