

## MEMORANDUM

TO: Property Tax Exemption Study Committee  
FROM: Dan Smith  
Director of Community Relations & Public Policy  
Vermont State Colleges  
DATE: October 8, 2013  
RE: VSC – Municipal Relations

On your behalf, the Joint Fiscal Office requested that the Vermont State Colleges provide background on the relationship between the five colleges in the Vermont State College (“VSC”) system and the municipalities where those institutions are situated. Specifically, we were asked whether there was a practice of making a payment in lieu of taxes (“PILOT”) to those municipalities.

Across the VSC system, relationships with the municipalities have grown up organically, based on each community’s history, needs and connection to the college. In some cases, a college provides an annual payment or donation to the municipality. In every case, the college provides substantial positive economic, cultural and community impacts in the regions where they are situated, consistent with the legislative establishment of the Vermont State Colleges, their public mission and community-centered purpose.

Importantly, these five colleges are not simply non-profit organizations. The Vermont State Colleges are a public enterprise, created in statute, serving 11,000 Vermont students annually (84% of the student body), providing degree programs in economically relevant areas, and significant workforce development training opportunities. The colleges are overseen by a Board of Trustees whose members are selected in one of two ways: appointed by the Governor or elected by the Legislature. Despite the public structure, and statutory language which directs otherwise, Vermont lags in terms of its support for the VSC. Less than 18% of VSC revenue is provided by the state of Vermont. The remaining revenue is largely derived from students and families paying tuition.

It is also important to bear in mind, that in most cases, each campus is a substantial employer in their region and provides significant access to amenities, like concerts, lectures, athletic facilities, meeting space, open space and other community resources which may otherwise be unavailable. Also, where small municipalities provide water, sewer and electricity, as at Johnson and Lyndon, the presence of a large institutional purchaser allows the costs of infrastructure to be spread across a

greater volume, which, in turn, reduces the relative expense to residential and small business consumers. In most cases, the colleges take on the role and responsibility for providing services, like public safety, for students, staff and faculty on campus, foregoing the coverage of local public safety.

### Community College of Vermont

CCV is the second largest college in Vermont. Its infrastructure is distributed: CCV manages twelve academic centers located across the state. There is a Community College of Vermont location with 25 miles of every Vermont.

The majority of CCV's academic centers are rental properties. In St. Johnsbury, Morrisville, Rutland, Middlebury and Brattleboro, where those landlords are private entities, CCV's rent reflects the cost of property taxes to the landlord. In Newport and Bennington, CCV leases space from the State of Vermont. In Springfield, CCV partners with the Springfield School District, The River Valley Technical Center and UVM to occupy the Howard Dean Educational Center.

CCV owns buildings in St Albans, Winooski, Montpelier and Wilder (referred to as CCV Upper Valley). At CCV-Winooski, the building is on land ground-leased from a property owner who pays taxes to the city pursuant to a tax stabilization agreement which increased the property taxes at the time improvements were made.

In terms of community impacts, CCV helps to bring thousands of students (2000 students in Winooski alone) as well as faculty and staff into communities on a weekly basis. In order to increase local economic impacts, CCV deliberately does not provide many of the campus amenities that other colleges provide. This pushes students out into their communities for food, parking, supplies. Overwhelmingly, CCV students and staff are Vermont residents who live and work in and around these communities. CCV requires an internship experience, for credit, as a component of many degree programs. This gets students engaged in local businesses, agencies, and medical facilities. CCV also provides space to community organizations like Vermont Refugee Resettlement Project, Vermont Works for Women, for public forums, classes, and other events. CCV is a substantial employer with a positive impact in Vermont communities, with almost no incidences of public nuisance or crime to show for our presence in downtown areas. The presence of a CCV Academic Center enhances the reputation of a community as a positive draw for business.

### Castleton

In addition to the substantial economic benefits to local businesses and landlords, Castleton makes a number of contributions to the municipality and the community. In the aftermath of Hurricane Irene, town offices were relocated to the college campus and town government functioned out of space which the college provided. Additional notable measures:

- Annual donation to Town
- Annual donation to Fire District
- Donations to Fire and Police Departments
- 2 years funding commitment for purchase of fire truck
- \$146K in average annual water/sewer fees to Fire District (largest single user)
- 18 acres given to the town for economic development purposes
- Periodically used as a Town Polling Place
- Hosts a free Summer Concert series
- Mentor program in elementary school – over 100 college students paired with 4<sup>th</sup> & 5<sup>th</sup> graders 2x per week
- Use of facilities for Town athletic and recreation programs
- Emergency shelter for Town schools and residents
- Donations of event tickets, fitness memberships to local clubs and schools
- Space for Town meetings
- Scholarships to college sports camps
- The fitness center is accessible to the public.
- Cultural programming for school groups

Any use of Castleton facilities referenced above is provided at no charge to the Town. As with each college in the system, Castleton is an economic engine with students, faculty and staff utilizing local businesses. In addition, approximately 500 students reside in off-campus housing thereby benefitting local landlords, who in turn pay property taxes on those properties.

### Lyndon State College

Lyndon State College is a substantial presence in the Northeast Kingdom of Vermont. Beyond the economic, cultural and educational impacts on the area, chief among its municipal contributions is the partnership with Lyndon Rescue. Lyndon Rescue serves eight surrounding towns with emergency medical services. The rescue operation is housed in a campus building and pays a substantially reduced rate for rent. The area serviced by Lyndon Rescue, as a result, has one of the lowest per capita assessments for emergency medical services in the state.

In addition to the contribution of space for Lyndon Rescue, the college supports the town and region in a variety of “in-kind” ways. Lyndon Youth Baseball has used the Lyndon State baseball and softball fields for nearly twenty years. Acres of open space held by the college are crisscrossed with public accessible trail networks for riding and hiking, and also home to a popular disc golf course. The fitness center is accessible to the public. Groups and individuals from the local communities access these facilities on a regular basis.

A summary of community organizations and community events hosted by Lyndon over the course of the past year indicates that access to the college is a substantial

value to organizations from across their region. Youth groups, state agencies, secondary schools and a variety of other organizations have all relied on access to the college's facilities.

### Vermont Technical College ("VTC")

Vermont Technical College has two primary campuses: Williston and Randolph. Additionally, VTC has satellite locations for the nursing program in Bennington, Brattleboro, White River Junction, Springfield, Newport, Lyndon, Springfield and St. Albans. In the satellite locations, VTC is either collocated on another college's campus or academic center, or rents space from a landlord responsible for property taxes.

At VTC-Randolph, the campus is host and manager of the town water tower, feeding water into the system and providing the water pressure for the town water system. In 2011, VTC funded a \$115,000 rehabilitation of the water tower out of the college's capital appropriation. Several years ago, VTC purchased a fire truck, and more recently a thermal camera and battery pack for the Randolph Center Fire Department. In addition to these contributions to the municipality, the college sponsors and hosts events, youth baseball and other community activities.

VTC-Williston is a relatively new and fast-growing location, with enrollment of almost 500 students in a number of academic programs that are economically relevant to industries in Chittenden County. These students are mostly commuters, although there is a small residential facility on campus. VTC is currently in discussions with the town of Williston and the Agency of Transportation over the location of a potential public park-and-ride facility on college property along Route 2.

### Johnson State College

In addition to the same kinds of community amenities offered at the other colleges, Johnson provides annual contributions to the Johnson Fire Department and to help fund the town's economic development coordinator position. Moreover, the college provides substantial revenue to multiple municipal services in Johnson. The college spends the following on electrical (Johnson has a municipal electric department), water and sewer bills, annually:

Electrical	\$725K
Water	\$65K
Sewer	\$125K

As with other institutions, by covering a substantial amount of revenue for these services, the community is able to spread costs across a larger volume which reduces the infrastructure cost paid by residential and small business consumers.

