



Bi-Annual Report to City Council

September 27, 2017



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***Montpelier Development
Corporation***

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To: Honorable Mayor and City Council
From: Montpelier Development Corporation
Date: September 27, 2017

Subject: Bi-annual Appropriation Report

Dear Mayor and Council:

The Montpelier Development Corporation (MDC) wishes to thank the City of Montpelier for the continued support and the funding appropriations provided to date as well as those committed over this initial five year period.

The investment in Montpelier's economic future already is helping build a solid foundation that will support existing businesses, attract new companies and bring additional housing developments to our community. In short, the City's investment in the MDC promises a high return on investment and will pay dividends to local businesses and residents for years to come.

MDC has operationalized the **Economic Development Strategic Plan** that was developed for the city and has determined our top five strategic priorities to work on during the coming year. We are now fully engaged in the execution of that plan.

The attached Report to City Council represents the first of many bi-annual reports the MDC will provide to the City Council. This first report describes our top five strategic priorities and explains the importance of each. The report also lists many of the accomplishments achieved during its first six months in operation (April - September 2017) as well as our challenges we face going forward.

Please accept our sincere thanks and appreciation for the city's funding support.

Regards,

Joe Evans

Joe Evans, Executive Director

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Bi-annual City Council Report

The Montpelier Development Corporation (the “MDC”) Board and Executive Director wish to thank the City of Montpelier for the continued support and funding appropriations provided to the MDC. The investment in Montpelier’s economic future is already helping build a solid foundation that will support existing businesses, attract new companies and bring additional housing developments to our community. In short, your investment in MDC promises a high return on investment and will pay dividends to local businesses and residents for years to come.

MDC Strategic Priorities

The outcomes specified in the Montpelier **Economic Development Strategic Plan** have driven the MDC’s operational planning and the identification of our current top five strategic priorities. By accomplishing each of these current and long-term strategic priorities, the MDC will help increase the population, broaden the types and numbers of professional opportunities and strengthen our tax base, thereby improving Montpelier residents’ overall quality of life and the educational opportunities for our children.

The MDC spends every dollar of our budget with care and with the ultimate goal in mind:

*“to position the city as a superior location for development so that
Montpelier can continue to increase economic activity,
private-sector jobs and population.”*

This report will be submitted every six months to demonstrate that the funding appropriations committed to MDC by the City over this initial five year period are being appropriately directed to growing and bettering Montpelier. The City also benefits by MDC’s co-marketing of Montpelier Alive and City promotions.

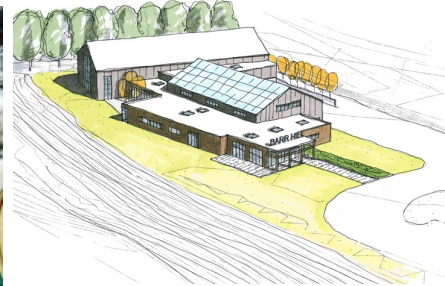
The MDC Board and Executive Director will continually review the strategic priorities and programs underpinning our operational plan — assessing them in terms of value brought to the community and actions called for in Montpelier’s **Economic Development Strategic Plan**.

Current Priorities are provided in the table below:

100.00 / Economic Development Resources
Align, consolidate and package economic development resources for developers and small business owners.
200.00 / Grow Employment
A-R-E: A tttract, R etain and E xpand business for Montpelier
300.00 / Business Outreach
Broadcast the resources and assistance available from the MDC and communicate the City's vision for growth to developers, businesses and partners - within the region and beyond.
400.00 / Tax Increment Finance District
Collaborate closely with the City to create a TIF district in Montpelier
500.00 / Housing
Actively work to promote new housing development in Montpelier

“Our search for expansion space had us in contact with many towns, but Montpelier proved to be the greatest opportunity for our business.”

- Ryan Christiansen,
Caledonia Spirits



Getting Started - Milestones Accomplished Thus Far

Several milestones within our strategic priority areas have been accomplished since the MDC Executive Director started on April 3, 2017. Those foundational milestones each represent important ground that needed to be gained as quickly as possible. For instance, the 100.00 series projects (Economic Development Resources) are key to establishing credibility for the office of the MDC and have the purpose of consolidating many types of information related to economic development, business operations, financing and regulations (permitting, etc.) for accessibility and ease of use.



Among the completed projects are critical infrastructure initiatives, such as the MDC website's design, build and implementation (MDC-Vermont.com) as well as the social media / Facebook strategy and deployment (@mdcvermont). Additionally, three sub-site portals were added for commercial and residential real estate listings and lastly a one-stop portal for business support resources. A blog was added to MDC-Vermont.com with helpful articles to support MDC's mission and outreach.

- ✓ **MDC-Vermont.Com**
- ✓ **[@MDCVermont](https://www.facebook.com/mdcvermont)**
- ✓ **[Real Estate Listings](#)**
- ✓ **[Funding Resources](#)**
- ✓ **[Planning Resources](#)**

Of course, not everything that has been accomplished thus far falls into the category of a project. The MDC Board has met twice monthly to weigh in on issues, provide guidance and support the new Executive Director in getting off to the right start in his new role. When the Article 3 tax stabilization code changes were needed to support Caledonia Spirits in their decision to relocate to Montpelier, the MDC and its Board quickly mobilized to support the passage of Article 3 in the June 2017 special town vote. The MDC's Executive Director went on local cable access TV to explain tax stabilization and why the commercial real personal property language needed to be changed in support of a more progressive economic development stance — one shared by every other Vermont city. The MDC also purchased and distributed "Vote Yes for Article 3" yard signs and published letters to the editors of major locally circulated newspapers. The MDC's role often straddles the duties of promoting Montpelier while furthering the economic policy understanding amongst our city's residents.

A Plan In Execution

100.00 / Economic Development Resources

The MDC faces an on-going challenge in developing, refining, applying and promoting the use of economic development tools and resources in fulfilling our mission. As a newly formed entity, relationships with funding partners (both public and private) needed to be established. Gap financing, or secondary funding channels also needed to be identified and relationships established. Likewise, knowledge and tools related to business formation, licensing, permitting, training and advisory services in Montpelier were missing from MDC's resource toolbox.



Given the critical importance of possessing a foundation of resources to build upon, the MDC immediately set about researching, consolidating information, identifying key contacts and then forming relationships. Of course, the types of resources mentioned above only begin to scratch the surface of what is actually needed to run a successful economic development office. The Executive Director has actively met with local and regional developers as well as numerous builders locally and regionally in order to better understand their perspectives, challenges and feedback related to Montpelier's development potential.

A resource portal now exists on the MDC's website and already is receiving hundreds of views per week. This reception confirms its importance, but by no means is the resource portal complete, nor will it ever be. The information it contains must be maintained going forward to insure it remains current and useful. This is an on-going duty of the Executive Director.



200.00 / Employment

Perhaps the key that unlocks Montpelier's true potential as a premier Vermont destination is as simple as the concept of "growing employment." The MDC's strategic priority of growing employment is comprised of three sub-goals: Attract-Retain-Expand (A-R-E).

Attract

Montpelier must actively work to market itself as a progressive, vibrant and hospitable host to companies and small businesses with reason to consider relocation. In addition to active marketing, old fashioned selling is required. Targeted and informed outbound contact with company leaders is key to the generation of interest in Montpelier. The highly competitive economic development environment we currently operate within can crush our growth aspirations for Montpelier unless we exercise a continual sales campaign consisting of targeting, researching and contacting companies both within and outside of Vermont for recruitment purposes.

Current efforts have already yielded one housing developer expressing strong interest in a major project in Montpelier. Additionally, two food service / manufacturing companies are also involved in ongoing discussions with the Executive Director of the MDC. Perhaps the most exciting outcome of the recruitment activities thus far is the potential of a major senior living community coming to Montpelier. Such a project would create construction jobs along with long-term employment for many full-time and part-time workers.



Retain

The MDC must operate in retention mode — proactively working to prevent the loss of any business that lawfully operates in our city, while providing stable employment and living wages to its employees / our residents. Clearly, when things are going well in a relationship, no one considers leaving. It is when dialog lapses and issues fester that businesses begin to consider greener pastures.

Perhaps New England Culinary Institute (NECI) represents an example of such a relationship in trouble. For years the city's relationship with NECI went without tending. Neglected maintenance in the relationship began to inflict damage over time. The City and NECI mutually failed each other in terms of constructively working through issues before they became too large to solve. Now, the MDC and the City must continue combining efforts to help NECI remain in Montpelier.

Expand

Business growth is a sign of a healthy market for the company doing the expansion. When businesses experience growth in sales and profit, expansion almost always crosses their mind. The MDC, through our Outreach programs, will continue to position ourselves as the “go to” office for businesses. MDC intends to be a one-stop shop that can help connect businesses with the resources they need...when they need them.



The potential expansion plans the Capitol Plaza Hotel has shared represents the most exciting prospect for a Montpelier business to substantially grow and re-invest in the City. The City and the MDC are coordinated in efforts to assist this project in any way possible.

Unfortunately, there are no other known major expansion plans in the works for our local businesses at current. While this fact is disturbing on the surface, Montpelier does have several local businesses with expansion hopes on hold — pending zoning ordinance changes.

Updated zoning regulations represent a major call to action for the City and will be a key factor in the MDC’s success in bringing new development to the City going forward.

300.00 / Business Outreach

In step with the City's goals of growing Montpelier, the MDC began a business outreach program that consists of an email newsletter to a subscribed list, social media posts of blog articles, shared news stories and other business updates and sponsored content related to the City's economic development.

The strategic purpose of the business outreach program is to create awareness and to promote discussions with the community related to potential projects that the City and MDC can assist with.

Social media posts generally link back to the MDC website (blog, news or featured content such as Resources). This approach has been highly effective and has been applied to the email newsletter segment of our outreach strategy as well.

Since the launch of MDC-Vermont.Com, the website receives an average of 55 visits to its home page weekly. The @MDCvermont Facebook page averages between 7,500 and 10,000 visits per week, depending on post activity.

A new discussion forum was also added to Facebook to encourage productive dialog related to various topics introduced by group members. Further outreach channels will be introduced in the future, such as town hall meetings and webcasts.



- ☒ **Newsletters**
- ☒ **Town hall meetings**
- ☒ **Online discussion groups**
- ☒ **Webcasts**
- ☒ **Social media**

400.00 / Tax Increment Finance District

MDC has strongly advocated for the passage of new Tax Increment Finance (“TIF”) legislation during the 2017 session. Under the leadership of David While of *White + Burke Real Estate Investment Advisors, Inc.*, many letters and phone calls were directed at state law makers in support of adding new TIF districts in Vermont.

Once the TIF bill passed, and in advance of the Montpelier TIF application process even getting underway, the MDC’s Executive Director began working closely with local and regional developers, architects and builders to build interest in partnering with Montpelier on new projects related to a tax increment district.

Opportunities for such unprecedented employment growth, combined with housing and mixed use development of this scale simply do not come along often. The MDC is spearheading the effort to maximize Montpelier’s opportunity as one of the six new TIF districts in Vermont. Of course, there is fierce competition for these TIF district awards. Each county can only have a maximum of two districts and Montpelier could find themselves in direct competition with Berlin in the application process.

To that end, the MDC will attend and actively participate in TIF planning meetings — sharing our vision and input throughout the TIF application journey over the coming months. The MDC will also continue to recruit potential developers and inform them of the development opportunities associated with the TIF district. Overall, the TIF application process is anticipated to take between eight to twelve months.



500.00 / Housing

The MDC Board and Executive Director are keenly aware of the scant availability of market-rate small homes (one or two bedrooms) suited for local “downsizers” or new families wishing to buy in Montpelier. Unfortunately, the ultra tight housing market is feeding on itself due to extreme shortages of homes for rent or sale. Prices will continue to rise and eventually become too high for some families to afford, forcing many to buy outside of Montpelier.



The housing shortage in Montpelier must be addressed on two fronts:

1. Re-inventing & re-invigorating downtown housing
2. Encouraging new housing development outside of downtown



Every aspect of our local economy is helped out by getting a healthier and balanced housing market restored in Montpelier. Downtown shops and restaurants will see sales go up, the grand list will expand and local service companies will gain customers. It is time to see our population declines of the last decade reverse and housing is the key to that occurring.

Unfortunately, solving Montpelier’s housing shortage won’t be easy. One challenge we face in renovating existing upper floors downtown for residential living involves the cost of installing the required elevators and sprinkler systems to make units meet code and ADA requirements. Those investments alone can make it too costly for some developers to consider such a project viable.



Likewise, our housing problems cannot be solved by simply encouraging new development. The housing shortage in Montpelier can only be solved through encouraging a mix of new development and the re-appropriation/zoning of downtown space into residential living. As such, new development can be at least partially pushed forward through partnership between the city and developers in addressing common costly obstacles like public infrastructure and roads as a partnership investment model. Downtown buildings might be renovated by developers with a combination of enticements such as tax stabilization. Other economic development tools such as tax increment financing allow for certain infrastructure hard costs to be covered up front — thus providing a “green light” for housing and other development within the TIF district to move forward unobstructed of those major road blocks. The MDC is actively pursuing developers to partner with the City on TIF projects, including a first-class downtown independent senior living facility and a multi-phased housing development in the Sabin’s Pasture growth district.

Conclusion

While much has been accomplished in the first six months since the hiring of the MDC's Executive Director, even more remains to be done. Montpelier's city leaders and tax payers can be assured that the business of steering Montpelier's economic growth is in the capable hands of a seasoned professional and receives dedicated daily attention aimed at the accomplishment of the Montpelier **Economic Development Strategic Plan**.

Major projects underway or in the formative stages include:

- New Businesses
- Independent Senior Living
- New Housing
- TIF District



Indeed, this is an exciting time to live and work in Montpelier. Positive changes are occurring and more is coming. Now more than ever, the MDC needs continued the city's support.

The role of the Executive Director in the MDC today is a multifaceted one. At present, the MDC employees only one full-time resource and does not have funding to hire additional help. The role of the Executive Director is that of a full-time sales professional, part-time web developer, part-time social media expert, part-time writer and full time marketing professional.



Perhaps the MDC's model can adapt over time to one day generate revenue streams to help pay some some or all operating costs. Until such a day comes when the MDC is partially or fully self sustaining, the city's continued support is needed and vital to the MDC's survival. Despite our humble beginnings, the MDC has shown progress thus far that is impressive by any comparison. We are proud to be serving Montpelier through our work and look forward to celebrating many successes with the city.