

On Thu, May 28, 2020 at 8:13 AM Sullivan, Megan <Megan.Sullivan@vermont.gov> wrote:

Good morning Senator Sirotkin,

Sorry for the delay, we have been working with the town to get some additional numbers. The only way that this can be seen as having a cost to the Ed Fund is if there was an assumption that this development would have happened anyways, which it is not, especially in these more rural village centers. We asked Westford in addition to what they have told committees to provide numbers around their grand list in their village center for the last five years which I have attached here. During the last 5 years of economic growth the community has seen a 1.89% growth in their grand list. A portion of that very minor growth is attributed to an accounting correction. Development is not happening in village centers like Westford.

The other attachment shows numbers of the project costs for a wastewater system without TIF, with TIF, and the worst case scenario of using TIF but only realizing 50% of the increment that the town is projection were to come to fruition from the after the public investment was made. Without TIF this project is unaffordable for the users.

If only 50% of the increment is realized the responsibility to make up that difference would lie on the town through continuing to make debt service payments with municipal funds after the retention period ended until the debt is retired, not through the education fund. We are showing 50% as a worst case scenario because towns through the TIF program have shown they do not move forward with projects without having some level of certainty around the private development that is going to come as a result that will provide the increment to cover the debt service.

One area of clarification on something that may have been a point of confusion last week is that the loan for the project does not come from the taxing authorities. The loan for the upfront project costs would be financed with sources like the SLF, the bond bank, or a commercial lender. The increment (less the 30% and OTV going to the Ed fund) would be used to make debt service payments on that loan source.

Please let me know if this provides the detail that the Committee is looking for or if any further data would be helpful.

Thank you,

Megan