



City of Barre, Vermont

“Granite Center of the World”

To: Senate Finance Committee
From: Nicolas Storrellicastro, Barre City Manager
Carol Dawes, Barre City Clerk/Treasurer
Re: Barre City TIF extensions, S.94
Date: March 2, 2023

Barre City’s TIF plan was approved by The Vermont Economic Progress Council (VEPC) in 2012. The plan focused on a number of public parking and streetscape improvements, and identified eight potential private development projects tied to the infrastructure projects. These public projects were identified as likely not to move forward **but for** the parking improvements in the TIF plan.

The original TIF plan allowed for up to \$6.8M in public investment. In November 2013 voters approved a \$2.2M bond to fund the first phases of the projects. The last part of this work was completed in late 2019. The \$2.2M TIF bond leveraged \$3.4M in other funding, including a number of state and federal grants.

To date the grand list values of the properties in the TIF district have grown by \$7.4M or 15%. Allowing additional time to access the remaining TIF funds and implement public improvements in support of private development will continue the grand list increases so necessary to Barre City’s continued growth and success.

The usual life of a TIF district is 20 years, and debt must be incurred during the first 5 years. A municipality may request extending the incurrence window to 10 years, which Barre City did in 2015. That request was granted. This set our final date for incurrence of debt as March 31, 2022.

Due to COVID the Vermont legislature granted a 1-year extension to all TIF districts during the emergency session in fall 2020 (Act 175), and another 1-year extension during the 2021 session (Act 73). These actions changed Barre City’s debt incurrence deadline to March 31, 2024.

The pandemic has had lasting effects on private development, availability of contractors and materials, and downtown employee work schedules and parking needs. Rather than move forward with the infrastructure projects included in the approved TIF plan, the City Council chose to review the changing environment including:

- What is the current status of the private development projects identified in the original TIF plan?
- What new private development projects might be on the horizon that require public improvement needs to bring them to fruition?
- What impact has the pandemic had on workforce schedules and parking needs in the TIF district?

- What is the current economic climate for public and private development – the availability of contractors and materials, and the negative impacts of inflation and supply chain disruptions?

The City is working with White + Burke, the consulting firm that helped draft the original TIF plan, to review the questions above. There has been outreach to property owners and developers in the TIF district to gauge future private development ideas, and a parking consultant was engaged to review parking lot usage and configurations. The Council has also considered shifting community needs with a potential focus on housing.

Draft legislation is working its way through the House Ways and Means Committee (H.256), which is a mirror image of the bill being considered by the Senate Finance Committee (S.94). The request is to grant an additional 2-year extension for the incurrence of debt, moving the deadline to March 31, 2026. The request also includes allowing the City to retain municipal and education increment for an additional five years to December 31, 2039.

The extra time for debt incurrence is necessary to allow continued deliberative review of potential public and private development in the TIF district. Should the City choose to move forward, new projects will require collaboration with private developers, submission to VEPC for approval of any changes to the original TIF plan, voter approval for bonding, application to the VT Municipal Bond Bank for funding, and engaging contractors to perform the work, before any new projects can begin. All these steps must be completed before the debt incurrence window closes, and the current deadline of March 31, 2024 is too soon.

The time necessary to research potential new private projects and necessary public improvements is only part of the challenge. Availability of contractors and supplies is also a hurdle that we will confront and must overcome. Like both public and private sectors, the City is experiencing delays in receiving everything from ambulances to fire trucks to police cruisers to ammunition. The Public Works Department is unable to complete projects due to 6 – 24 months' long delays in getting parts and equipment. The City cannot begin public improvement projects without the relevant supplies, and so the extension is necessary to provide the time we will need to complete a project.

Because any future bonding will carry debt obligations out beyond the original 20 years for increment retention, an extension for the retention of municipal and education increment would facilitate debt service payments in the out years, and so our request includes an extension of increment retention to December 31, 2039.

On February 15th, Rep. Anthony presented the draft bill in House Ways & Means (H.256), and it was accepted by the committee. At least one other TIF community is making a similar request to the legislature this year (Hartford – S.35)

Thank you for your consideration, and we welcome any questions.