Agenda for Regular City Council Meeting

City Council Chambers, City Hall
Wednesday, June 8, 2016
5:30 P.M.

1) Call to Order by the Mayor

2) 16-164. Discussion with Planning Commission Members and members of the public regarding the Design Review District and Part 2 of the draft zoning ordinance.

6:30 P.M. …

3) 16-165. Review and Approve Agenda

4) 16-166. General Business and Appearances

5) 16-167. Consideration of the Consent Agenda:

a) Consideration of the Minutes from the May 25, 2016 Regular City Council Meeting

b) Fund Balance Transfer

c) Approve street closure requests for the Independence Day Celebration on July 3rd.

d) Approve request from Marni Leikin, Director of Graduate Studies in Art & Design Education at VCFA, to close Langdon Street on Thursday, July 14th, from 6:00 – 9:00 P.M. to host an interactive art lesson for community members as part of the "Langdon Street Alive" festivities this summer.

e) Payroll and Bills

6) 16-168. Parking Ordinance Amendment – 2nd Reading/Public Hearing

7) 16-169. Discussion, and possible adoption, of the Economic Development Strategic Plan

8) 16-170. Growth Center Discussion

9) 16-171. Approve New Fees

10) 16-172. Discussion of Council Goal: Keep Montpelier Affordable

11) 16-173. Other Business

12) 16-174. Council Reports
13) 16-175 Mayor's Report
14) 16-176. City Clerk's Report
15) 16-177. City Manager's Report

16) Adjournment

Signage currently exists on Terrace Street which prohibits parking on the north side of the street from Bailey Avenue to Hopkins Street and on the south side of the street for 55' east of Bailey Avenue. These two parking prohibitions are not currently supported by a city ordinance but are essential for sufficient width for one-directional travel and turning maneuverability at the intersection of Bailey Avenue and Terrace Street. This matter is addressed in the proposed amendment.

Upon review of the dimensions of the street and other factors affecting the capacity and ability of the streets to support on-street parking, we have concluded that amendments to the City's code of ordinances should be recommended to the City Council as follows:

CHAPTER 10, ARTICLE VII. PARKING and PARKING METER ZONES

Section 10-716. PARKING PROHIBITED

New Section:

(uuu) Chapman Road: Parking is prohibited on both sides of Chapman Road for its entire length.

Revise Existing Section:

(ccc) Terrace Street: Parking is prohibited on the westerly side of Terrace Street from its intersection with Bailey Avenue northerly for a distance of seven hundred sixty (760') feet to the driveway serving #26 Terrace Street ("Redstone" property) and on the easterly side northerly to Redstone Avenue. **Parking is also prohibited on the southerly side of Terrace Street from Bailey Avenue easterly for a distance of fifty five (55') feet and beginning at a point located two hundred ten (210') feet easterly of Bailey Avenue and extending easterly for a distance of one hundred ten (110') feet. Parking is also prohibited on the northerly side of Terrace Street beginning at Bailey Avenue easterly to Hopkins Street.**

Amendment:

(ccc) Terrace Street: Parking is prohibited on the westerly side of Terrace Street from its intersection with Bailey Avenue northerly for a distance of seven hundred sixty (760') feet to the driveway serving #26 Terrace Street ("Redstone" property) and on the easterly side northerly to Redstone Avenue. **Parking is also prohibited on the southerly side of Terrace Street from Bailey Avenue easterly for a distance of fifty five (55') feet and beginning at a point located one hundred seventy (170') feet easterly of Bailey Avenue and extending easterly for a distance of one hundred fifty (150') feet. Parking is also prohibited on the northerly side of Terrace Street beginning at Bailey Avenue easterly to Hopkins Street.**

C: Adjoining Property Owners

I:\Traffic Committee\Chapman & Terrace parking_memo recommend.doc

Minutes of the Montpelier City Council Meeting
May 25, 2016
City Council Chambers

In attendance: Mayor John Hollar (Chair), Councilors Justin Turcotte, Dona Bate, Anne Watson, Tom Golonka, Jean Olson and Jessica Edgerly Walsh. Councilor Anne Watson arrived after the meeting was underway. City Manager William Fraser was in attendance. City Clerk John Odum served as Secretary of the meeting.

The meeting was called to order by Councilor Edgerly Walsh at 6:34PM (the Mayor was present, but momentarily occupied).

16-150. At the City Manager's request, an executive session regarding a personnel matter was added to the end of the proposed agenda. Councilor Turcotte moved approval of the agenda as amended, and was seconded by Councilor Bate. The motion carried unanimously (5-0).

16-151. Richard Sheir had questions about the City Manager's contract. The Mayor returned at 6:37PM to Chair the meeting. Some discussion followed.

16-152. Councilor Bate moved the Council approve the consent agenda without item c, which would be tabled for discussion at Councilor Turcotte's request. Councilor Edgerly Walsh seconded, and the motion carried unanimously (5-0) at 6:42.

16-154. Planning and Development Director Michael Miller (joined by Planning Commission members Jon Anderson, John Adams and Barbara Conry) initiated the discussion on proposed zoning changes. Lengthy discussion followed. Councilor Watson joined the meeting at 7:17PM.

The following commenters expressed concerns about the proposals: Lynn Wild, Mike Reed, Paul Carnahan, John Peterson, Stefanie Pinard, Mary Hooper, John Bloch, Phil Dodd, Jason Pugliese, Andrew Starzec and Ron Wild.

After further discussion, the Chair called for a recess at 8:23.

16-156. The meeting was reconvened at 8:32. City Manager Fraser introduced a discussion on the proposed Dog Ordinance. Police Chief Tony Facos came forward for the discussion. Comments and concerns were offered from Debra Sargent, Danis Regal, and Caroline Herz. After further discussion, no formal action was taken (Council did not approve first reading).

16-157. Public Works Director Tom McArdle and Police Chief Tony Facos came forward to introduce the proposed Parking Ordinance Amendment for a 1st Reading/Public Hearing. Mr. McArdle passed out a proposed amendment.

The Mayor opened the public hearing at 9:40. Heather Moz offered written comments. After brief comments, Councilor Edgerly Walsh moved the Council pass 1st reading and schedule 2nd reading/public hearing for the proposed parking ordinance amendment (as amended) for the next scheduled Council meeting. Councilor Watson seconded the motion, which carried unanimously (6-0) at 9:41. The Chair subsequently closed the public hearing.

16-153. Community Services Facilitators Delia Clark and Tim Trabor were joined by Assistant City Manager Jessie Baker for a discussion with the Council. No formal action was taken.

16-155. Given the time constraints, the Chair opted to defer the 1st Reading/Public Hearing for proposed amendments to the Taxi Ordinance to a future meeting. Craig McDermott (an Uber driver) offered comments. No formal action was taken.

16-158. Councilors discussed the summer meeting schedule with the City Manager. No formal action was taken.

16-159. Consent agenda c) (Approve Local Option Tax Resolution) was taken from the table for discussion. Councilor Bate moved approval of consent agenda item c. Councilor Watson seconded. Further discussion followed.

Councilor Turcotte moved to amend the motion to include a September 1 deadline for a report on a formal recommendation of how to allocate Local Options Tax revenue. The motion to amend failed for lack of a second.

The underlying motion passed 5-1 (Councilor Turcotte voting nay).

16-160. Councilor Bate reported on what she had learned about maintenance of bike paths and trails. Councilor Olson offered an update on the economic development plan and the coming report. Councilor Turcotte noted that the coming Monday was Memorial Day.

16-161. The Mayor noted the coming Memorial Day parade and reported on his recent attendance at a White House session on gun violence.

16-162. The City Clerk noted that the filing deadline for State Representative was the next day.

Councilor Bate noted the coming workshop on 21st century policing, and the Mayor made note of the Montpelier High School Ultimate team's recent success.

16-163. Assistant City Manager Baker noted that the economic development consultant will be on hand for the presentation of that report.

Hearing no objection, the Mayor declared the Council entering executive session by unanimous consent, for the purpose of discussing a personnel matter (with the City Manager).

Hearing no objection, the Chair declared the meeting returned to open session and subsequently adjourned by unanimous consent.

CITY COUNCIL Agenda Item #16-167(b)
Date: June 8, 2016
Consent _x_ Discussion ___

SUBJECT: Resolution to commit and assign funds as of June 30, 2016, for future use

SUBMITTING DEPARTMENT: Finance Department, Please contact Sandy Gallup, Finance Director with any questions or requests for additional information.

RECOMMENDED ACTION: Approve committed fund balance Resolution to set aside funds for their specific purpose as of June 30, 2016

RELATED COUNCIL GOAL/PRIOR ACTION: Our fund balance policy requires the passage of a resolution prior to June 30th each fiscal year that states the amount and the purpose of committed fund balances.

EXPENDITURE REQUIRED: None

SOURCE OF FUNDS: N/A

LEGAL REQUIREMENTS: This resolution is a fiscal control procedure that is required by the Governmental Accounting Standards Board.

BACKGROUND INFORMATION: Last year's Committed and Assigned Funds are listed on Page 49 of the June 30, 2015 Audit Report. There is one addition to this year's list of committed funds. The Community Justice Center has grant funds that need to be committed to a revolving loan fund for Re-entry program participants.

SUPPORTING DOCUMENTS: Resolution to Commit Funds – June 30, 2016

CITY MANAGER'S APPROVAL:

(802)-223-9502, Telephone 39 Main Street, Montpelier, Vt 05602 (802)-223-9519, Fax
www.montpelier-vt.org

City of Montpelier
RESOLUTION to Commit Funds – June 30, 2016

WHEREAS, the City of Montpelier, in accordance with its Fund Balance Policy, has determined that certain amounts should be set aside for specific purposes and presented as Committed Fund Balances in the City's financial statements.

NOW THEREFORE, be it resolved that the following amounts are set aside as of June 30, 2016 for the purposes noted:

Unless otherwise noted, actual amounts of funds to set aside ("committed funds") will be calculated using last year's balance plus FY16 allocations, plus FY16 revenue, less FY16 expenditures:

General Fund:

Fire Revenue Reserve for Fire/EMS equipment purchase
Conservation Commission Reserve, **$8794** (continued from FY15) is committed for future Conservation Commission projects as requested by the Conservation Commission.
Health Reimbursement Arrangement Reserve $119,700 (continued from FY 15**)** for future HRA/Health Insurance Program needs
Unrestricted balance at year-end to be committed to the City's unrestricted fund balance target of 15% of budgeted expenditures-See Fund Balance Policy
Community Justice Center Revolving Loan Fund to be committed for future loans to clients participating in the Re-entry Program.

Community Development Fund:

Montpelier Business Loan Program for loan activities
Housing Preservation Grant Program for housing preservation activities
25/25 Loan for loan write-offs activities
Unrestricted balance – Community Development for community development activities

Capital Projects & Equipment Plan Fund:

Equipment Plan Fund for equipment purchases
Capital Projects Fund for future capital projects
Capital Projects contingency Fund $250,000 (continued from FY13) to provide additional funds to capital projects in FY17 and beyond
Flood Mitigation-Phase II Project for flood mitigation study

Special Revenue Funds:

Montpelier Park Commission for park activities
Montpelier Events Fund for Montpelier events activities
Conservation Fund for conservation activities
Montpelier Housing Trust Fund for affordable housing activities

Approved and adopted at a regular meeting of the City Council of the City of Montpelier held on the ____ day of June, 2016

ATTEST: ______________________________
John Odum, City Clerk

CITY COUNCIL Agenda Item #16-172.
Date: June 8, 2016
Consent __ Discussion _x_

SUBJECT: Goal Review: Keep Montpelier Affordable

SUBMITTING DEPARTMENT: City Manager

RECOMMENDED ACTION: Receive Report

RELATED COUNCIL GOAL/PRIOR ACTION: Adoption of 2016-17 Goals.

EXPENDITURE REQUIRED: None

SOURCE OF FUNDS: N/A

LEGAL REQUIREMENTS: None

BACKGROUND INFORMATION: The City Council adopted Goals, Strategies and Actions on April 27th. Staff has scheduled regular updates throughout the year.

SUPPORTING DOCUMENTS: Summary memo from City Manager

INTERESTED PARTIES: City Council, City Staff

CITY MANAGER'S APPROVAL:

City of Montpelier vermont

America's Small Town Capital

Mayor John Hollar

City Council Members:

Dona Bate
Jessica Edgerly Walsh
Tom Golonka
Jean Olson
Justin Turcotte
Anne Watson

William Fraser,
City Manager

Jessie Baker
Assistant City Manager

MEMORANDUM

To: Mayor Hollar & City Council Members
From: William Fraser, City Manager
Re: Goal Update: Keep Montpelier Affordable
Date: June 8, 2016

This is the second of regular updates on goals. Specific action items will appear on agendas throughout the year but reviews of overall goal categories will also be included. The current schedule is as follows:

May:	*Excellent Services (May 11)*
June:	Keep Montpelier Affordable
	Steady State Infrastructure
July:	Healthy Community for People
August:	Safe Community
September:	Healthy Environment for Housing and Economic Development
	Clean and Healthy Natural Environment
October:	Vibrant Downtown
November:	Excellent Services
	Healthy Community for People
December:	Keep Montpelier Affordable
	Steady State Infrastructure
January:	Vibrant Downtown
February:	Safe Community
	Clean and Healthy Natural Environment
March:	Healthy Environment for Housing and Economic Development
April:	Adopt new goals

The topic for this agenda is Keep Montpelier Affordable. An excerpt from the Overall Goals document is included. Color Code – White = completed. Green = proceeding as planned Yellow = proceeding but slower than planned. Red = Started but not proceeding well. Purple = Not started yet.

(802)-223-9502, Telephone 39 Main Street, Montpelier, Vt 05602 (802)-223-9519, Fax
www.montpelier-vt.org

Reference Letter	Policy Goal	Strategies	FY17 Actions
A	**Keep Montpelier Affordable for residents**	**Adopt budget within resources available**	Set funding levels and priorities
		Keep tax rates and user fees sustainable	Establish long term sustainability target
		Increase Grand List	Approve and Implement EDSP
		Maintain a variety of housing choices	Prepare housing strategies plan
		Seek new revenue sources	Implement local options tax Implement user fees in budget

Adopt budget within resources available: This work will begin with the budget preparation in the fall once resources are identified. We are slowly working on updating our projections.

Keep Tax Rates and User Fees sustainable: A Council discussion should occur over the summer to establish long term goals and expectations of what is considered sustainable.

Increase Grand List: The EDSP is on this agenda for approval. Implementation plan to follow. City actively involved in working with potential new industrial business and renovation of French Block as well as other private projects in early planning stages,

Maintain a variety of housing choices: Housing strategies plan just starting. City involved with One Taylor St and French Block for active housing projects and in communication with owner about Sabins Pasture possibilities.

Seek new revenue sources: Local Options Tax has been approved and enacted. Effective October 1st. Fee adjustments on this agenda and will be on the next agenda as well. Obtained grant to review water & sewer rates.

CITY COUNCIL Agenda Item #16-170.
Date: June 8, 2016
Consent __ Discussion _x_

SUBJECT: Discussion and possible decision on growth center designation

SUBMITTING DEPARTMENT: Planning

RECOMMENDED ACTION: To approve the recommended revision to the growth center boundary for submission to the Vermont Downtown Board.

RELATED COUNCIL GOAL/PRIOR ACTION: Create a hospitable environment for housing development and grand list growth

EXPENDITURE REQUIRED: None

SOURCE OF FUNDS: N/A

LEGAL REQUIREMENTS: The City's approval for growth center designation under 24 VSA 2793c required the City to submit an annual report. Our latest annual report in 2015 required a revised map to be submitted to the Downtown Board by July.

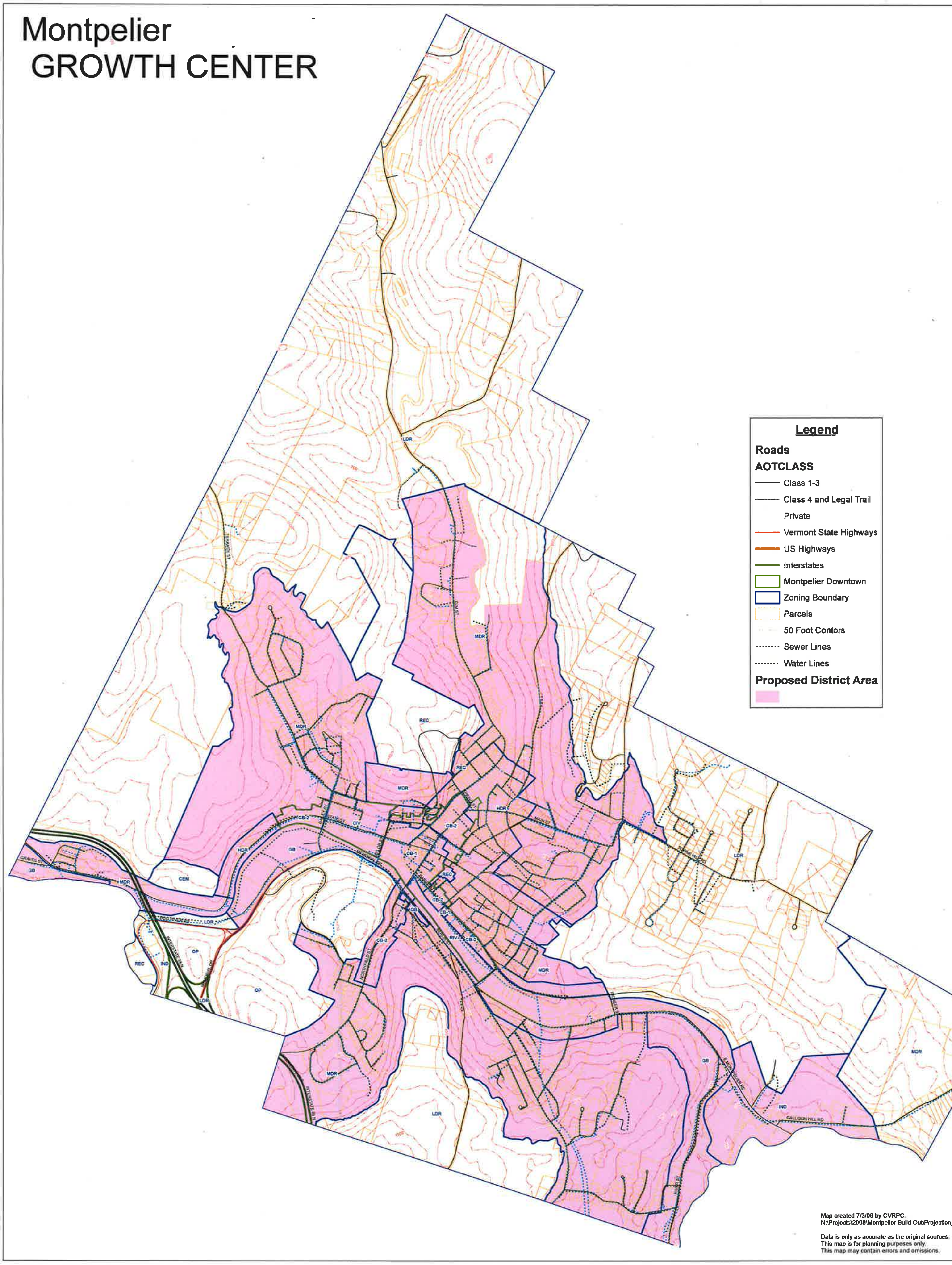
BACKGROUND INFORMATION: Following the City's annual review in 2015, the City was required to submit a revised growth center boundary to account for the large area of land designated, the inclusion of areas of low density development as well as areas zoned for auto-dependent uses. Montpelier had the first Growth Center in the state and the size of the approved boundary was always an issue. The attached map shows the Director's recommended change to the district boundary.

SUPPORTING DOCUMENTS: Current Growth Center boundary map and Draft Growth Center Boundary map.

INTERESTED PARTIES: Planning Commission,

CITY MANAGER'S APPROVAL:

Montpelier
GROWTH CENTER



~~DRAFT ZONING DISTRICTS & NEIGHBORHOODS~~

~~FINALPLANNING COMMISSION DRAFT~~

DRAFT GROWTH CENTER BOUNDARY

DRAFT ZONING DISTRICTS

- Urban Center
- Riverfront
- Western Gateway
- Eastern Gateway
- Mixed Use
- High Density Residential
- Medium Density Residential
- Low Density Residential
- Rural
- Municipal

Historic Design Review Overlay

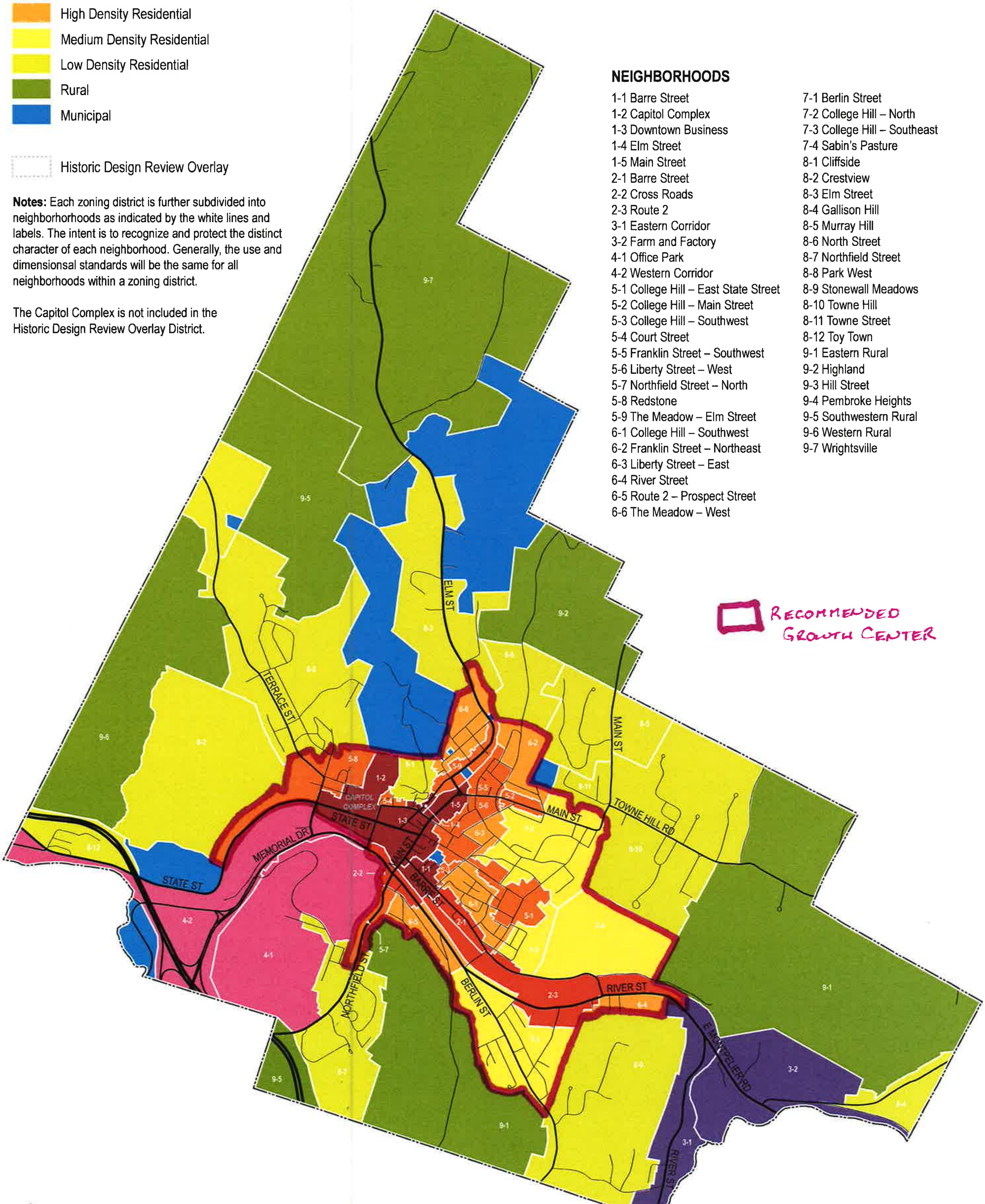
Notes: Each zoning district is further subdivided into neighborhorhoods as indicated by the white lines and labels. The intent is to recognize and protect the distinct character of each neighborhood. Generally, the use and dimensionsal standards will be the same for all neighborhoods within a zoning district.

The Capitol Complex is not included in the Historic Design Review Overlay District.

NEIGHBORHOODS

1-1 Barre Street
1-2 Capitol Complex
1-3 Downtown Business
1-4 Elm Street
1-5 Main Street
2-1 Barre Street
2-2 Cross Roads
2-3 Route 2
3-1 Eastern Corridor
3-2 Farm and Factory
4-1 Office Park
4-2 Western Corridor
5-1 College Hill – East State Street
5-2 College Hill – Main Street
5-3 College Hill – Southwest
5-4 Court Street
5-5 Franklin Street – Southwest
5-6 Liberty Street – West
5-7 Northfield Street – North
5-8 Redstone
5-9 The Meadow – Elm Street
6-1 College Hill – Southwest
6-2 Franklin Street – Northeast
6-3 Liberty Street – East
6-4 River Street
6-5 Route 2 – Prospect Street
6-6 The Meadow – West
7-1 Berlin Street
7-2 College Hill – North
7-3 College Hill – Southeast
7-4 Sabin's Pasture
8-1 Cliffside
8-2 Crestview
8-3 Elm Street
8-4 Gallison Hill
8-5 Murray Hill
8-6 North Street
8-7 Northfield Street
8-8 Park West
8-9 Stonewall Meadows
8-10 Towne Hill
8-11 Towne Street
8-12 Toy Town
9-1 Eastern Rural
9-2 Highland
9-3 Hill Street
9-4 Pembroke Heights
9-5 Southwestern Rural
9-6 Western Rural
9-7 Wrightsville

RECOMMENDED GROWTH CENTER



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0 2,000 4,000 FEET

REVISED: 19 MAY2016

CITY COUNCIL Agenda Item #16-167(c)
Date: June 8, 2016
Consent _x_ Discussion ___

SUBJECT: Request from Montpelier Alive for the closure of certain streets for the July 3rd Independence Day Celebration

SUBMITTING DEPARTMENT: Montpelier Alive

RECOMMENDED ACTION: Approve

RELATED COUNCIL GOAL/PRIOR ACTION: N/A

EXPENDITURE REQUIRED: N/A

SOURCE OF FUNDS: N/A

LEGAL REQUIREMENTS: Requests for street closures require Council approval.

BACKGROUND INFORMATION: It is the same closure request as the last two years with one exception: the State Street closure only would one hour earlier. As the event is a Sunday this year, and family Olympic games are planned for the lawn, organizers would like to start the festivities one hour earlier at 2:00 P.M.; setup for vendors and games is set for 11:00 A.M.

SUPPORTING DOCUMENTS: See attached detailed listing of the street closures and detours that they are requesting.

INTERESTED PARTIES: Residences and businesses in the affected areas

CITY MANAGER'S APPROVAL:

July 3rd, 2016 Street Closures and Parking Restrictions

State Street: Street closed between Governor Davis and Bailey Avenue from 11 am-11:00 PM for vendors and parade. Parking along this stretch closed from 11 AM- 11: 00 pm PM. Parking along State Street from Main Street to Governor Davis Avenue closed from 5:00 PM- end of the parade to accommodate parade viewing.

State Street also closed from Taylor Street to Main Street, and Governor Davis Avenue before the parade passes until 11 PM.

Main Street: Street closed from roundabout to State Street from 5:30 PM until approximately 7:45 PM for the Montpelier Mile Road Race followed by the parade. Parking closed from 5pm-end of parade.

Taylor Street: After the parade until 11:00 PM, traffic will only be allowed on Taylor Street from the parking lot entrances to the bridge.

Govenor Aiken Avenue: Street closed from 11:00 AM 11:00 PM. Parking closed from 10:30 AM on.

Streets in the Meadow area will be used as staging areas for the parade from 4:30 PM to 6:00 PM, with parking restrictions starting in the morning.

School Street from Main to St. Paul Street: (All three streets/areas will be closed during the parade.)

60 State Street Parking Lot: Lot will be closed from 2:00 PM to 1:00 AM for Julio's street dance (including set-up and take-down time).

National Life Drive: Street closed at 9 PM (1/2 hour before the fireworks) at the entrance from Memorial Drive and at the entrance into National Life parking lot at the top of the hill. The main parking lot will be open for viewing the fireworks.

Parade Detours

No vehicles will be allowed on the parade route (Spring Street, Main Street from Spring to State Streets, and State Street from Main Street to Bailey Avenue) during the parade, approximately from 5:45 PM – 7:15 PM.

Upper Main Street: Vehicles will be routed onto College Street from Upper Main Street. From there, vehicles can get across town by taking Sibley Ave to Barre Street.

Memorial Drive/ Lower Main Street: Vehicles turning onto Main Street from Memorial Drive will be directed onto Barre Street, up Sibley Avenue to College Street in order to cross town.

Post-Fireworks Detours

Memorial Drive: All traffic exiting from Bailey Avenue or Taylor Street onto Memorial Drive will have to turn right towards the interstate. No vehicles will be allowed to turn onto Bailey Avenue or Taylor Street from Memorial Drive.

City of Montpelier vermont

CITY COUNCIL Agenda Item #16-167(d)
Date: June 8, 2016
Consent _x_ Discussion ___

SUBJECT: Request from Marni Leikin, Director of Graduate Studies in Art & Design Education at Vermont College of Fine Arts for the closure or Langdon Street on Thursday, July 14th, from 6:00 – 9:00 P.M. to host an interactive art lesson for community members as part of the "Langdon Street Alive" festivities this summer.

SUBMITTING DEPARTMENT: City Manager's Office

RECOMMENDED ACTION: Approve

RELATED COUNCIL GOAL/PRIOR ACTION: N/A

EXPENDITURE REQUIRED: N/A

SOURCE OF FUNDS: N/A

LEGAL REQUIREMENTS: Requests for street closures require Council approval.

BACKGROUND INFORMATION: N/A

SUPPORTING DOCUMENTS: See attached letter from VCFA.

INTERESTED PARTIES: Langdon Street businesses and those adjacent to the area

CITY MANAGER'S APPROVAL:

Vermont College of Fine Arts

City Council
c/o City Manager's Office
City Hall - 39 Main Street
Montpelier, VT 05602

Letter of request for street closure.

Good day,

As part of the "Langdon Street Alive" festivities this summer, the Vermont College of Fine Arts requests the closure of Langdon Street on Thursday July 14th from 6-9pm in order to host an interactive art lesson for community members.

This free art lesson will be taught by graduate students in our Art & Design Education program. The lesson will be open to community members of all ages and experience levels. Participants will be guided in creating a portrait, of themselves, or a member of the community. Completed pieces will then be worked into a lasting collage that will be non-permanently installed in already designated spaces on Langdon Street as part of the "Langdon St. Alive" project. We are working with Ward Joyce and the rest of the Langdon St. Alive Steering Committee, along with Montpelier Alive!, to make sure the event is a success at reaching and engaging the wider Montpelier population.

We appreciate your time and dedication to the arts in Montpelier! Please feel free to contact us if any further explanations of our event are necessary.

Sincerely,

Marni Leikin
Director of Graduate Studies in Art & Design Education

36 College Street
Montpelier, VT 05602
T 802 828 8600
F 802 828 8649
vcfa.edu

CITY COUNCIL Agenda Item #16-169.
Date: June 8, 2016
Consent __ Discussion _x_

SUBJECT: Discussion and possible adoption of the Economic Development Strategic Plan (EDSP)

SUBMITTING DEPARTMENT: City Manager's Office

RECOMMENDED ACTION: Receive the complete Economic Development Strategic Plan (EDSP) from consultant Peter Fairweather and consider adoption.

Proposed motion: "Move to adopt the Montpelier Economic Development Strategic Plan and direct staff to put together an implementation plan."

RELATED COUNCIL GOAL/PRIOR ACTION: D: "Create and maintain a healthy environment for housing and economic development. The City Council approved the contract with Peter Fairweather in the fall of 2015, members have participated in past public meetings related to the development of the EDSP, and the Council held a discussion of the draft EDSP recommendations at the April 27, 2016 meeting.

EXPENDITURE REQUIRED: The EDSP recommends funding a Local Development Corporation at $100,000 annually for five years and the Housing Trust Fund at $50,000 annually for five years. If the EDSP is adopted, staff will put together an implementation plan including how to fund these initiatives in FY17 and moving forward.

SOURCE OF FUNDS: This will be presented with a future implementation plan.

LEGAL REQUIREMENTS: N/A

BACKGROUND INFORMATION: The City Council has prioritized economic development, grand list growth, and increasing our downtown vibrancy. In September the City entered into a contract with Peter Fairweather at Fairweather Consulting to develop an Economic Development Strategic Plan. Over the last nine months Peter has facilitated a series of public meetings, met with key stakeholders, completed data analysis and partnered with the Steering Committee to develop the EDSP. This plan provides a roadmap for Montpelier to claim its place as a superior quality location for economic development in Central Vermont.

We recommend that the Council consider adopting this EDSP and directing staff to present an implementation plan at the July 13, 2016 City Council meeting.

SUPPORTING DOCUMENTS: The Innovative Capital: An Economic Development Strategic Plan for Montpelier, VT

INTERESTED PARTIES: EDSP Steering Committee, members of the public and business community

CITY MANAGER'S APPROVAL:

The Innovative Capital

An Economic Development Strategic Plan for Montpelier, VT

City of Montpelier vermont

June, 2016

Executive Summary: The Innovative Capital Strategy

Montpelier is in a time of transition. For years, it was the uncontested urban core of Central Vermont. While Vermont's Capital City remains a vibrant, walkable community, other places in the region have recently outpaced Montpelier in private job growth. In this time of increasing competition from its neighbors, Montpelier cannot afford to rest on its laurels. Indeed, all indications are that should the City maintain its current posture, it is likely to lose much of its vitality.

> Economic development involves stimulating and/or channeling economic activity so that the activity preserves and improves a community's quality of life. An economic development strategic plan defines a long-term, unified approach to use the resources in a community to capture the available economic activity that community desires.

This Economic Development Strategic Plan calls for Montpelier to claim its place as a superior quality location for economic development in Central Vermont, its Innovative Capital. For Montpelier is not only the State capital. It is an Innovative municipal government. It is the single biggest repository of creative assets in Central Vermont and is the hub for innovative enterprises in the region. The central purpose of this Economic Development Strategic Plan is to enable Montpelier to fully realize its potential as Central Vermont's Innovative Capital.

Realizing Montpelier's Economic Potential

> Nothing in the world can take the place of persistence. Talent will not; nothing is more common than unsuccessful men with great talent. Genius will not; unrewarded genius is almost a proverb. Education will not; the world is full of educated derelicts. Persistence and determination alone are omnipotent.
>
> Calvin Coolidge

A strategic plan is a long-term commitment. Some research has even suggested that the factors separating successful strategies from unsuccessful ones are—as President Coolidge suggested—persistence and determination. This economic development strategic plan sets a direction for Montpelier's economic future. As it is implemented, some of its recommended actions will meet with success, others may falter. But the plan's ultimate value will

Table ES-1.
Employment Trends for Montpelier, Barre & Waterbury, 2009-14

Employment by Municipality, 2014	**Montpelier**	**Barre**	**Waterbury**
Total Employment	9,539	5,146	3,379
Change in Total Employment from 2009	599	648	(1,209)
Private Employment	5,810	4,146	2,887
Change in Private Sector Employment from 2009	10	394	294

Source: US BLS, Quarterly Census of Employment & Wages arise from a long-term commitment to an approach for building prosperity and quality of life in Montpelier. It is that commitment and perseverance that, more than anything else, can guarantee the success of this effort.

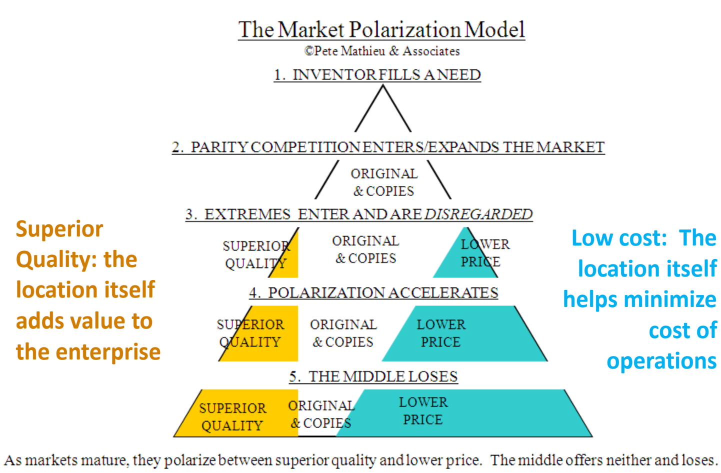
The analysis of Montpelier's existing economic conditions (found in the appendices to this report) suggests that this is in fact a critical time to ensure that the City's economy is positioned to maintain and expand the relative prosperity it currently enjoys. Table ES-1 summarizes the case for Montpelier to weigh its economic prospects. From 2009 to 2014, while Barre added 394 private-sector jobs and Waterbury gained 294 private-sector jobs, Montpelier saws its private employment increase by a mere 10 jobs. Clearly the City has not been as effective as Barre and Waterbury in participating in the modest economic growth taking place in Central Vermont.

The critical question facing a community looking to better its local economy becomes: "how are we going to compete in the marketplace?" Marketing consultant A. H. Pete Mathieu created a model to help makers of consumer products decide how they would compete. Simply put, products can compete on the basis of providing either high quality or low price. More importantly, Mathieu points out that, as any market matures, it polarizes. That is, the consumers split into two groups: those that prefer premium products and those that prefer low cost products. If your product is not clearly identified as either a premium product or a low-cost product, it will lose to the products at those two extremes. (See Figure ES-1.)

A "middle market" giant like Sears eventually lost its market to the low-end discounters like Wal-Mart and the premium outlets like The Talbots and Nordstrom. The "Big 3" automakers almost went bankrupt responding to the combined pressure from low-cost Japanese cars and high-end models like Mercedes, Volvo and Lexus.

This model works just as well for communities seeking economic development. In the same way, a community can seek to position itself as a premium location for business, offering high value in terms of access to markets, workforce, infrastructure and/or quality of life. On the other side of the spectrum, a community can seek to be a low-cost location, offering low-cost real estate and labor to entice business.

Figure ES-1.
Mathieu's Model of Market Polarization

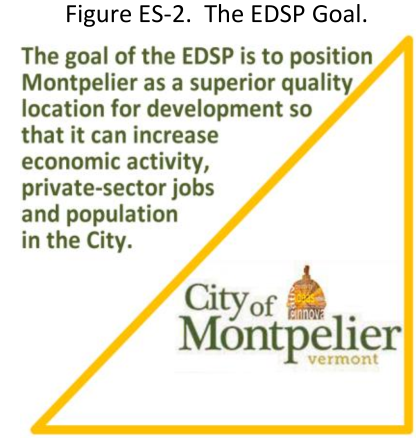


This is the situation in which Montpelier finds itself in the early years of the 21st Century. For years, it was the only significant urban experience in Central Vermont. 25 years ago, Barre was a granite mining community with economic problems and little charm. At that same time, to the west, Waterbury was a small community mostly noted for the presence of a mental hospital. Over the decades, this all changed. Barre has actively positioned itself as a low-cost alternative to Montpelier. Building upon its success with globally recognized food brands, and tapping into the nearby ski industry, Waterbury is emerging as a higher-priced home for hospitality, recreation and food-based businesses. Montpelier finds itself in the middle of this polarized market. As the model suggests, Montpelier is compelled to choose how it wishes to respond to these circumstances. Doing nothing in response will ensure that the City will see a gradual but, over time, dramatic erosion of its economic vitality and ultimately, its quality of life.

The Innovative Capital Strategy: Montpelier as a Superior Quality Location in Central Vermont

Montpelier's response to the fact of market polarization is clear. It must compete as a superior quality location. There are two primary reasons for this:

Figure ES-2. The EDSP Goal.

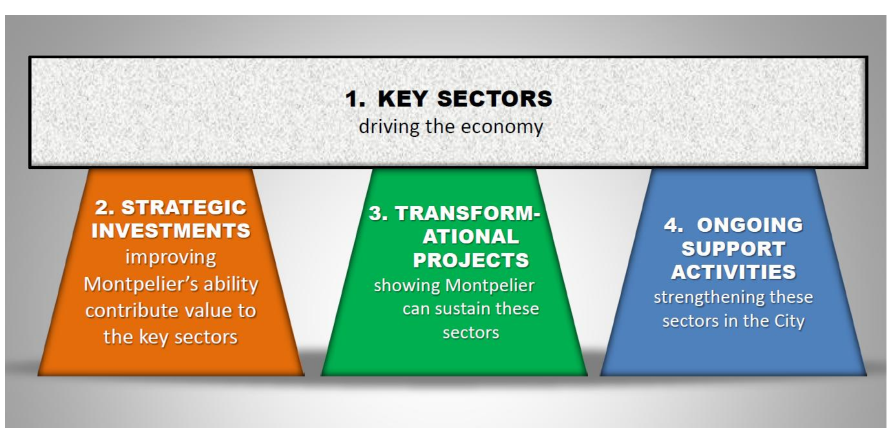


1. Community vibrancy is an essential component of a superior quality location. Montpelier already has a reputation as an arts, culture and fine dining hub in Central Vermont. That, plus its attractive, walkable downtown tend to cast it as a superior quality location.

2. Montpelier is already a high-cost location in Central Vermont whether measured by wages, education levels, housing costs, rents, etc. In this context, the City is compelled to compete on the basis of superior quality. Fortunately, as this strategic plan will make clear, it is well-positioned to use its position to do so. This can extend the associated opportunities to all residents of the City.

As depicted in Figure ES-2, the goal of the strategy then, is to position Montpelier as a superior quality location for development to increase economic activity, private-sector jobs and population in the City over the next five years.

Figure ES-3. The Four Building Blocks of Montpelier's Economic Development Strategic Plan.



Tactics: The Four Building Blocks for Montpelier's Economy

The essence of this strategic plan then is to create a coordinated program to continue to improve the City's ability to add value to enterprises located in (or interested in locating in) Montpelier. This will involve four tactics to implement that strategy. These tactics serve as building blocks to strengthen the City's economy. The relationship of these four tactics is depicted in Figure ES-3. The first tactic defines the key sectors or market opportunities that Montpelier should pursue. The three other tactics are intended to build support for these sectors in the City's economy. Slighting any one of the tactics reduces the chances for success. All four tactics are described in full detail in the body of the report.

Putting the Strategy in Motion: Implementing the Economic Development Strategic Plan

Building Administrative Capacity to Implement and Manage the Strategic Plan through a Local Development Corporation

The Economic Development Strategic Plan has identified a series of tactics and tools to position Montpelier as a superior quality location for development. Somebody has to make this all come together into a coherent program. ***Implementation of this Economic Development Strategic Plan will require the creation of at least one full-time economic development position*** charged with implementing and overseeing the Economic Development Strategic Plan. This position will be responsible for coordinating the many partnerships with public and private agencies that must work together in implementing the EDSP. To implement the Economic Development Strategic Plan, the City should create a Local Development Corporation (LDC) in which to house the economic development position.

Creating a sustained, unified work plan for the Innovative Capital Strategy.

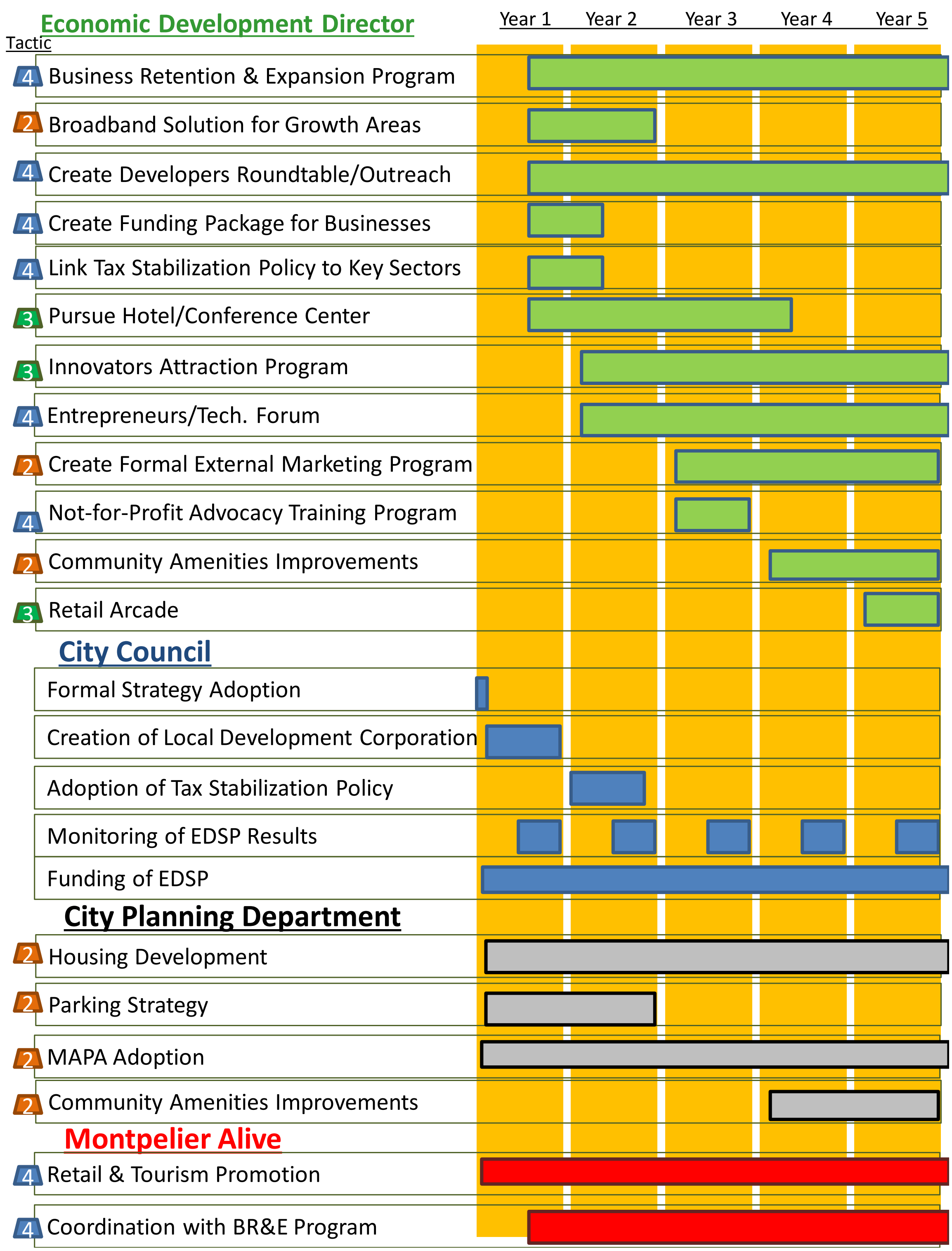
Figure ES-4 provides a graphic depiction of a recommended work plan for the EDSP. It shows the various initiatives undertaken by the economic development position, the City Council, the City Planning Department and Montpelier Alive. The tactics to which each initiative corresponds is indicated at the left of the figure.

Estimated Return and Investments for the Economic Development Strategic Plan

The Investment: $100,000 per year for five years for a Local Development Corporation

A full-time economic development position is likely to involve approximately $100,000 in costs per year in salary, benefits and expenses. This is consistent with the budgets for other local economic development offices (mostly LDC's) in Vermont towns and cities. The other immediate expense for this program is to re-establish funding for the City's Housing Trust Fund at a level of approximately $50,000 annually. Thus, over five years, the implementation of the Economic Development Strategic Plan is likely to total $750,000. This is a major investment for the City and it is important to understand the potential returns to the City's economy for the first two years at full implementation could surpass that 5-year total expense.

Figure ES-4. A Proposed Work Plan for Implementing the EDSP.



The Target Return: Over $5.6 million per year in new economic activity

The potential returns to the City would be increased spending in the City as a result of increased population and increased revenues to the City from property tax and the local options tax. This analysis provides an estimate of what those returns will be. The estimates are not a precise prediction of the future. Rather, they are intended to provide an indication that the magnitude of the potential returns to the City is worth the magnitude of the investment required by the City.

For purposes of this analysis, it is assumed that Montpelier's per capita spending was $18,632. Even with this conservative estimate of spending, the City of Montpelier could add an additional $750,000 in spending in the City annually if the Economic Development Strategy attracted 41 additional residents to the City. If the City were able to attract 300 new residents to the City through the EDSP as is called for in the plan metrics, that would bring in an additional $5.6 million of spending into the City.

The Tax Impact of the Economic Development Strategic Plan

This section looks at the effect that successful implementation of the Economic Development Strategic Plan would have on City tax revenues. This is summarized in Table 12. NOTE: Table ES-2 represents the annual tax benefit associated with the plan once it is fully implemented. If tax stabilization is used to catalyze any of the projects, the full property tax revenues will not be realized until the expiration of the tax stabilization agreement for those particular projects. After that point, the increase in taxes would be permanent.

Table ES-2. Projected Annual Tax Revenues Produced by Implementation of the Economic Development Strategic Plan.

Source of New Value:	New Value Created in the City	New Tax Revenues Generated Each Year in the City
Hotel/Conference Center	$10,000,000	$112,480
150 New Housing Units @ $228,000/unit	$34,200,000	$384,682
Increased Property Taxes due to ripple effect of $5.6 in new spending by 300 additional residents	$4,443,101	$49,976
Total New Property Taxes	**$48,643,101**	**$547,138**
Increased Meals & Rooms Tax Revenue (Montpelier's Local Option)	$93,507	$ 7,193
TOTAL		**$ 554,330**
Source: compiled by Fairweather Consulting from various sources.		

Based upon these calculations, modest gains in the City's economy could return the City's $150,000 investment in economic development. The economic development effort can return the annual investment of $150,000 through increased property taxes with the construction of 60 new homes worth $228,000 each (the average for the City), or $13.5 million in other new ratables (e.g., a new hotel and 13 houses or small office buildings worth $228,000 each.) As indicated above, in the first two years in which the City reaches the outcomes described in Table ES-2, the EDSP could result in over $1 million in new taxes ($550,000 each year).

Contents

Introduction

> Nothing in the world can take the place of persistence. Talent will not; nothing is more common than unsuccessful men with great talent. Genius will not; unrewarded genius is almost a proverb. Education will not; the world is full of educated derelicts. Persistence and determination alone are omnipotent.
>
> Calvin Coolidge

A strategic plan is a long-term commitment. Some research has even suggested that the factors separating successful strategies from unsuccessful ones are—as President Coolidge suggested—persistence and determination. This economic development strategic plan sets a direction for Montpelier's economic future. As it is implemented, some of its recommended actions will meet with success, others may falter. But the plan's ultimate value will arise from a long-term commitment to an approach for building prosperity and quality of life in Montpelier. It is that commitment and perseverance that, more than anything else, can guarantee the success of this effort.

The Planning Process

The Economic Development Strategic Plan was compiled over a six-month process beginning with a public kickoff meeting on November 2, 2015 with subsequent public meetings held March 1 and 2, 2016 and April 26, 2016, with a presentation of the draft findings made to the City Council at its regular meeting on April 27, 2016. The process also involved extensive analysis of the existing economic conditions in Montpelier, Central Vermont and the State as a whole along with interviews and meetings with a wide variety of stakeholders. The details of the analysis and interviews are found in the appendices to this report. The planning process was overseen by a nine-member committee that met several times during the six-months to review findings, identify stakeholders for interviews and otherwise assist in the timely completion of the Economic Development Strategic Plan. The Plan would not have been created without their assistance. Member of the committee included:

- Jean Olson, City Council
- William Fraser, City Manager
- Michael Miller, Planning Director
- Kevin Casey, Community Development Director
- Jessie Baker, Assistant City Manager
- Timothy Beavin, Beavin & Sons Printing,
- Sam Andersen, Central Vermont Economic Development Corporation
- Andrew Brewer, Onion River Sports
- Ashley Witzenberger, Montpelier Alive

There was also a website for the plan (http://montpelierplan.com) through which the public could review plan documents and comment on the plan.

What is an Economic Development Strategic Plan and Why Does Montpelier Need One?

Economic development involves stimulating and/or channeling economic activity (spending, job creation & investment) so that the activity preserves and improves a community's quality of life. Economic development harnesses economic power, but it isn't economic power. Effective economic development depends upon market realities & motivated business people. A community can't wish itself to economic prosperity. It must take advantage of the actual opportunities the market places before it.

An economic development strategic plan defines a long-term, unified approach to use the resources in a community to capture the available economic activity that community desires. If that is so, does Montpelier really need an economic development strategic plan? By many accounts, Montpelier is a successful community. It is a relatively affluent community by Vermont standards. It has an attractive, walkable downtown and is home to a number of vital businesses, cultural institutions and strong K-12 and post-secondary schools.

But the analysis of Montpelier's existing economic conditions (found in the appendices to this report) suggests that this is in fact a critical time to ensure that the City's economy is positioned to maintain and expand the relative prosperity it currently enjoys. Table 1 summarizes the case for Montpelier to consider its economic prospects. From 2009 to 2014, the City added 599 jobs, compared to neighboring Barre's addition of 648 jobs and nearby Waterbury's loss of 1,209 jobs as State agencies relocated to Montpelier while the new office complex was built. But the real issue for Montpelier is seen in the trend with regard to private sector jobs. In that same time period, while Barre added 394 private-sector jobs and Waterbury gained 294 private-sector jobs, Montpelier saws its private employment increase by a mere 10 jobs. Clearly the City has not been as effective as Barre and Waterbury in participating in the modest economic growth taking place in Central Vermont.

Table 1.
Employment Trends for Montpelier, Barre & Waterbury, 2009-14

Employment by Municipality, 2014	Montpelier	Barre	Waterbury
Total Employment	9,539	5,146	3,379
Change in Total Employment from 2009	599	648	(1,209)
Private Employment	5,810	4,146	2,887
Change in Private Sector Employment from 2009	10	394	294

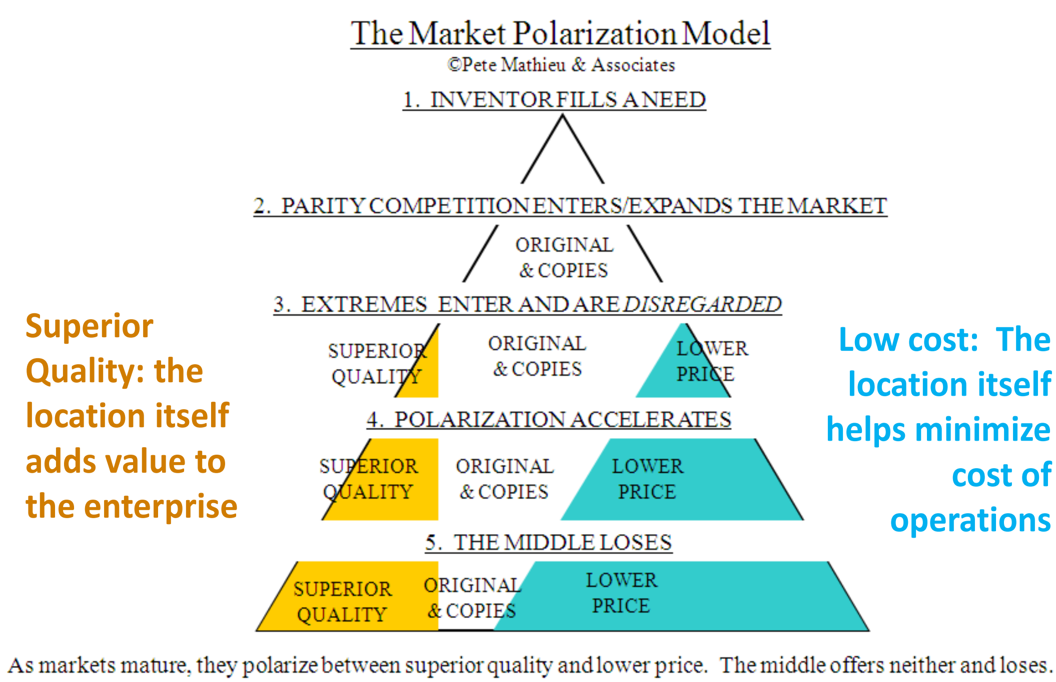
Source: US BLS, Quarterly Census of Employment & Wages

The critical question facing a community looking to better its local economy becomes: "how are we going to compete in the marketplace?" Marketing consultant A. H. Pete Mathieu created a model to help makers of consumer products decide how they would compete. Simply put, products can compete on the basis of providing either high quality or low price. More importantly, Mathieu points out that, as any market matures, it polarizes. That is, the consumers split into two groups: those that prefer premium products and those that prefer low cost products. If your product is not clearly identified as either a premium product or a low-cost product, it will lose to the products at those two extremes. (See Figure 1.)

A "middle market" giant like Sears eventually lost its market to the low-end discounters like Wal-Mart and the premium outlets like The Talbots and Nordstrom. The "Big 3" automakers almost went bankrupt responding to the combined pressure from low-cost Japanese cars and high-end models like Mercedes, Volvo and Lexus.

This model works just as well for communities seeking economic development. In the same way, a community can seek to position itself as a premium location for business, offering high value in terms of access to markets, workforce, infrastructure and/or quality of life. On the other side of the spectrum, a

Figure 1.
Mathieu's Model of Market Polarization

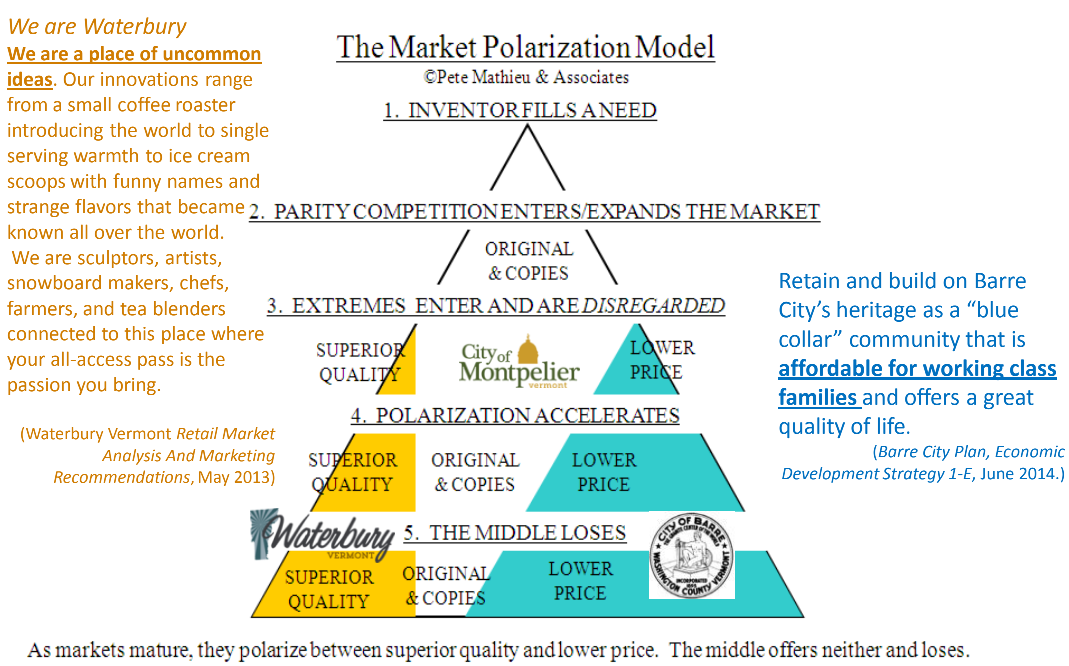


community can seek to be a low-cost location, offering low-cost real estate and labor to entice business.

This is the situation in which Montpelier finds itself in the early years of the 21st Century. For years, it was the only significant urban experience in Central Vermont. 25 years ago, Barre was a granite mining community with economic problems and little charm. At that same time, to the west, Waterbury was a small community mostly noted for the presence of a mental hospital. In recent years, this has all changed. Barre has actively positioned itself as a low-cost alternative to Montpelier, and building upon its success with globally recognized food brands, and tapping into the nearby ski industry, Waterbury is emerging as a higher-priced home for hospitality, recreation and food-based businesses. As illustrated in Figure 2, Montpelier finds itself in the middle of Central Vermont's economy. The figure contains quotes from the economic development strategies of each of these communities. They have clearly positioned themselves at either end of the increasingly polarized market. Montpelier has yet to make a strategic choice how it intends to compete leaving it as risk of remaining in the middle of the market and losing substantial opportunities to its better positioned neighbors.

Note: establishing a competitive position in a polarizing market does not necessarily preclude communities from cooperating with one another on a regional basis. In fact, regional cooperation becomes easier once each community has an understanding of its position in the market and the opportunities it wishes to pursue.

Figure 2.
Montpelier's Position in the Marketplace.



The Strategy: Montpelier as a Superior Quality Location in Central Vermont

Montpelier's response to the fact of market polarization is clear. It must compete as a superior quality location. There are two primary reasons for this:

1. Montpelier already has a reputation as an arts, culture and fine dining hub in Central Vermont. That, plus its attractive, walkable downtown tend to cast it as a superior quality location.

2. Montpelier is already a high-cost location in Central Vermont whether measured by wages, housing costs, rents, etc. In this context, the City is compelled to compete on the basis of superior quality. Fortunately, as this strategic plan will make clear, it is well-positioned to do so.

The goal of the strategy then, is to position Montpelier as a superior quality location for development to increase economic activity, private-sector jobs and population in the City over the next five years.

The Factors Contributing to a Superior Quality Location

What exactly does it mean to compete as a superior quality location? As indicated in Figure 1, such a location should add value to the businesses it hosts. It can do that in a number of ways. Table 2 provides a summary of the results of a recent study of small cities in Massachusetts to identify those factors associated with private-sector job growth.

This study is a useful guide in that its findings are consistent with general economic development practice. The study results showed that the top six factors associated with job growth include having sites available for development, site amenities (which in this case meant a vibrant and walkable downtown), economic development marketing, timely approvals, available parking for employees and good quality schools.

Other factors that contributed to job growth in this study included adequate infrastructure, fast-track permitting, labor quality, etc. Factors that were not associated with job growth included traffic congestion, low tax rates, low housing costs, the quality of development sites,

Table 2.

Results from a Recent Study Correlating Economic Development Self-Assessment Tool (EDSAT) Data to Municipal Economic Growth

Table 3. Correlation between EDSAT Variables and Employment Growth, All Private-Sector Industries in Working Cities 2001–2013:II

EDSAT Measure	Correlation Coefficient
Available sites for development	+.59
Site amenities (a nice downtown)	+.37
Economic-development marketing	+.36
Timeliness of approvals	+.25
Available parking	+.18
School success	+.15
Adequate infrastructure	+.14
Fast-track permitting	+.14
Cross-Marketing – public/private efforts	+.13
Marketing follow-up	+.13
Labor quality	+.13
Low crime rates	+.07
Complementary business services	+.07
Good public transit	+.04
Labor cost	.00
Predictable permitting	-.02
Highway access	-.03
Adoption of a comprehensive marketing plan	-.07
Commercial/Industrial rents	-.08
Cultural and recreational amenities	-.12
Traffic congestion	-.23
Low local tax rates	-.27
Low housing costs	-.28
Quality of available development sites	-.33
Little citizen opposition to development	-0.35
Physical attractiveness of the municipality	-0.35

Source: Barry Bluestone, "What Makes Working Cities Work? Key Factors in Urban Economic Growth. Federal Reserve Bank of Boston, *Community Development Issue Brief 3, 2014*, May, 2014.

little citizen opposition to development and the physical attractiveness of the municipality.

Critical Factors for Montpelier

All of this suggests that Montpelier has in place many factors that contribute to private sector job growth and help employers add value to their businesses, ranging from available infrastructure to site amenities to high quality schools. The critical issues for the City appear to be:

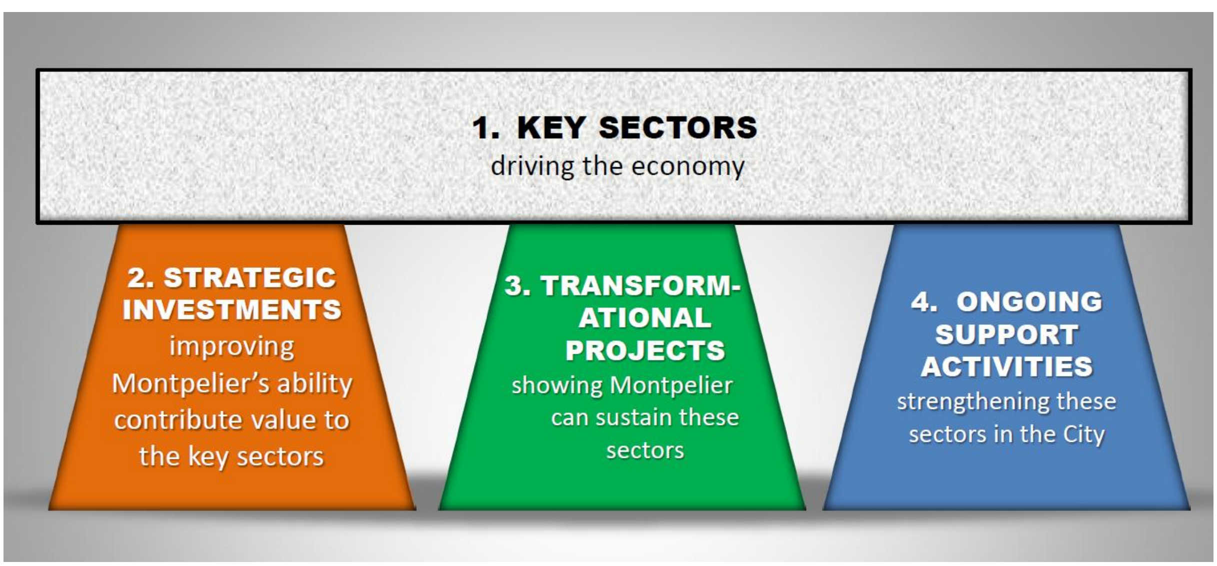
- Ensuring that sites are available and ready for development,
- Adequate infrastructure including sewer and water (which are readily available in the City), as well as parking, and broadband
- A timely approvals process,
- Available high quality workforce
- Community amenities centered around a vibrant downtown
- Marketing for economic development initiatives in the City

Note: as will be discussed below, Montpelier needs to make investments in the community to solidly position itself as a superior quality location. But, at the same time, the City must remain a prudent steward of these investments in order for them to bring about the desired results.

Tactics: The Four Building Blocks for Montpelier's Economy

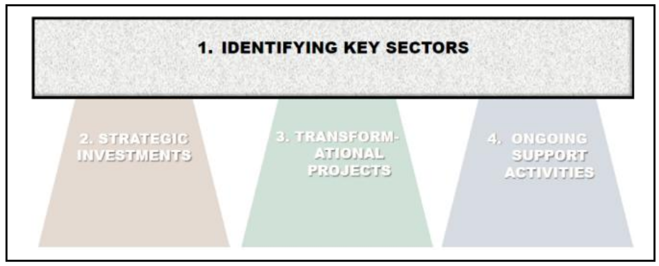
The essence of this strategic plan then is to create a coordinated program to continue to improve the City's ability to add value to enterprises located in (or interested in locating in) Montpelier. This will involve four tactics to implement that strategy. These tactics serve as building blocks to strengthen the City's economy. The relationship of these four tactics is depicted in Figure 3. The first tactic defines the

Figure 3. The Four Building Blocks of Montpelier's Economic Development Strategic Plan.



key sectors or market opportunities that Montpelier should pursue. The three other tactics are intended to build support for these sectors in the City's economy. Slighting any one of the tactics reduces the chances for success. All four tactics are each described below in greater detail. The appendices contain a description of the specific supporting tactics for each of the strategy's key sectors.

Tactic 1. Identifying Key Sectors



The economic analysis conducted for this strategic plan is included in the appendices to this report. It involved an examination of both short-term and long-term trends in job creation at the State, regional and local levels along with consultation with existing reports on the economy such as the most recent Comprehensive Economic Development Strategy (CEDS) for the State of Vermont and interviews with stakeholders from a variety of sectors in Montpelier and Central Vermont.

This analysis identified eight sectors that are particularly important for Montpelier's economy. As shown in Table 3, these are related to the target sectors of the Statewide Comprehensive Economic Development Strategy. Each key sector is described below in greater detail.

Table 3. How the EDSP Key Sectors Relate to the Target Sectors for the Statewide Comprehensive Economic Development Strategy (CEDS)

EDSP Key Sectors	Corresponding CEDS Target Sectors
Higher Education/ Adult Learning	Education
Food Processing/Advanced Manufacturing	Food Systems Advanced Manufacturing
Entrepreneurs (particularly in software development & IT)	Software Development and IT Renewable Energy and Efficiency
Finance/Insurance	Financial Services and Insurance (including Captive Insurance)
Not-for-Profit Services	Arts and Culture
Professional, Business & Technical Services (including Green Businesses)	Renewable Energy and Efficiency Green Businesses
Specialty Retail	NA
Tourism, Hospitality & the Arts	Tourism Arts and Culture

Higher Education/Adult Learning

The higher education and adult learning sector includes four-year colleges, community colleges, and technical/job training programs. Education is an important sector to the economy because it creates a more skilled workforce, attracts out of state students, resulting in tuition revenue and possible new state residents, and provides quality jobs in teaching, administration, and other support staff. This sector is similar to the target industry of Education in the Statewide CEDS.

Food Processing and Advanced Manufacturing

This sector includes manufacturing-related enterprises for which Montpelier may be a logical location. Food processing includes the preparation and storage techniques necessary before selling fruits and vegetables at grocery stores, craft enterprises such as bakeries, breweries, and wineries, as well as the processing and packaging of dairy products, and other commodities. This is similar to the target industry of Food Systems in the Statewide CEDS. This target sector also includes other types of advanced manufacturing beyond food processing, focusing on smaller specialty firms that use sophisticated technology to make their goods and/or those who embed such technology in their final products.

Entrepreneurs (particularly in software development and IT)

This sector encompasses many different industries, but focuses on new business creation. However, fostering entrepreneurship requires such a unique set of skills, resources and support that it can be considered its own sector. Entrepreneurs require access to capital and property, risk reduction, education, governmental support, and business services, among others. Of particular interest for Montpelier is entrepreneurship in the software development and information technology sectors. This sector includes creating new software, testing, troubleshooting, and maintaining software, creating and maintaining databases, computer servicing, and creation and maintenance of communication systems, among others. This sector is similar to the Software Development and Information Technology sector in Statewide CEDS. But it is worth noting that entrepreneurs can come from any one of these eight key sectors (and others not mentioned in this strategy). Quality of life and community vibrancy are essential characteristics for any community wishing to attract entrepreneurs in these fields. Thus, the recommendations for the key sectors of Specialty Retail and Hospitality, Tourism & the Arts will also improve the City's competitiveness for entrepreneurs.

Finance/ Insurance

Finance and insurance includes banking, asset management, venture capital, and insurance. The services and products this sector provides include loans, financial advice, transaction processing, and insurance policies among others. Vermont is a leader in this sector due to its captive insurance market. This sector is consistent with the Financial Services and Insurance sector in the Statewide CEDS.

Not-for-Profit Services

The not-for profit industry is thriving in Montpelier. As the state capital, Montpelier is attractive to many not-for-profits who want proximity and access to the policy-making process. The City is home to not-for-profit industries focusing on state policy, energy, environmental, and sustainability issues, education, the arts, housing, and community development, among others. These types of not-for-profit enterprises require a workforce skilled in management, fundraising, science, and policy.

Professional, Business, Science, and Technical Services

This sector is defined by the NAICS[1] as consisting of businesses that perform technical, professional, or scientific tasks for other individuals and businesses. This could include law, architecture, engineering, bookkeeping/accounting and many others. For Montpelier, this sector also includes firms using technology to provide important environmental services and services related to energy conservation and climate resiliency.

Specialty Retail

Specialty retail stores provide a specific type of product, as opposed to a broad breadth of products. Specialty retail stores provide a greater selection of specific products that cannot be found elsewhere as well as expertise, and personalized shopping experiences. This sector includes bookstores, record stores, artisan/craftsmen shops, home goods, and sporting goods store, among others. One of the most

[1] The North American Industrial Classification System, used by governments in the US and Canada to classify businesses by industry.

important contemporary trends in retail is what is termed "experience-based" retail, in which shopping is embedded in a larger social and cultural experience of a place. With its walkable downtown and a host of cultural experiences and festivals, the City is well positioned to compete in the experience-based retail market. As mentioned above, efforts to improve vibrancy and "experience-based" retail will also strengthen the City's ability to attract businesses and workers from other sectors.

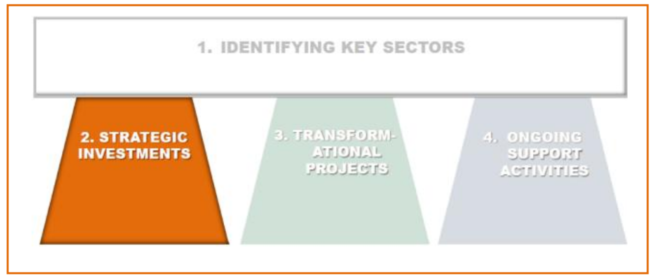
Tourism, Hospitality, and the Arts

Montpelier already has the competitive advantage of being the State capital, a draw for many visitors. Tourism, hospitality and the arts includes hotels, restaurants, historic sites, museums and recreational activities. This sector includes both the Tourism and Recreation sector and the Arts and Culture sector in the Vermont 2016 CEDs. According to the CEDs the arts economy has a direct impact, creating revenue from "the sale of art and the ticket sales for music and theatrical productions. . . the sale of arts goods and materials, recording production of music and film for mass distribution, and studio residencies and training programs." [2] Montpelier's efforts to promote experience-based retail will also improve its draw for tourists. The City should continue to develop festivals and other activities to attract new visitors. To repeat: a vibrant tourism, hospitality and arts scene in the City improves it competitiveness for other sectors as well.

NOTE: this analysis does not conclude that these are the only sectors worthy of consideration for improving Montpelier's economy. Rather these are the ones with the greatest likelihood of success and the greatest chance to lift other sectors as they improve.

[2] Vermont 2020 Comprehensive Economic Development Strategy. Updated February 2016

Tactic 2. Making Strategic Investments in sites, infrastructure, approval process, and other areas to improve Montpelier's ability contribute value to the key sectors



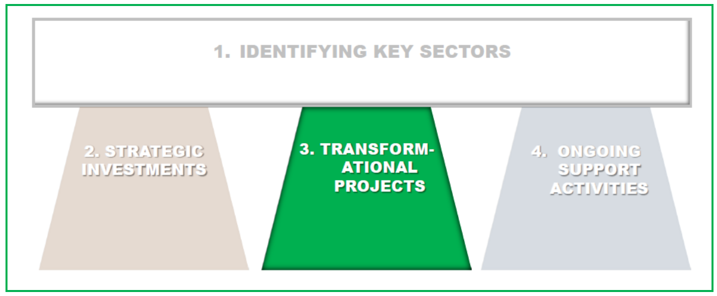
Part of the process of positioning Montpelier as a superior quality location for economic development is ensuring that investments to strengthen those aspects of the community that can provide important support to the target industries. These investments must address the critical factors that can make Montpelier a superior quality location for development:

- ***Ensuring that sites in the City are prepared for private development*** through such investments in proper zoning for the sites, ensuring that they are served by infrastructure and are free of impediments to re-use (e.g., brownfield contamination, etc.)
- ***Providing adequate infrastructure for development***, including parking, broadband, access for foot, bike and auto transportation, etc.
- ***Providing expeditious and effective project reviews*** so that developers can have confidence that their proposals will be assessed accurately, completely and in as short a time frame as possible.
- ***Building a pipeline of talented workers*** so that businesses remain confident that their enterprises will have access to sufficient numbers of workers possessing the skills they require to operate their businesses successfully. This means ensuring that housing in the City is attractive and affordable to a wide range of incomes and working with educational institutions to ensure proper training opportunities are available.
- ***Strengthening community amenities*** so that Montpelier will be an attractive place in which enterprises can operate, employees can live and customers can conduct their business. This is also essential as Montpelier strengthens is ability to serve the "experience-based" retail market.
- ***Marketing Montpelier to businesses*** by building a brand for the City's efforts to improve its economy and providing personal support in locating resources to assist businesses to both enterprises now located in the City and those considering relocating to Montpelier.

Table 4 describes the investments required to address each of these issues in Montpelier.

Table 4. Strategic Investments to Strengthen Montpelier as a Superior Quality Location.	
Issue:	**Investment**
Sites Improvements (e.g., ensure appropriate zoning and infrastructure at development sites, work with developers to secure specific improvements needed for particular projects) :	**Prepare sites for use as:** • **class A office space** in downtown and Barre Street/Stonecutters Way area for professional services, entrepreneurs and not for profits. • **food processing/second stage advanced manufacturing** in Barre Street/Stonecutters Way area • **hotel/conference center** in or adjacent to downtown core. • **family housing in larger parcels** in and adjacent to existing neighborhoods. • **infill housing** in downtown core for young singles.
Infrastructure	Ensure adequate employee parking at each site through a comprehensive parking strategy. Provide broadband connectivity to key growth sites Ensure pedestrian/bike connections to development sites.
Provide Expeditious Project Reviews	Seek ways to increase predictability of project review duration, including adopting the Municipal Administrative Procedures Act (MAPA) standards for contested projects. The City should also streamline policies related to holding festivals and other events in the City (e.g., street closings, use of parks, etc.)
Build the Pipeline of workforce talent	Provide a variety of housing types to ensure adequate housing for talent pipeline: • Executive housing in downtown and other locations • Housing for young professionals with families • Senior housing for retirees and to free up existing housing stock • Affordable housing for young singles and others. Encourage K-16 educational institutions to offer skills instruction for target industries.
Strengthen Community Amenities	Continually to upgrade streetscapes, facades and recreational facilities to enable Montpelier to better compete for experience-based retail.
Marketing	Build a brand for Montpelier's EDSP and incorporate it into economic development promotions. Provide personal service for business development, approvals, financing, etc. Recruit firms in target industries to Montpelier in cooperation with the Central Vermont Economic Development Council and State industry attraction efforts.

Tactic 3. Championing transformational projects that demonstrate Montpelier's ability to serve as a "superior quality" location for these sectors



This economic development strategy is premised on the idea that Montpelier can compete as a superior quality location for economic development. Businesses, property owners, residents, potential investors and others must see concrete demonstrations of the strategy's success and its future potential. It is therefore important that, as the strategy is implemented, proof of this success is provided early and often. That is the role of the transformational projects. During the analysis and community outreach for this strategic plan, a number of transformational projects were identified for the target sectors. These are listed in Table 5.

NOTE: this list is intended to serve as a sample of potential projects. It should not be considered exhaustive. Table 5 provides a brief description of each project and how it would foster activity in the target sector(s) with which it is associated.

Table 5.
Description of Potential Transformational Projects and Target Sectors Served by Them

Potential Transformation Project	Target Sector(s) Served
Hotel & Conference Center: The project would involve the construction of a hotel and conference center in or near the downtown, working with existing operators and/or developers to create additional rooms and conference space to support business & tourism travel. The project would improve the capacity of Montpelier to host festivals and business meetings as well as provide further diversity in terms of high-quality lodging available in the City.	Tourism, Hospitality & the Arts; Adult Learning; Finance/Insurance; Not-for-Profit Services; Services (inc. Green Businesses)
Housing Projects: This would provide a variety of housing types to ensure adequate housing for workers in Montpelier businesses. The projects could include: • Executive housing in downtown and other locations • Housing for young professionals with families (e.g., 1st-time homebuyers) • Senior housing for retirees and to free up existing housing stock • Affordable housing for young singles and others.	Finance/Insurance; Services (inc. Green Businesses)
Not-for-Profit Advocacy Training Center: The Center would offer training programs in social advocacy and not-for-profit management to take advantage of opportunities for experiential learning about government processes in a small state capital. The Center would also provide training support to the not-for-profit organizations in the City.	Not-for-Profit Services; Adult Learning; Tourism, Hospitality & the Arts
Local Food/Spirits Venue: A processing/retail operation to build upon the regional strengths in local food & food processing.	Food Processing and Advanced Manufacturing;

<table>
<tr><th colspan="2">Table 5.
Description of Potential Transformational Projects and Target Sectors Served by Them</th></tr>
<tr><th>Potential Transformation Project</th><th>Target Sector(s) Served</th></tr>
<tr><td></td><td>Specialty Retail</td></tr>
<tr><td><u>Retail Arcade</u>: A retail space subdivided into small-footprint spaces for start-up retailers to create opportunities for start-up retailers to have access to lower cost retail space as a platform to build their business.</td><td>Specialty Retail; Tourism, Hospitality & the Arts; Food Processing and Advanced Manufacturing</td></tr>
<tr><td><u>Office/Mixed Use Development</u>: Renovation of downtown office space (possibly mixed with retail or apartments) or construction of office space along Barre Street and/or Stonecutters Way to host the service-related enterprises among the target sectors.</td><td>Not-for-profit services, Business, Technical and Professional Services (including Green businesses)</td></tr>
<tr><td><u>Innovators Attraction Program</u>: Skilled workers in the target sectors of business services, food processing/advanced manufacturing, arts, higher education/adult learning, not-for-profits and finance/insurance (tourism, hospitality and retail are excluded) would be given special incentives for relocating their residences and businesses to Montpelier. The incentives could include:
<u>For start-up businesses (who must apply to the program):</u>
Forgivable Loans carved out of the Montpelier Business Loan Fund for start-up business moving into Montpelier or for new business being created in Montpelier: The repayments would be deferred each year the business is in the City, with the loan totally forgiven if the business remains in the City for five years
Tax stabilization for any real estate and equipment used for their business if they are a business owner
<u>For individual innovators (who must be nominated by their employer):</u>
Forgivable Loans carved out of the Revolving Loan Fund to finance five years of student loan debt up to $5,000. Residents would have to be nominated for this program by their employer in one of the target sectors. The loan is given to the participant to retire student loan debt with repayment deferred each year they are living and working in the City, with the loan totally forgiven if the person remains living in the City for five years.
Priority access to the 1st-time Homebuyer program
All participants would be invited to attend regular innovator meet-ups that not only involve young start-ups but also innovative employees from established enterprises in the City.</td><td>Not-for-profit services, Business, Technical and Professional Services (including Green businesses);</td></tr>
</table>

The matrix in Table 6 shows the interrelationships between the key sectors of this strategy and the potential transformational projects listed here. As you can see, each project listed has the potential to support at least three of the key sectors for the strategy. Note that the housing projects and the innovators attraction program serve virtually every one of the eight key sectors.

Table 6. The Relationship Between Potential Transformational Projects and Key Sectors for Montpelier
(A star indicates the Transformational Project serves the associated Key Sector.)

Potential Transformational Projects / **Sectors:**	Higher Education/Adult Learning	Food Processing & Advanced Manufacturing	Entrepreneurs	Finance/Insurance	Not-for-Profit Services	Professional, Business & Technical Services	Specialty Retail	Tourism, Hospitality & the Arts
Hotel & Conference Center	★			★			★	★
Housing Projects	★	★	★	★	★	★	★	
Not-for-Profit Advocacy Training Center	★				★			★
Local Food/Spirits Venue		★	★				★	★
Retail Arcade		★	★				★	★
Office/Mixed Use Development			★		★	★		
Innovators Attraction Program	★	★	★	★	★	★		

Tactic 4: Ongoing Activities to Support the Key Sectors

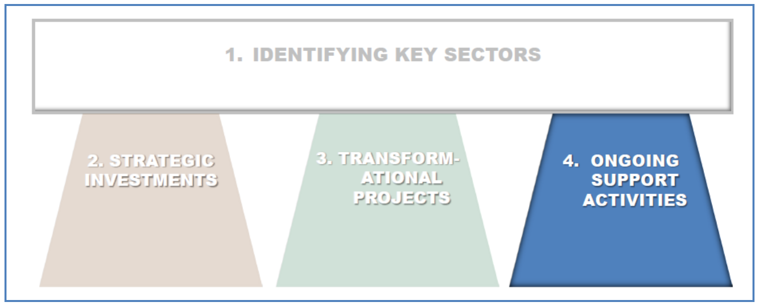


Table 7 identifies actions that should be taken on an ongoing basis to support the key sectors. These actions are of two types. Expansion efforts are intended to encourage the growth of enterprises in those sectors that are already located in Montpelier. Attraction efforts are intended to bring enterprises from those sectors into Montpelier.

Table 7. Ongoing Actions to Support Key Industries

Sectors	Actions
Higher Education/Adult Learning	EXPANSION: Work with VCFA, NECI and CCV to strengthen and expand their presence in the City and its economy. ATTRACTION: Promote the creation of new adult learning ventures to create "pipeline" for other target sectors.
Food Processing and Advanced Manufacturing	EXPANSION: Regularly meet with existing firms to understand needs and opportunities. ATTRACTION: Provide space for "second stage" companies growing in Central Vermont.
Entrepreneurs (particularly in software development & IT)	EXPANSION: Support Co-working Spaces & Digital Design and Technology enterprises. Support the creation of an entrepreneur's forum—include entrepreneurs and extend it to support services, financiers, etc. ATTRACTION: Promote Montpelier to Digital Design and Technology enterprises.
Finance/Insurance	EXPANSION: Encourage housing and other amenities related to talent attraction. Regularly meet with existing firms to understand needs and opportunities. Seek solutions that allow existing firms to expand and/or build stronger relationships between their workforce and the Downtown
Not-for-Profit Services	EXPANSION: Improve the quality and quantity of office space available to Not for profit organizations. Build the "talent pipeline" for not-for-profit leadership through a specialized training program. ATTRACTION: Promote Montpelier to Not for Profit enterprises involved in State policy, energy/environmental/ sustainability and related issues.
Professional, Business & Technical Services (inc. Green Businesses)	EXPANSION: Regularly meet with existing firms to understand needs and opportunities. ATTRACTION: Promote Montpelier to firms involved in energy/ environment/sustainability and related issues.
Specialty Retail	EXPANSION: Support the work of Montpelier Alive to strengthen Montpelier as a place for "experience-based" retail enterprises & Montpelier as a tourism destination.

Table 7. Ongoing Actions to Support Key Industries	
Sectors	**Actions**
	ATTRACTION: Promote creation of a space with small footprint retail spaces to launch new retail enterprises in Montpelier.
Tourism, Hospitality & the Arts	EXPANSION: Support the work of Montpelier Alive to strengthen Montpelier as a tourism destination, including the creation of festivals and other activities intended to support vibrancy in the Downtown. ATTRACTION: Support the creation of a hotel conference center to expand overnight stays in the City.

Putting the Strategy in Motion: Implementing the Economic Development Strategic Plan

This section describes the steps involved in implementing the Economic Development Strategic Plan. This involves:

- assembling the tools needed to implement each of the four tactics
- identifying the administrative capacity required for strategy implementation
- specification of a unified work plan to position the City as a superior quality location for development.

These three items are addressed in the sections which follow.

Assembling the tools to carry out the Tactics

A preliminary list of the tools required to carry out the tactics of this strategy is provided below. As work progresses on the EDSP, additional tools may be required. This can be considered a starting point for the work.

Business Retention & Expansion Program to focus the ongoing activities of Tactic 4: Economic development research indicates that up to eighty percent of all new jobs in any economy come from existing firms. Therefore an important ingredient in any economic development effort should be a program to assist in the retention and expansion of existing firms in the key sectors. A Business Retention and Expansion (BR&E) program has two components: the first is a program of regular visits to businesses in Montpelier, focusing on those in the key sectors. The second component is to create a referral system so that businesses can easily get assistance with the issues or opportunities that are identified through the BR&E visit. The person running the BR&E program must have a good list of businesses in the City by sector and a strong referral network to get firms assistance on issues that may run from worker training to financing to development approvals. It is equally important that the entities on the referral list have made a commitment to responding to request for assistance that have emerged from BR&E visits. (NOTE: This effort should be coordinated with Montpelier Alive's ongoing outreach to businesses in the City.)

A Developers/Property Owners Roundtable to help identify transformational projects (Tactic 3): In the same way that economic development in Montpelier will involve maintaining close contact with employers, it also means building close relationships with developers interested in working in Montpelier and property owners with extensive holdings in Montpelier. This could mean holding annual or semiannual roundtables in the City to which these parties are involved. The purpose of the sessions would be to alert the developers and/or property owners to potential development projects in which they might participate and to keep abreast of the needs and desires of developers and property owners who may be interested in undertaking one of the strategy's transformational projects or otherwise pursue projects consistent with the Economic Development Strategic Plan.

Create Grant/Financing Packages for Partner Developers/Property Owners to assist in Tactics 2, 3, and 4: One of the most important development constraints facing Montpelier at this time is the costs of development in the City are virtually identical to the cost of development in Burlington. At the same time, the sales price or rent that can be expected from a project in Burlington is much higher than can currently be commanded in Montpelier. Therefore, in order to encourage developers to seek projects in Montpelier, it is critical to find ways to lower the costs of development so that the net return on such a project starts to approach the net return to produce projects that can be priced for Montpelier. There are a number of programs that can be used to help reduce the costs of development in Montpelier. They include:

- *Brownfield Programs* that provide funding to rehabilitate contaminated sites ("brownfields") so that they can safely accommodate development. Funding can cover the initial assessment of the contamination, creation of remediation programs and even market analysis of future use of such sits.
- *Downtown and Village (Historic) Tax Credits* are available to commercial buildings in designated downtowns that are listed on the National Register (or eligible for such listing).
- *New Market Tax Credits* are available for projects that are located in a Qualified Low-Income Census Tract, is deemed to have a high community impact, has a total project cost above $3 million and where at least 20% of income from the completed project will come from commercial use (nonresidential). While these credits are only applicable in one census tract in Montpelier, they have been used in at least one project in the City. (A map of the relevant census tract is found in the appendices to this report.)
- *The Montpelier Business Loan Fund (MBLF)* is administered by the City and intended to provide new businesses with financing in those situations where funding cannot be obtained through existing commercial lenders.
- *Tax Stabilization* allows forgiveness on the new tax revenues that may be added to a property due to development or redevelopment. Montpelier should use tax stabilization to provide stabilization of municipal taxes for projects that support the key industries of this Economic Development Strategic Plan. This provides modest relief for the developer, given that the bulk

of property taxes support education. However, if such a project is approved by the Vermont Economic Progress Council, it may be possible to provide the development with forgiveness on new educational property tax and forgiveness for some of the sales and use tax incurred as part of project construction.

- *Tax Increment Financing (TIF)* is a creative way to finance infrastructure or other components of a development project through revenues generated by new development. Through a TIF agreement between a municipality and a development project, the new tax revenues generated by the project can be dedicated to pay off bonds used to finance infrastructure created to support the project. Currently state law has halted the use of tax increment financing. It will require state legislation to enable Montpelier to create TIF agreements to finance public infrastructure associated with development.

Details on many of these programs are found in the appendices to this report.

Consider Creating an Annual Fee for Vacant Buildings: This strategic plan is intended to encourage superior quality development in Montpelier by building positive working partnerships with businesses, property owners and other partners. However, there may be occasions when it might be necessary to provide negative incentives, or a stick rather than a carrot, to move the economy forward. Such may be the case if the City experiences problems associated long vacant buildings that are not actively marketed and/or improved by their owners. A sample law from the City of St. Albans is included in the appendices to this report. The Vermont League of Cities and Towns also has a model ordinance for vacant buildings. The thrust of such legislation is to enable the municipality to collect an annual fee for any building determined to be vacant to offset the costs to the municipality of responding to problems associated with vacant buildings (e.g., crime, vandalism, etc.) while providing a financial incentive for the property owner to find a use for the building.

Housing Trust Fund as an important Aid for Tactics 2 & 3: The City's Housing Trust Fund is an important tool for addressing housing, which plays a central role in Tactic 2 (investments) and 3 (transformational projects) for virtually every key sector in this Economic Development Strategic Plan. The Trust Fund was created by the City to address the problem of housing affordability. Funded by the City (but also eligible to receive grants from third parties). Its primary purpose is to encourage affordable housing for lower income residents, but the City's regulations for the Fund allow it to waive some or all of the Trust's funding guidelines to "take advantage of special opportunities or unpredictable circumstances" that can further the purpose of the Trust Fund. [3] An adequately funded Trust Fund will be an important tool in financing the variety of housing types called for in this Economic Development Strategic Plan.

Establish an External Marketing Presence for Montpelier to aid Tactics 2 & 4: While much economic development activity for Montpelier will come from within the City, it is equally important to establish an external marketing presence for Montpelier to help attract new businesses and residents to the City. This should consist of at least three components:

[3] Amended Guidelines, Montpelier Housing Trust Fund, City Council, October 27, 2010, Section 105.

1. Close working relationships between the City and those entities responsible for attracting businesses to Vermont and Central Vermont. The Vermont brand is well regarded throughout the Northeastern United States and beyond, with a host of agencies promoting it for economic development purposes. Rather than trying to establish a separate presence in the business attraction market, the City should piggyback on the existing efforts of such organizations. This means maintaining regular contact with those entities to understand to whom they are marketing and who their latest prospects are. It also means keeping them abreast of the opportunities in Montpelier in terms of available properties and sites, incentives, etc.

2. *One office that can answer any questions a prospective business may have*. Montpelier has a dedicated and skilled set of professionals in government and the not-for-profit sector that work hard and effectively to support business in the City. But there is no one office or no one individual to serve as a "case manager" for a new or existing business that is seeking information about relocation or expansion. Creating that one-stop capacity sends a clear marketing message that the City is prepared to assist businesses in the City.

3. A team of business ambassadors for Montpelier. The single most relied upon source of information for businesses considering relocation is information from their peers. As part of Montpelier's Economic Development Strategic Plan, it is important to assemble a team of representatives from the key sectors who are willing to speak to peers in their sectors about the advantages and opportunities Montpelier provides.

Building Administrative Capacity to Implement and Manage the Strategic Plan through a Local Development Corporation

The Economic Development Strategic Plan has identified a series of tactics and tools to position Montpelier as a superior quality location for development. Somebody has to make this all come together into a coherent program. ***Implementation of this Economic Development Strategic Plan will require the creation of at least one full-time economic development position*** charged with implementing and overseeing the Economic Development Strategic Plan. This position will be responsible for coordinating the many partnerships with public and private agencies that must work together in implementing the EDSP.

To implement the Economic Development Strategic Plan, the City should create a Local Development Corporation (LDC) in which to house the economic development position. As the employee of a private entity, the economic developer will be able to provide greater confidentiality for businesses with which it works and to serve as an outside advocate to the City on behalf of economic development. In addition, the City could create its contract with the LDC to focus deliverables squarely on final work plan for the EDSP, providing a clear trail of accountability for its implementation. An LDC is also better positioned to secure private sector support for its operations.

Creating a Local Development Corporation

The City Council should direct its counsel to create articles of incorporation for the Montpelier Local Development Corporation. The articles identifies the formal name of the entity, specifies that it is a public benefit corporation and describes the mission/purpose of the organization. The articles are then filed with the Secretary of State. The LDC becomes active when its articles of incorporation receive approval by the Secretary of State.[4]

The City Council must then appoint a board of directors. It is considered best practice for the board to have representation from City government, other important economic development organizations (e.g., the regional economic development corporation, the regional planning commission, the Central Vermont Chamber of Commerce, etc. It is also important to have representation from the City's private sector, including the key sectors for this strategy and such groups as Montpelier Alive.

Once appointed, the board is responsible for adopting and maintaining by-laws for the organization. At that point, it is important for the City and the LDC to establish a written contract for services provided to the City by the LDC and the amount and terms of payment may by the City to the LDC for the services provided. In this case, the work plan for the LDC should be derived from the recommendations of this Economic Development Strategic Plan. With this agreement in place, the Board should establish a physical office for its operations and seek to hire the economic development director. A sample job description for this position is included in the appendices to this report.

The Importance of Establishing Partnerships

The Economic Development Strategic Plan cannot be implemented by one person or one office. The City's economic developer must build close working relationship with agencies and organizations involved in economic development in Montpelier. Within City Hall, this will include the City Manager's Office, Planning and Community Development, Public Works and Montpelier Alive. It also includes State agencies such as Agency of Commerce & Community Development, Vermont Economic Development Authority, the Manufacturing Extension Center and the Small Business Development Center. Private sector partners will include the Central Vermont Economic Development Corporation, Community Capital of Vermont, the Vermont Council on Rural Development, the Central Vermont Regional Planning Commission, financial institutions, etc.

Creating a sustained, unified work plan to maintain Montpelier as a superior quality location for its key sectors.

It is not possible to immediately take on the full range of activities required to implement this Economic Development Strategic Plan. Consequently, it is important that a work plan be created to establish priorities so that the economic development position created by the City can make the greatest possible progress with the EDSP in the shortest possible time. Figure 4 provides a graphic depiction of a recommended work plan for the EDSP. It shows the various initiatives undertaken by the economic development position, the City Council, the City Planning Department and Montpelier Alive.

As Figure 4 indicates, the first year of the work plan focuses on establishing the Business Retention & Expansion Program, addressing broadband connectivity in the City, and pursuing the Hotel/Conference Center as a transformational project. In the first year, the economic development position will also

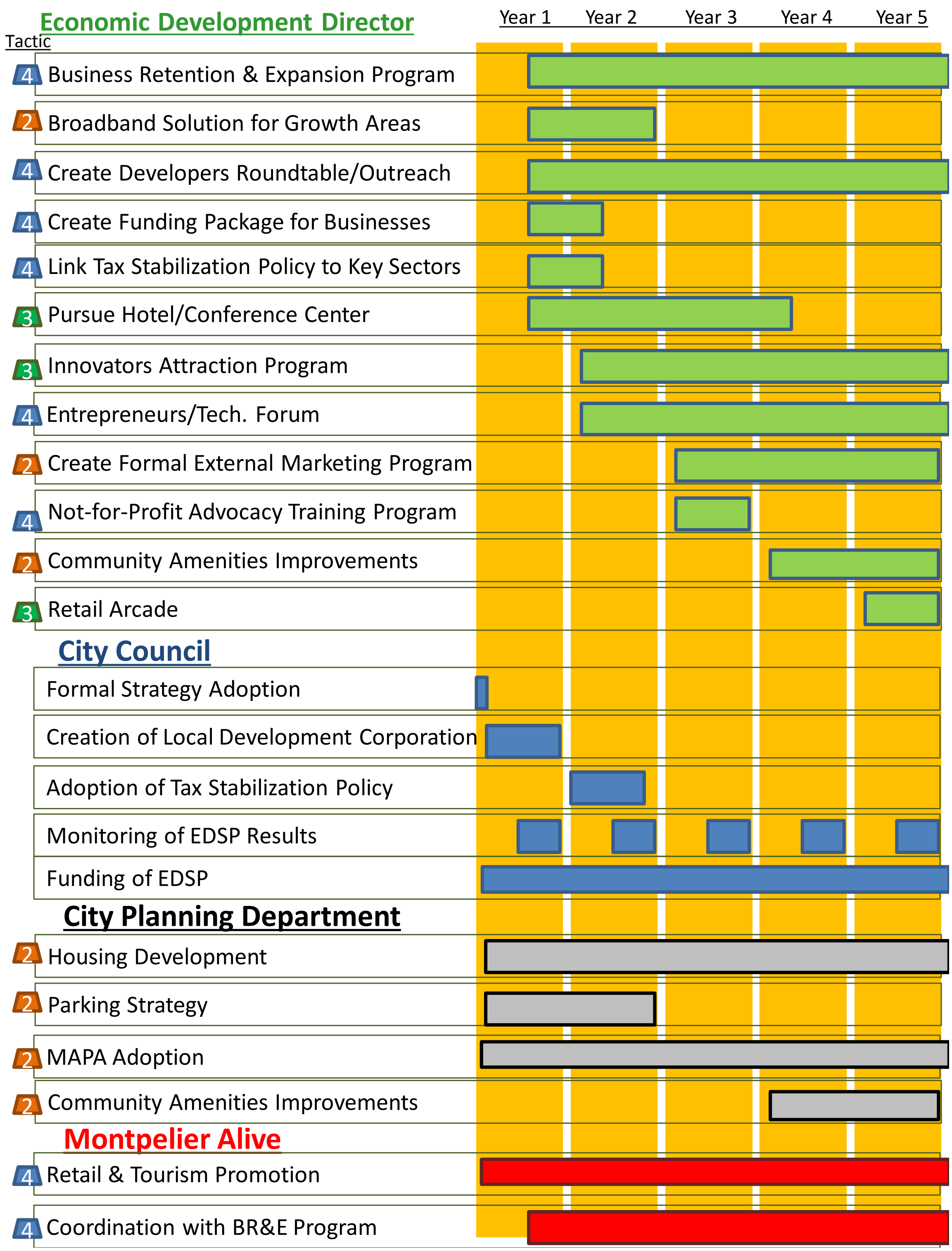
[4] Cf. Vermont State Law Title 11B. Not-for-Profit Corporations. (http://legislature.vermont.gov/statutes/title/11B)

assemble the funding package to help reduce development costs, create the developer's roundtable and recommend ways to link the City's tax stabilization efforts to the key sectors of the EDSP.

In the first year, the City Council is responsible for adopting the EDSP and creating the Local Development Corporation. At the same time, the City Planning Department will take the lead in creating the housing projects called for in the EDSP, developing a parking strategy and working with City government to adopt the Municipal Administrative Procedures Act for development project reviews.

The proposed work plan is summarized in Figure 4. The tactics to which each initiative corresponds is indicated at the left of the figure. Note that this work plan is offered as a guide for creating the actual work plan once the economic development position is established. In any case this work plan is offered as an illustration of the need to observe clear and consistent priorities when implementing the EDSP.

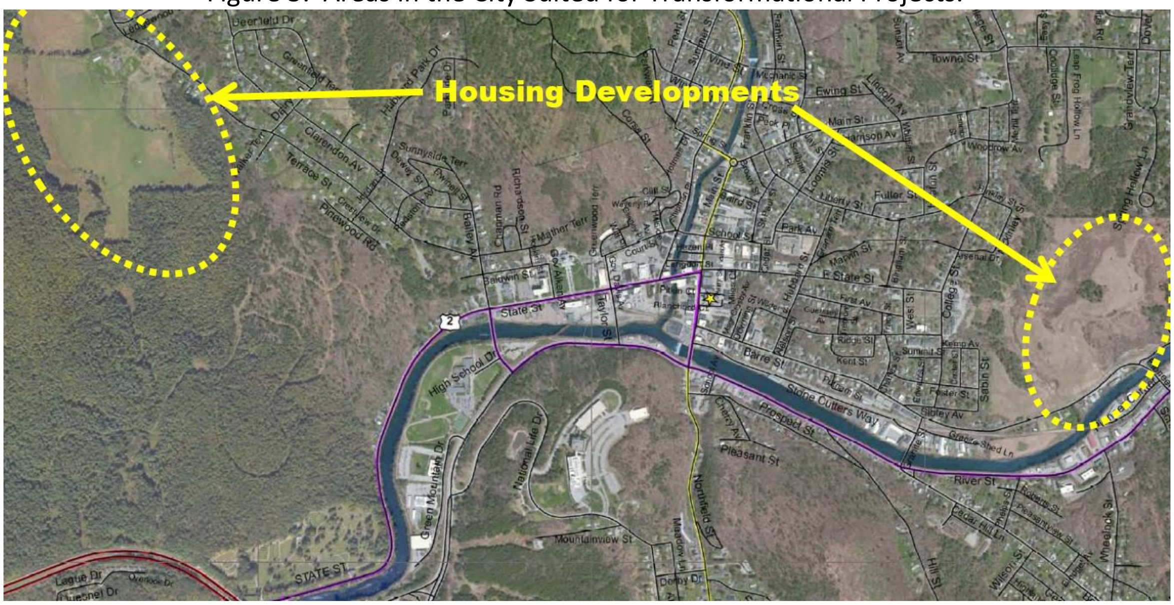
Figure 4. A Proposed Work Plan for Implementing the EDSP.



Potential Areas for Transformational Projects

The success of the EDSP involves having sites that can support development projects based upon the availability of supporting infrastructure and upon the ability of the location to serve the needs of the business. This will be particularly true for transformational projects associated with the EDSP. Figure 5 provides an indication of general locations in the City that have the potential to support transformational projects related to housing, the hotel/conference center and business, technical and professional services as well as food processing/advanced manufacturing.

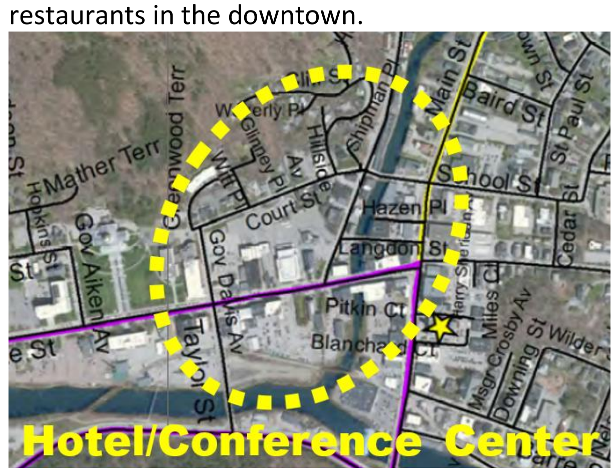
Figure 5. Areas in the City Suited for Transformational Projects.



HOUSING: While small in-fill housing projects are possible in many locations in the City, larger projects may be possible in larger sites of vacant land such as the vacant lands off of Terrace Street and Barre Street. The Barre Street site is particularly valuable because it could provide housing that is easily walkable to the downtown.

OFFICE/FOOD PROCESSING/ADVANCED MANUFACTURING: The area on either side of the River is well suited for these uses, since Barre Street, Stone Cutters Way and River Street already host such uses.

HOTEL/CONFERENCE CENTER: This project should be located in the core downtown to maximize the extent to which guests at the hotel and attendees at conferences avail themselves to the shops and restaurants in the downtown.



Metrics for the Economic Development Strategic Plan

The goal of the strategy is to increase economic activity, private-sector jobs and population in the City over the next five years. As part of implementing the strategy, it is important to have metrics to track the progress in terms of each of these measures. This section provides a set of such metrics summarized in Table 8 below. For each metric used (e.g., population), a criterion is provided (e.g., 300 residents by 2011).

Table 8. Metrics for the Montpelier Economic Development Strategy	
Metric	**Criterion**
Private Sector Employment	300 private sector jobs added by 2021 as reported by the Vermont Department of Labor through the Quarterly Census of Employment and Wages (QCEW)
Number of Net New Establishments	20 new establishments added in the Key Sectors of the Strategy by 2021 as reported by the Vermont Department of Labor through the Quarterly Census of Employment and Wages (QCEW).
Population	300 residents added to the City's population by 2021 as reported by the Census Bureau's American Community Survey. (The lower bound of any confidence interval for the 2021 estimate must exceed the 2016 population estimate by at least 100).
Housing	150 housing units approved for construction represented by building permits issued by the City by 2021.
Economic Activity Metrics	**Criterion**
Meals Receipts*	4.5% annual increase (30% over five years)
Rooms Receipts*	6% annual increase (42% over five years)
*as reported in the statistical reports of the Department of Taxes of the Vermont Agency of Administration.	

These metrics have been generated by comparing activity in the City of Montpelier during the economic recovery (i.e., from 2009 to 2014) with comparable measures for Vermont as a whole, Washington County, the City of Barre and the Town of Waterbury. The rationale for each of the metrics is discussed in the appendices to this report.

Estimated Investments and Return for the Economic Development Strategic Plan

The Investment: $100,000 per year for five years in the Local Development Corporation

A full-time economic development position is likely to involve approximately $100,000 in costs per year in salary, benefits and expenses. This is consistent with the budgets for other local economic development offices (mostly LDC's) in Vermont towns and cities. A sample of expenses of Local Development Corporations from similar size communities is provided in Table 9.

Table 9. Annual Expenses for Selected Local Development Corporations, 2014.			
	Barre Area Development Corporation	**Newport City Renaissance**	**Lake Champlain Islands EDC**
Total Expenses (Form 990, line 17)	$ 95,244	$ 82,235	$ 86,445
Source: compiled by Fairweather Consulting from Form 990s filed by the organizations for 2014.			

The other immediate expense for this program is to re-establish funding for the City's Housing Trust Fund at a level of approximately $50,000 annually. Thus, over five years, the implementation of the Economic Development Strategic Plan is likely to total to $750,000. This is a major investment for the City and it is important to understand the potential returns it could produce for the City's economy.

The Target Return: Annual returns of over $5.6 million in new economic activity and $550,000 in new taxes in Montpelier

The potential returns to the City would be increased spending in the City as a result of increased population and increased revenues to the City from property tax and the local options tax. This analysis provides an estimate of what those returns will be. The estimates are not a precise prediction of the future. Rather, they are intended to provide an indication that the magnitude of the potential returns to the City is worth the magnitude of the investment required by the City.

For purposes of this analysis, it is assumed that Montpelier's per capita spending was $18,632. As is explained in the notes to Table 10, the difference is based upon a series of assumptions about which type of spending takes place in the City and which takes place outside of it. This is a very conservative estimate to *deliberately underestimate* the economic impact of spending by new residents in Montpelier and confine the direct impact of new spending within the City limits. Table 10 provides an estimate of per capita personal consumption expenditure for Montpelier residents based on the 2014 per capita personal consumption estimate made for the State of Vermont. State per capita spending was $44,768.

Using this estimate of $18,632 of spending per resident, the City of Montpelier could add an additional $750,000 in spending in the City *annually* if the Economic Development Strategy attracted 41 additional residents to the City. At that point, one year's return would exceed the City's total five-year investment in the LDC and the Housing Trust Fund. If the City were able to attract 300 new residents to the City through the EDSP (see the section on metrics below), that would bring in an additional $5.6 million of spending into the City each year.

In addition to the direct effect of $5.6 million in new spending, this activity will generate ripple effects throughout the City's economy as the money is circulated among businesses and households. This can be estimated using an economic impact model. Table 11 summarizes that ripple effect. The "direct" effect column estimates the immediate impact of the spending on businesses in the City that directly receive that money. The indirect impact measures the impact of that spending on suppliers to the businesses that directly received that money. The induced impact is the effect of spending by households whose members are employed by the businesses that benefitted from the direct and indirect spending.

Table 10. Estimate of per capita personal consumption expenditures (PCE) for Montpelier based on Statewide PCE, 2014		
	Vermont 2014	Estimate for Montpelier
Total Per Capita Personal consumption expenditures	**$ 44,768**	**$ 18,632**
Goods	$ 14,986	$ 6,155
Durable goods	$ 4,483	$ 880
Motor vehicles and parts	$ 1,760	$ 880
Furnishings and durable household equipment*	$ 921	
Recreational goods and vehicles*	$ 1,277	
Other durable goods*	$ 525	
Nondurable goods	$ 10,503	
Food and beverages purchased for off-premises consumption	$ 4,104	$ 821
Clothing and footwear	$ 853	
Gasoline and other energy goods	$ 2,183	$ 1,092
Other nondurable goods	$ 3,363	$ 3,363
Services	$ 29,782	$ 12,477
Household consumption expenditures (for services)	$ 27,791	$ 12,477
Housing and utilities	$ 7,307	$ 7,307
Health care*	$ 7,473	
Transportation services	$ 1,020	$ 1,020
Recreation services***	$ 1,576	$ 158
Food services and accommodations****	$ 2,701	$ 135
Financial services and insurance	$ 2,845	$ 1,423
Other services	$ 4,869	$ 2,435
Final consumption expenditures of nonprofit institutions serving households (NPISHs)*	$ 1,991	
Gross output of nonprofit institutions*	$ 5,222	
Less: Receipts from sales of goods and services by nonprofit institutions*	$ 3,231	

Compiled by Fairweather Consulting from US Bureau of Economic Analysis data.
*It is assumed that 100% of these expenditures outside of Montpelier.
**It is assumed that 50% of these expenditures are made outside of Montpelier.
***It is assumed that 90% of these expenditures are made outside of Montpelier.
****It is assumed that 80% of these expenditures are made outside of Montpelier.

Table 11. Annual Economic Impact of $5.6 million in New Residential Spending on Montpelier				
Effect	**Employment**	**Labor Income**	**Value Added**	**Output**
Direct Effect	49.7	$ 1,616,052	$ 3,350,943	$ 5,561,363
Indirect Effect	5.0	$ 202,423	$ 320,325	$ 632,186
Induced Effect	2.9	$ 111,165	$ 197,089	$ 334,976
Approximate Total Effect*	57.7	$ 1,929,639	$ 3,868,357	$ 6,528,526

*Total is approximated and assumes the entire direct impact is felt within City limits.

Source: Compiled by Fairweather Consulting using results of IMPLAN Economic Impact Model for 05602 ZIP Code.

Note that the multipliers used to estimate the indirect and induced impact were for the 05602 ZIP Code, not the City of Montpelier. Therefore the total amount of indirect and induced impacts for employment, labor income, value added and output were apportioned to the City based upon the ratio of total retail sales in the City compared to the ZIP code ($192,803,734 for the City, and $364,898,975 for the 05602 ZIP Code[5]) Thus 52.8 percent of the indirect and induced impacts produced by the multipliers are assumed to be felt within the City limits. The results of this adjustment are shown in Table 11.

The model indicates that the $5.6 million in spending produces a total impact in the City that would produce 57 new jobs, $1.9 million in wages (for an average wage of over $30,000) and $6.5 million in total overall impact.

The Tax Impact of the Economic Development Strategic Plan

This section looks at the effect that successful implementation of the Economic Development Strategic Plan would have on City tax revenues. This is summarized in Table 12. NOTE: Table 12 represents the annual tax benefit associated with the plan once it is fully implemented. If tax stabilization is used to catalyze any of the projects, the full property tax revenues will not be realized until the expiration of the tax stabilization agreement for those particular projects. After that point, the increase in taxes would be permanent.

Table 12. Projected Annual Tax Revenues Produced by Implementation of the Economic Development Strategic Plan.

Source of New Value:	New Value Created in the City	New Tax Revenues Generated in the City Each Year
Hotel/Conference Center	$10,000,000	$112,480
150 New Housing Units @ $228,000/unit	$34,200,000	$384,682
Increased Property Taxes due to ripple effect of $5.6 in new spending by 300 additional residents	$4,443,101	$49,976
Total New Property Taxes	**$48,643,101**	**$547,138**
Increased Meals & Rooms Tax Revenue (Montpelier's Local Option)	$93,507	$ 7,193
TOTAL		**$ 554,330**
Source: compiled by Fairweather Consulting from various sources.		

Table 12 indicates that, when successfully implemented, the Economic Development Strategic Plan will generate $550,000 in new tax revenues annually. This is a conservative estimate in that it does not include any ripple effects from the construction and operations of the hotel. It also does not include any impact from office space created to host firms in such key sectors as, finance/insurance, business services and not-for-profit organizations. The economic development effort can return the annual

[5] Source: ESRI Business Analyst Online.

investment of $150,000 through increased property taxes with the construction of 60 new homes worth $228,000 each (the average for the City), or $13.5 million in other new ratables (e.g., a new hotel and 13 houses or small office buildings worth $228,000 each.)

The tax impact in Table 10 is based upon the following assumptions:

1. Increases in Grand List:

It is assumed the hotel conference center would be valued at $10 million, similar to the project proposed for Taylor Street several years ago.

It is assumed that the 150 units of housing would have an average value of $228,000 (the value used in determining average residential tax burden in the current City budget document).

2. Increases in the Property Tax and Sales Tax due to increased residential spending of $5.6 million:

It is assumed that the direct economic impact of increased residential spending would be felt entirely within the City. The indirect and inducted economic impact would be distributed between the City and the balance of the 05602 ZIP code in a proportion similar to the ratio of total retail sales in the City versus the ZIP Code. ($192,803,734 for the City, and $364,898,975 for the 05602 ZIP Code[6]) Thus 52.8 percent of the indirect and induced impacts are assumed to be felt within the City limits.

The property tax revenues for the hotel development and the housing units are calculated based upon a total city tax rate for 2017 of 1.1248 (Total municipal rate of 1.0348 plus Water benefit of 0.02 and a CSO Benefit of 0.02).[7]

The local property taxes to be collected based on the impact of residential spending were calculated as a ration of the City tax rate (1.1248) divided by the total nonresidential tax rate (2.74). (The total nonresidential tax rate is used because it is higher than the total residential tax rate (2.723) and therefore will provide a more conservative estimate of the City's share of total taxes.

For the sales tax projected from the increased residential spending of $5.6 million, it is assumed that the City's share would be 0.5/6.5 or 7.7 percent of the estimated sale tax revenues resulting from the increased residential spending. This is an attempt to reflect the amount that would be capture through the local options meals and rooms tax.

[6] Source: ESRI Business Analyst Online.
[7] Source: City of Montpelier, Approved FY2017 Budget, page 15.

APPENDICES

Appendix 1. Analysis of Existing Conditions

Appendix 2. Outreach to Stakeholders

Appendix 3. Potential Partner Organizations/Programs

Appendix 4. Analysis for Metrics

Appendix 5. Draft Job Description for the Economic Development Director Position

Appendix 6. Map of Montpelier Census Tract Eligible for New Market Tax Credits

Appendix I: Analysis of Existing Conditions

Benchmark Analysis

Phase 1 provides an overview of the economic condition of the City of Montpelier, summarizing the extensive economic analyses that were conducted during the planning process. The first stage is the benchmark analysis, in which Montpelier is compared to "benchmark" areas. The city of Barre, VT and the town of Waterbury, VT were chosen as benchmark towns. The intention was to compare various aspects of the demographics and economics of these towns to Montpelier to better understand the ways in which Montpelier is (and is not) comparable to these other towns in terms of its ability to sustain and/or attract economic activity.

Barre, VT: The largest of the three communities, Barre is known for its granite. Barre and Montpelier are paired together to form a "micropolitan area."

Waterbury, VT: Waterbury is the smallest of the three communities. However, it is home to some of the most well known Vermont food producers and manufacturers such as Ben and Jerry's, Cabot Creamery, the Alchemist Brewing Company, Lake Champlain Chocolates, and Green Mountain Coffee Roasters.

Table A-1 shows population demographics for Montpelier and the benchmark communities of Barre and Waterbury. Barre has the largest population at 9,291, then Montpelier at 8,035, followed by Waterbury at 4,915. From 2010-2013 Montpelier and Barre's populations both decreased by around 3%, whereas Waterbury's population increased by 3.23%. Montpelier and Waterbury both have median ages around 44, whereas Barre's median age is around 40. This indicates that all three communities have an aging population.

Table A- 1

Population Demographics, Montpelier, Barre & Waterbury 2000, 2013 & 2015.

Variable:	Montpelier	Barre	Waterbury
2010 Population	8,035	9,291	4,915
2013 Population	7,815	9,001	5,074
% Change	-2.74%	-3.12%	3.23%
Median Age			
2015	44.5	39.9	43.6
Median Household Income			
2015	$54,423	$41,423	$66,314
Per Capita Income			
2015	$32,725	$23,710	$38,208
2015 Population 25 + by Education Attainment			
Total	5,783	6,017	3,728
Less than 9th Grade	2.1%	7.2%	0.5%
9th - 12th Grade, No Diploma	3.5%	5.4%	2.6%
High School Graduate	16.3%	33.8%	21.3%
GED/Alternative Credential	2.3%	6.0%	2.7%
Some College, No Degree	14.9%	18.4%	14.5%
Associate Degree	7.0%	8.5%	8.7%
Bachelor's Degree	26.5%	16.2%	31.6%
Graduate/ Professional Degree	27.5%	4.5%	18.2%

Source: U.S. Census Bureau, Census 2010 Summary File 1. Esri forecasts for 2015 and 2020. Esri converted Census 2000 data into 2010 geography.

Barre has the highest median household income at $66,314, followed by Montpelier at $54,423, then Barre at $41,423. Montpelier's median household income is consistent with the statewide median household income of $54,447, where as Waterbury and Barre represent the higher and lower ends respectively of Vermont's household incomes. One significant advantage that Montpelier shows compared to Waterbury and Barre is the high educational attainment of its population. 27.5% of the population possesses a graduate or professional degree and 26.5% possess a bachelor's degree. This is likely due to the large number of state government employees as well as the employees of the National Life Group. Waterbury has the largest percent of the population with only a bachelor's degree at 31.6%. Barre lags in both the percent of the population with a bachelor's degree at 16.2% and the percent of the population with a graduate or professional degree at only 4.5%.

Table A-2 shows housing demographics in each of the benchmark communities. The median home value in Montpelier is $217,000, which falls between Waterbury at $264,680, and Barre at $140,964. Montpelier also falls in the middle on the percent of owner occupied housing units at 51% compared to Waterbury at 63.7% and Barre at 41.8%. This means that for housing, Barre offers a cheaper option, and Waterbury offers a premium option.

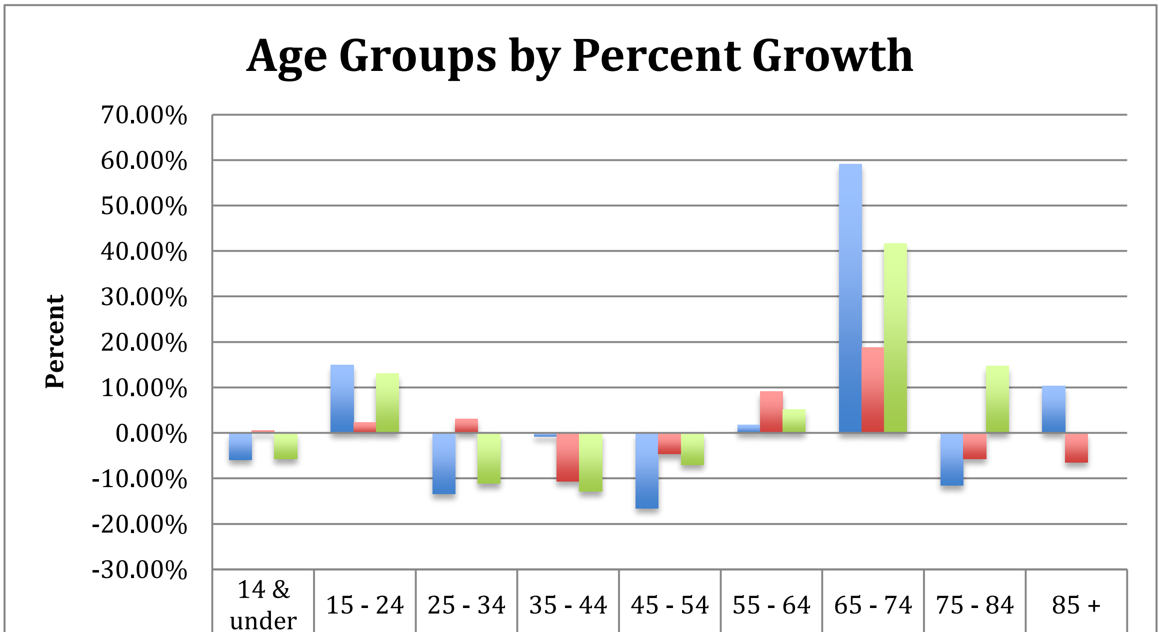
Table A-2

Housing Demographics, Montpelier, Barre & Waterbury, 2015.			
Variable:	Montpelier	Barre	Waterbury
2015 Owner Occupied Housing Units by Value			
Total Number of Owner-Occupied Units	2,083	1,883	1,561
Average Home Value	$235,790	$160,913	$299,231
Median Home Value	$217,703	$140,964	$264,680
Household Summary			
2015 Households	3,814	4,026	2,286
2015 Average Household Size	2	2.12	2.23
2015 Families	1,848	2,076	1,393
2015 Average Family Size	2.72	2.82	2.79
Housing Unit Summary			
2015 Housing Units	4,082	4,509	2,452
Owner Occupied Housing Units	51.0%	41.8%	63.7%
Renter Occupied Housing Units	42.4%	47.5%	29.6%
Vacant Housing Units	6.6%	10.7%	6.8%

Source: U.S. Census Bureau, Census 2010 Summary File 1. Esri forecasts for 2015 and 2020. Esri converted Census 2000 data into 2010 geography.

Population Stagnation

Figure A-1



	14 & under	15 - 24	25 - 34	35 - 44	45 - 54	55 - 64	65 - 74	75 - 84	85 +
Montpelier	-5.88%	15.00%	-13.38	-0.80%	-16.56	1.83%	59.15%	-11.54	10.34%
Barre	0.54%	2.36%	3.10%	-10.61	-4.64%	9.09%	18.84%	-5.66%	-6.45%
Waterbury	-5.75%	13.13%	-11.11	-12.88	-6.98%	5.16%	41.67%	14.71%	0.00%

Source: U.S. Census Bureau, Census 2010 Summary File 1. Esri forecasts for 2015 and 2020. Esri converted Census 2000 data into 2010 geography.

Figure 5 shows age groups by percent growth for Montpelier, Barre, and Waterbury. The 65-74 year old age group far outpaced any other age group. In Montpelier the 65-74 year-old age group grew by 59.15% while ages 25-54 showed negative growth. This means that Montpelier's population is rapidly aging. In addition, the overall population is stagnant. As seen in Table A-1, Montpelier's population declined by almost 3% from 2010 to 2014. The median age in Montpelier is 44.5, with the largest growth in the 65- 74 year-old age groups as shown in Figure 5.

"We've known for a while that Vermont's population is virtually stagnant — there were only 770 more people living in Vermont in 2014 than in 2010 — but we now know just how widespread that stagnation is. Fewer than half of Vermont's towns and cities — actually just a little more than one-third — have more residents today than they did in 2010… The Census numbers show that Vermont's historic cities — Barre, Bennington, Brattleboro, Bellows Falls, Montpelier, Rutland, Springfield, Windsor, St. Johnsbury, St. Albans City, Winooski, and Burlington — all have fewer residents than they did in 2010."

- Burlington Free Press, May 2015 , Data from US Census Bureau 2014

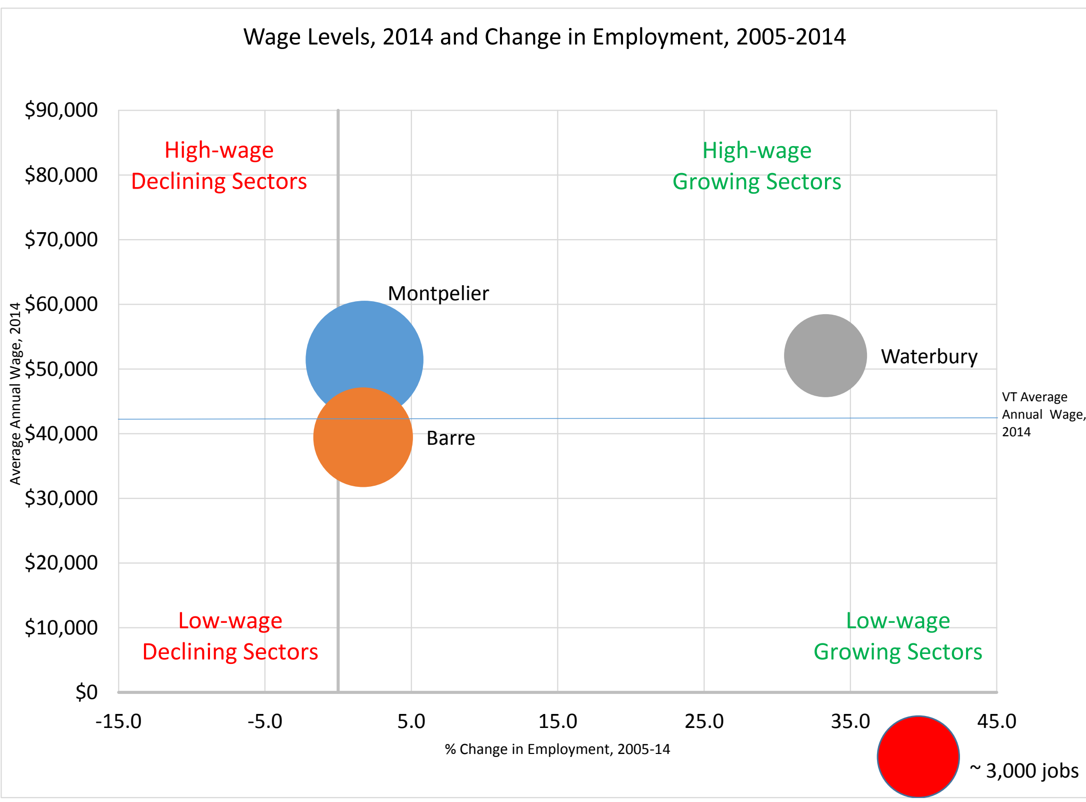
Economic Activity

Table A-3 shows employment trends in Montpelier compared to Waterbury and Barre. A large percentage of Montpelier's employment is in the public sector with only 5,810 out of 9,539 jobs in the private sector. This is expected given that Montpelier is the state capital. However, the change in private sector employment from 2009 to 2014 was only 10 jobs. This is distressingly low compared to 394 in Barre and 294 in Waterbury. Despite a net loss of 1,209 jobs, Waterbury still gained 294 private sector jobs.

Table A-3

Employment Trends, Montpelier, Barre & Waterbury, 2009 & 2014.			
Employment by Municipality, 2014	Montpelier	Barre	Waterbury
Total Employment	9,539	5,146	3,379
Change in Total Employment from 2009	599	648	(1,209)
Private Employment	5,810	4,146	2,887
Change in Private Sector Employment from 2009	10	394	294
Source: US BLS, Quarterly Census of Employment & Wages			

Figure A-2



Source: clustermapping.us

Figure 1 shows wage levels vs change in employment from 2005-2014 for Montpelier and each of the benchmark communities. Each community is represented by a circle. The size of the circle is based on the total employment. From this graph it is evident that Montpelier and Barre have both experienced a small percent change in employment, close to 0%. Montpelier however has higher wages. Waterbury showed a higher percent change in employment, around 30%. Waterbury and Montpelier have a similar average annual wage of around $50,000.

Figure 2 shows wage levels and change in employment for specific industries in Montpelier. Similarly to the total cluster, most sectors experienced less than .5% change in employment from 2009-2014. Manufacturing and information experienced negative change in employment. Financial services is the largest employer as well as the industry with the highest wages.

Figure A-3

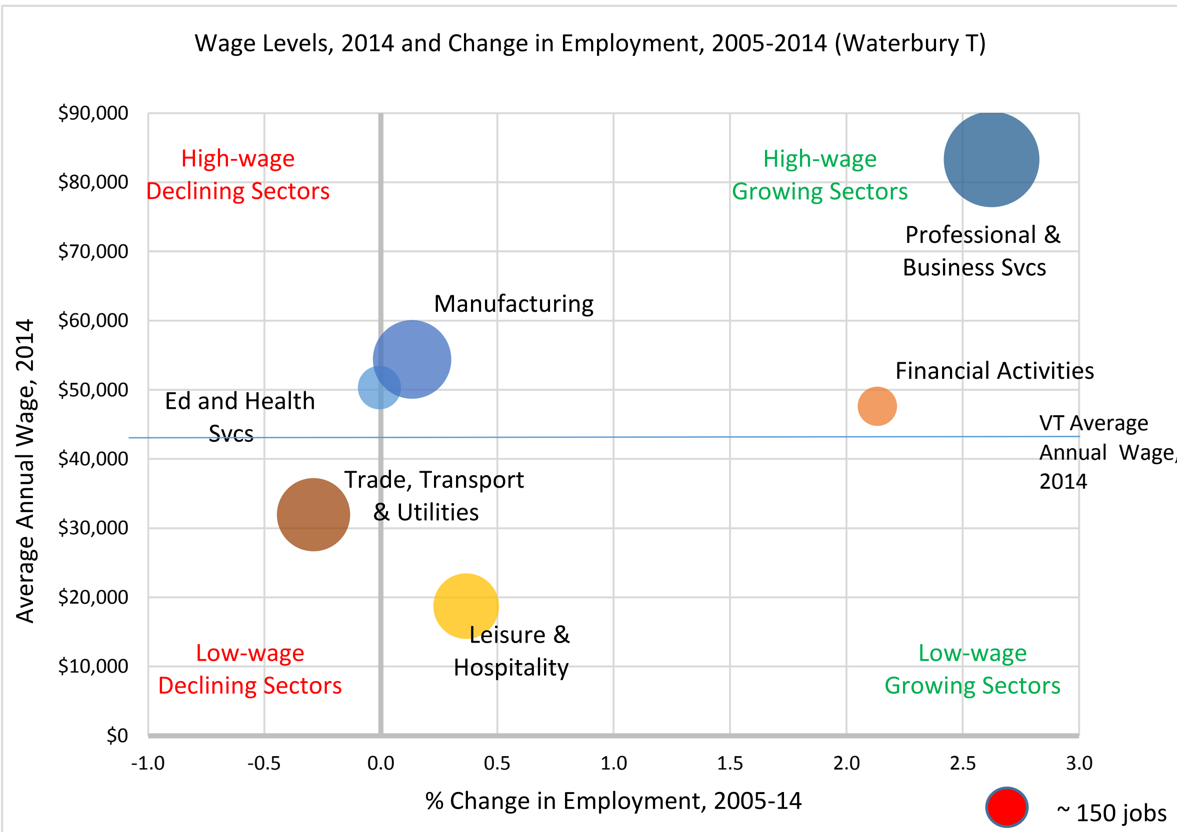


Figure 3 shows wages and change in employment for specific industries in Waterbury. Compared to Montpelier, Waterbury has more industries with a percent change in employment above 1%, with high wage industries like financial activities and professional and business services at over 2%. Manufacturing in Waterbury is high wage and growing as well.

Cluster Analysis

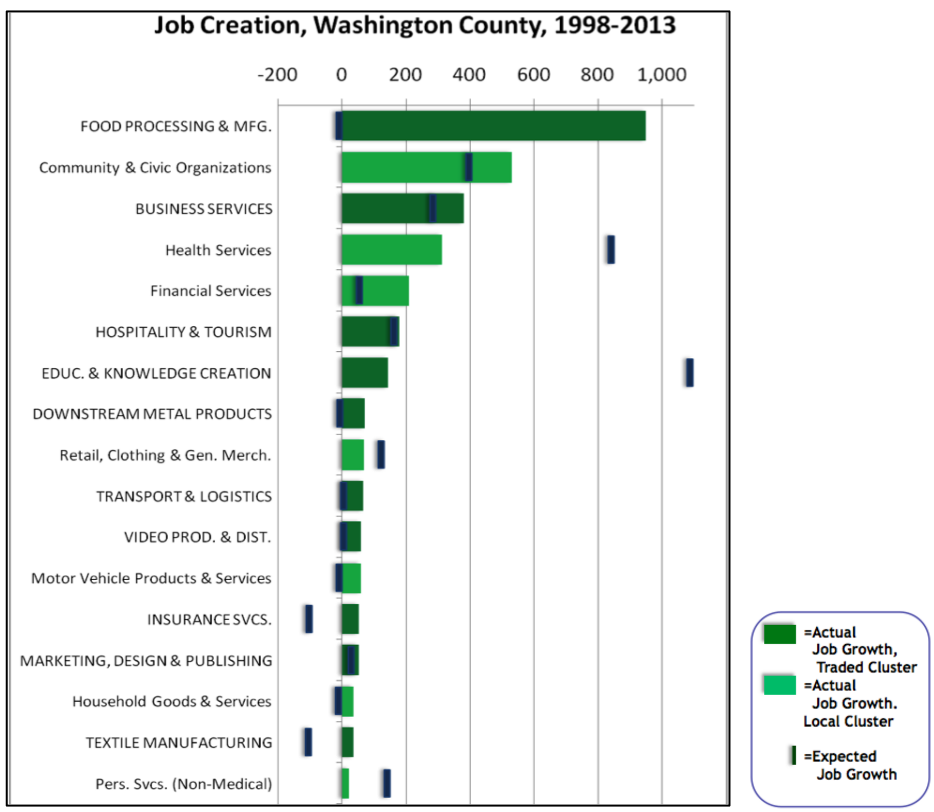
The US Cluster Mapping Project is a web-based application developed by the Harvard Business School for the US Economic Development Administration. According to the US Cluster Mapping Project Website:

"The US Cluster Mapping Project is a national economic initiative that provides over $50 million open data records on industry clusters and regional business environments in the United States to promote economic growth and national competitiveness. The project is led by Harvard Business School's Institute for Strategy and Competitiveness in partnership with the U.S. Department of Commerce and U.S. Economic Development Administration…"[1]

The US Cluster Mapping Project provides a set of tools for examining long term structural conditions in a local economy to better understand the groupings of businesses that are particular catalysts for economic activity in that area. The US Cluster Mapping Project dataset focuses on long-term trends in the economy. The data enables users to track trends from 1998-2013. This fifteen=year time frame enables users to examine structural changes in sectors that go beyond expansions and recessions of the business cycle.

- In addition, the US Cluster Mapping Project seeks to identify those portions of the local economy that are exporters of goods and services and importers of income and wealth. Referred to by the project as "traded" clusters, these sectors constitute important economic drivers for a local economy. Local clusters "sell products and services primarily for the local market." These types of cluster are located in almost every region and include drug stores,

Figure A-2



Source: clustermapping.us

[1] http://www.clustermapping.us

elementary schools, and community and civic organizations.

Figure 4 shows actual versus expected job growth for the strongest trade clusters in Washington County. The dark green bars indicate actual job growth for traded clusters in Washington County from 1998-2013 while the light green bars indicate actual job growth for local clusters. The dark blue marks indicate the job growth that would be expected in that cluster if the County had experienced the same rate of job growth in that cluster as had occurred in the national economy.

As illustrated by Figure 4, Washington County has a strong cadre of traded clusters. Food Processing and Manufacturing in Washington County added nearly 1,000 jobs from 1998-2013, while the expected growth rate was close to zero. Washington County's job growth outpaced the expected growth in all sectors except for Education and Knowledge Creation. Businesses Services outpaced national growth, adding close to 400 jobs. Insurance Services showed modest growth despite projections of job loss.

Washington County's local clusters showed growth with some industries outpacing national projection and others falling behind. Community and Civic Organizations added nearly 600 jobs, outpacing national projections. Local Health Services showed less than 50% of the growth expected. Local financial services exceed national growth projections adding 200 jobs.

National and State Trends

Slow Growing Economy

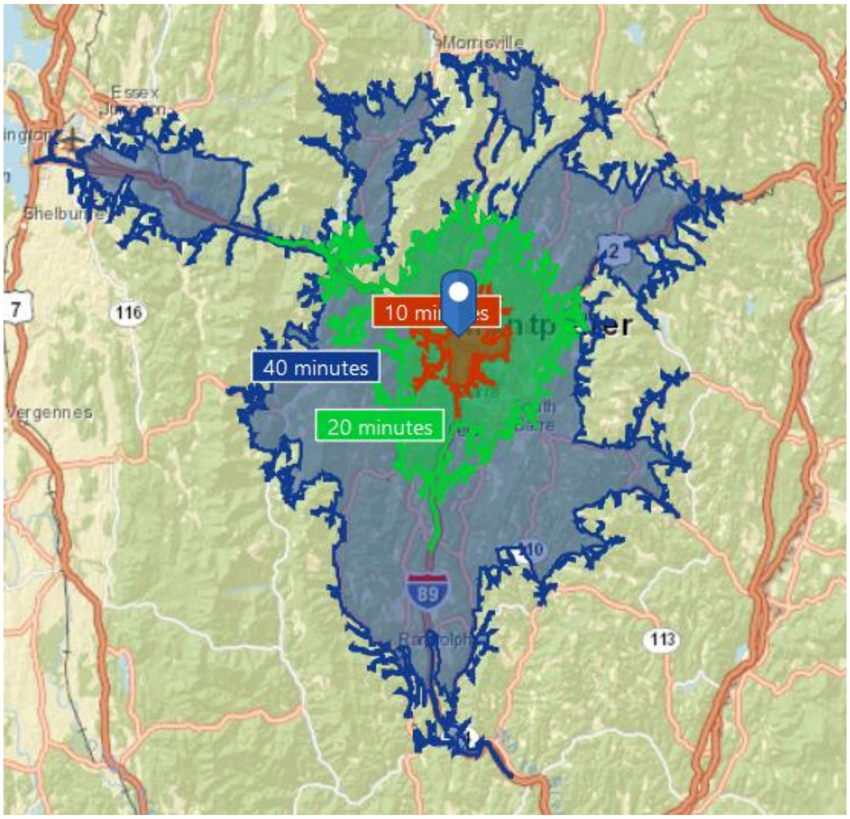
Montpelier's economic progress should be measured in the context of a slow-growing national and state economy. The recovery period following the Great Recession of 2008 has been steady, however real GDP growth rates have stayed below 3%. Projections for the next 10 years show growth rates staying below 3%[2].

The state economic climate should be taken into consideration as well. Vermont's economy is expected to follow the trends of the national economy. However, because the impacts of the economic recession were less severe in Vermont, the recovery has been more moderate. Thus, growth in the labor market, housing market, GDP, and income, as well as declines in unemployment rate are expected to continue to be moderate going into the next decade. This moderate growth in the national economy and state economy will create economic headwinds for Montpelier as opportunities for job growth and entrepreneurship will be limited[3].

[2] Congressional Budget Office, *The Budget and Economic Outlook 2015-2025,* *https://www.cbo.gov/sites/default/files/114th-congress-2015-2016/reports/49892-Outlook2015.pdf*
[3] New England Economic Partnership, *Vermont Economic Outlook, October 2014* file:///Users/jff56/Downloads/VTOUTLOOK_09-17-2014-Exec-Summary%20(2).pdf

Retail Analysis

Figure A-3: Retail Drive Area Map



A "leakage/surplus analysis" compares the *amount of spending* in a designated area with the *amount of selling* that also takes place in that area. Where (A) represents the *estimated spending by area residents* (how much are local residents spending for each type of good or service in a specified drive time?) and (B) represents the *estimated sales by area retailers* (what portion of sales of each good or service do local establishments make within a specified drive time?), if (A) is less than (B), there is *surplus*, meaning money is coming into the area; if (A) is greater than (B), there is *leakage*, and money is leaving the area. This data is from within three geographical areas: the circumference of a ten-minute drive from Montpelier, that of a twenty-minute drive from Montpelier, and that of a forty-minute drive. This is presented on a map in Figure 5 and offers a sense of the geographic scope. The ten-minute drive is illustrated in red, the twenty-minute drive in green, and the forty-minute drive in blue.

Montpelier is the largest, most affluent retail center (based on average sales/establishment)
No clear set of sectors to dominate, but the City has some strengths by size and by market share (e.g., auto related, lawn & garden, books, office supplies)

Table A-4: Surplus and Leakage

Sectors Ranked by Total Retail Sales	Retail Sales, 2014	% of Sector's Sales w/in a 20 Mi. Radius	Location Quotients for 20-mile Radius	% of all Retail Sales in Montpelier	Sales/ Establishment
Automobile Dealers	**$84,493,232**	**36.7%**	**2.11**	**41.6%**	**$ 14,082,205**
Gasoline Stations	**$27,705,454**	**18.9%**	**1.09**	**13.6%**	**$ 4,617,576**
Auto Parts, Accessories & Tire Stores	**$9,691,869**	**54.6%**	**3.14**	**4.8%**	**$ 1,615,312**
Full-Service Restaurants	$8,314,511	14.6%	0.84	4.1%	$ 639,578
Bldg Material & Supplies Dealers	**$7,548,188**	27.4%	**1.58**	**3.7%**	**$ 754,819**
Lawn & Garden Equip & Supply Stores	**$7,208,758**	**57.1%**	**3.29**	**3.6%**	**$ 3,604,379**
Limited-Service Eating Places	**$6,053,116**	**21.5%**	**1.24**	**3.0%**	**$ 672,568**
Office Supplies, Stationery & Gift Stores	**$5,447,506**	**46.2%**	**2.66**	**2.7%**	**$ 2,723,753**
Clothing Stores	**$3,554,478**	**23.9%**	**1.38**	**1.8%**	**$ 355,448**
Book, Periodical & Music Stores	**$1,270,636**	**19.0%**	**1.09**	**0.6%**	**$ 181,519**
Total Retail Trade, Food & Drink	**$202,997,885**	17.4%	**1.00**	**100.0%**	**$ 1,611,094**
Source: compiled by Fairweather Consulting using data from ESRI Business Analyst Online.					
*includes home delivery newspaper routes; home delivery of heating oil, liquefied petroleum					

Sectors for Which Central Vermont has a Sales Surplus at 20-Minute Drive Time from Montpelier

Automobile Dealers
Gasoline Stations
Food Services & Drinking Places
Miscellaneous Store Retailers
Auto Parts, Accessories & Tire Stores
Full-Service Restaurants
Bldg Material & Supplies Dealers
Limited-Service Eating Places
Office Supplies, Stationery & Gift Stores
Sporting Goods/Hobby/Musical Instr Stores
Other Miscellaneous Store Retailers
Grocery Stores
Lawn & Garden Equip & Supply Stores
Book, Periodical & Music Stores

Florists
Used Merchandise Stores
Beer, Wine & Liquor Stores
Specialty Food Stores

Sectors with Leakage at 40-Minute Drive Time
Furniture Stores
Health & Personal Care Stores
Shoe Stores
Jewelry, Luggage & Leather Goods Stores
Book, Periodical & Music Stores
Other General Merchandise Stores
Full-Service Restaurants
Limited-Service Eating Places
Special Food Services
Drinking Places - Alcoholic Beverages

Appendix II: Engagement— Outreach to Stakeholders and Identification of Barriers, Opportunities & Partners

Stakeholder Interviews:

Table A-5

Stakeholders Contacted During Outreach Process	
Person	**Affiliation**
Greg Gossens	Gossens Bachman Architects
Kari Bradley	Hunger Mountain Coop
	Lost Nation Theater
Ed Hoekstra	Redstone Development
Justin Johnson	Secretary of Administration
Phil Dodd	Longtime Resident
Chris Kiper	Anomal
Martha Englert	Downstreet
	Montpelier Alive
Karl Miller	Property Owner
Tim Heney	Realtor
John Adams	Housing and Community Development
Gary Holloway	Downtown Program Coordinator
Carolyn Wesley	Governor's Office (Early Childhood Eduation)
Jared Duval	VT Economic Development Director
James Brady	Agency of Transportation
Leslie Welts	Agency of Natural Resources
Anne Watson	Montpelier High School
Hannah Smith	Agency of Natural Resources
James Pepper	Governor's Office
Alyson Richards	The Permanent Fund
Rebecca Sameroff	Tax Department
Andrew Stein	Auditor's Office
Ryan McCormack	Harwood High School
Andrew McCullough	Pro-cyclist
Geoff Green	Governor's Office
Thad Gibson	Vermont Art's Council
Jake Feldman	Tax Department
Emily Byrne	Budget Office
James Secor	Artist
Brad Kukenberger	Budget Office
Cliff Nickerson	Black River Architects
Kate McCarthy	Natural Resources Council (Montp DRB)

Stakeholder outreach is an essential component of the planning process. The stakeholders contacted covered a range of demographics including non-profit leaders, government, entrepreneurs, artists, and athletes. One on one interviews were conducted in-person or on the phone. Fairweather Consulting had the opportunity to meet with the Montpelier Business Association and the members of the association present were included as stakeholders interviewed. Table A 4 shows a complete list of stakeholders interviewed. Certain topics were discussed in multiple interviews. These common topics are outlined below:

Sabin's Pasture

Sabin's Pasture is a 94-acre parcel of undeveloped land that many stakeholders saw as a great opportunity for development. There is the possibility of building housing that can be integrated into existing neighborhoods, preserving open space.

The Difficulty of the Planning Process

Many stakeholders stated that citywide projects were difficult to accomplish. This is due to a lack of agreement in the city on Montpelier's direction. The planning and review process itself was also described as difficult and slow.

Aging Population

Stakeholders were concerned that the population of Montpelier is stagnating. They observed that young people moved to Barre, which is more affordable, or Burlington, which is livelier. Stakeholders wish to attract more young people and young families to Montpelier.

Lack of Affordable Housing for Young Families

One reason that young people are not moving to or staying in Montpelier is the lack of affordable housing for young families. Stakeholders feel high housing costs and property taxes in Montpelier are deterrents for the younger generation.

Lack of Parking

Many stakeholders were concerned about downtown parking. They felt that there was not enough parking for downtown visitors and downtown employees. A parking garage was discussed as a possible solution to this issue.

The Need for Flood Mitigation

Montpelier is home to the Winooski, North Branch, Dog, and Steven's Branch Rivers. Parts of the town are located in a 100-year floodplain. Many business owners mentioned the need for increased flood mitigation strategies and infrastructure.

A Hotel Downtown as a Potential Project

A common suggestion for what was needed in Montpelier was a hotel downtown. Burlington recently built the Hotel Burlington, which has been met with great success. Stakeholders thought a similar project would thrive in Montpelier. However, there is contention over whether the hotel would be independent or part of a larger franchise.

Montpelier as a Hub for Creative Entrepreneurs

Many of the stakeholders interviewed were young entrepreneurs in creative enterprises. These stakeholders felt that Montpelier was a place with a lot of potential for creative entrepreneurship and felt that the city should focus on that direction.

SWOT Analysis

Figure A-6

Strengths	Weaknesses
• State Government as an economic safety net • The Insurance Industry- under global stress, but still strong. • An Entrepreneurial Tradition • An innovative higher education sector • A market with real opportunities/demand • A walkable vibrant community	• Slow economic and demographic growth • Relatively high taxes and cost of development • A mismatch between prices offered by owners and prices expected by prospective tenants and buyers • State Government as an economic safety net • No clear consensus on the way forward.
Opportunities	**Threats**
• Professional, Business, and Non-Profit Services • Finance/Insurance • Specialty Retail • Tourism and Hospitality • Adult Learning • Advanced Manufacturing • Entrepreneurism	• Loss of National Life Group • State Government Decline or Consolidation • Increased regional competition • Long term challenges of transitioning to a post-carbon economy • Global/National

In order to identify key issues that need to be addressed by a strategic plan, it is useful to conduct a SWOT analysis. The SWOT analysis identifies Strengths, Weaknesses, Opportunities and Threats. Table 4 summarizes the SWOT analysis for Montpelier.

In a SWOT analysis:

Strengths identify the attributes Montpelier has that contribute to its competitiveness.

Weaknesses identify those aspects of the City that reduce its competitiveness.

Opportunities identify the trends in the greater environment outside the City that it can take advantage of to improve its economic growth.

Threats identify the trends in the greater environment outside the City that could threaten its ability to generate or sustain economic growth.

Strengths:

As shown in table 4, Montpelier has its share of both strengths and weaknesses.

State government is both an aid and a crutch. It provides an "economic safety net, " meaning that unlike a corporation, the state government will not close down or move away. Montpelier can rely on the State government as a fairly stable form of employment into perpetuity.

The insurance industry is a large employer in Montpelier due to the presence of National Life Group. The insurance industry had a "relatively slow economic recovery" after the recession.[4] Because of this, insurance companies have taken a more cautious approach in recent years. Growth will be largely due to consolidation in the form of mergers and acquisitions. In 2014, there were 399 merger and acquisition deals. According to a Wells Fargo 2016 Insurance Market Outlook, "underwriting profitability will be sustained in spite of rate reductions and the industry will likely continue to attract new capital".[5]

Montpelier has a strong entrepreneurial tradition. Montpelier is home to numerous locally owned small businesses that are well-supported by the community.

Montpelier has an innovative higher education sector including the Vermont College of Fine Arts, the New England Culinary Institute, and the Community College of Vermont. These institutions present the unique opportunity for Montpelier to tailor higher education efforts to economic development efforts in the areas of food processing and manufacturing, digital design and technology, not-for-profit leadership, and the creative arts.

Montpelier has a market with real opportunities and demand. Economic analysis shows that industries such as food processing and manufacturing, tourism and hospitality, and specialty retail are growing. Central Vermont has a relatively affluent population and attractions affluent tourists.

Montpelier has the strength of being a walk-able and vibrant community. Montpelier was ranked in 2015 as one of the "Top 100 Small Towns" according to Livability.com.[6] This ranking is largely due to Montpelier's walkability and bikeabilty. Visitors and residents can easily walk or bike to the Hunger Mountain Co-Op, one of the many locally-owned bars and restaurants, or exercise on the Montpelier Recreation Path. According to studies by the National Association of Realtors (NARS), homebuyers are flocking to walkable communities in increasing numbers[7].

Montpelier is home to a thriving arts community, a vibrant small business environment, and easy access to natural areas. Hubbard Park, Cliff Point Overlook, and Wrightsville Beach provide the outdoor experiences Vermonters crave. Local restaurants serve food sourced from Vermont's many farms. Montpelier is also home to festivals such as the Green Mountain Film Festival and various

Weaknesses

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[4] Deloitte, "2016 Insurance trends: Taking a closer look, Interview with Gary Shaw," http://www2.deloitte.com/us/en/pages/financial-services/articles/insurance-industry-outlook.html

[5] Wells Fargo, "2016 Insurance Market Outlook: Insights from our national practice leaders", 2016

[6] http://www.livability.com/vt/montpelier/why-montpelier-vt-best-small-town-2015

[7] http://www.inman.com/2015/06/22/nar-and-locus-research-indicate-walkability-is-increasingly-important-to-homebuyers/

One of Montpelier's greatest strengths is also one of its weaknesses: its stable State Government. As shown by the benchmark analysis of employment trends in Table 3, this heavy reliance on public employment has dampened private sector growth.

Montpelier has relatively high taxes and cost of development. Vermont's cost of doing business is 13% above the national average. In terms of "business friendliness" Vermont is ranked at #42 of the 50 states[8]. This means that Vermont is low on the list for site selectors and large corporations.

Montpelier shows slow economic and demographic growth. In addition to the projected national trend of slow economic growth, Vermont was ranked as #45 for state growth prospects. [9] Statewide, population is stagnant and aging. As seen in Table 1, Montpelier's population declined by almost 3% from 2010 to 2014. The median age in Montpelier is 44.5, with the largest growth in the 65- 74 year-old age groups as shown in Figure 5.

Previous economic development efforts have been hampered by having no clear consensus on the way forward. Montpelier as a community must find a common identity and direction in order to develop in a strong and unified manner.

[8] http://www.forbes.com/best-states-for-business/list/#tab:overall

[9] http://www.forbes.com/places/vt/

Appendix III: Creation—Identifying Key Industries for Montpelier

In order to compete with other locations and to reach its economic development goals, Montpelier needs to position itself as a superior quality location. Superior quality locations provide value to businesses that is not found elsewhere. Montpelier needs to **provide value to local businesses through a 4-pronged approach that:**

1. *Supports key sectors* that can drive the economy
2. *Champions transformational projects* that strengthen the local economy
3. *Makes Strategic Investments* in
   - development/redevelopment sites
   - infrastructure (e.g., utilities, parking, connectivity, etc.)
   - regulatory certainty
   - housing & quality of life to build a ready supply of talent & customers
   - marketing efforts to foster new businesses

Identification of Target Industries/Key Sectors

Higher Education/Adult Learning

The higher education and adult learning sector includes four-year colleges, community colleges, and technical/job training programs. Education is an important sector to the economy because it creates a more skilled workforce, attracts out of state students, resulting in tuition revenue and possible new state residents, and provides quality jobs in teaching, administration, and other support staff. This is similar to the target industry of Education in the Statewide CEDS. [10]

Food Processing and Manufacturing

This sector includes the production of marketable food and beverages from raw materials. Food processing includes the preparation and storage techniques necessary before selling fruits and vegetables at grocery stores, craft enterprises such as bakeries, breweries, and wineries, as well as advanced manufacturing such the processing and packaging of dairy products, and other commodities. This is similar to the target industry of Food Systems in the Statewide CEDS. [11]

Entrepreneurs (particularly in software development and IT)

This sector encompasses many different industries, but focuses on new business creation. However, fostering entrepreneurship requires such a unique set of skills, resources and support that it can be considered its own sector. Entrepreneurs require access to capital and property, risk reduction, education, governmental support, and business services, among others.

Of particular focus in Montpelier is entrepreneurship in the software development and information technology sectors. This sector includes creating new software, testing, troubleshooting, and maintaining software, creating and maintaining databases, computer servicing, and creation and

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[10] page 88, *Vermont 2020 Comprehensive Economic Development Strategy*,
Prepared by the Agency of Commerce and Community Development, The Vermont CEDS Committee and the Garnet Consulting Group. Updated February 2016
http://accd.vermont.gov/sites/accd/files/Documents/business/VT%202020%20CEDS_feb2016.pdf

[11] page 94, *Vermont 2020 Comprehensive Economic Development Strategy*,
Prepared by the Agency of Commerce and Community Development, The Vermont CEDS Committee and the Garnet Consulting Group. Updated February 2016
http://accd.vermont.gov/sites/accd/files/Documents/business/VT%202020%20CEDS_feb2016.pdf

maintenance of communication systems, among others. This sector is similar to the Software Development and Information Technology sector in the Statewide CEDS.[12]

Finance/ Insurance

Finance and insurance includes banking, asset management, venture capital, and insurance. The services and products this sector provides include loans, financial advice, transaction processing, and insurance policies among others. Vermont is a leader in this sector due to its captive insurance market. This sector is consistent with the Financial Services and Insurance sector in the Statewide CEDS[13].

Not-for-Profit Services

The not-for profit industry is thriving in Montpelier. As the state capital, Montpelier is attractive to many not-for-profits who want proximity and access to the policy-making process. The City is home to not-for-profit industries focusing on state policy, energy, environmental, and sustainability issues, education, the arts, housing, and community development, among others. Not-for-profit enterprises require a workforce skilled in management, fundraising, science, and policy.

Professional, Business, Science, and Technical Services

This sector is defined by the NAICS as consisting of businesses that perform technical, professional, or scientific tasks for other individuals and businesses[14]. This could include law, architecture, engineering, bookkeeping/accounting and many others. These positions require advanced training and/or professional degrees.

Specialty Retail

Specialty retail stores provide a specific type of product, as opposed to a broad breadth of products. Specialty retail stores provide a greater selection of specific products that cannot be found elsewhere as well as expertise, and personalized shopping experiences. This sector includes bookstores, record stores, artisan/craftsmen shops, home goods, and sporting goods store, among others. Montpelier's unique specialty shopping experiences are a draw for tourists.

Tourism, Hospitality, and the Arts

Tourism, hospitality and the arts is a far-reaching sector that includes, hotels, restaurants, specialty retail, historic sites, museums, recreational activities, and second homes. This sector includes both the Tourism and Recreation sector and the Arts and Culture sector in the Vermont 2016 CEDs. According to the CEDs the arts economy has a direct impact, creating revenue from "the sale of art and the ticket sales for music and theatrical productions…the sale of arts goods and mat

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[12] page 100, *Vermont 2020 Comprehensive Economic Development Strategy*,
Prepared by the Agency of Commerce and Community Development, The Vermont CEDS Commit tee and the Garnet Consulting Group. Updated February 2016
http://accd.vermont.gov/sites/accd/files/Documents/business/VT%202020%20CEDS_feb2016.pdf

[13] page 92, *Vermont 2020 Comprehensive Economic Development Strategy*,
Prepared by the Agency of Commerce and Community Development, The Vermont CEDS Commit tee and the Garnet Consulting Group. Updated February 2016
http://accd.vermont.gov/sites/accd/files/Documents/business/VT%202020%20CEDS_feb2016.pdf

[14] NAICS 541, North American Industry Classification System, Bureau of Labor Statistics, http://www.bls.gov/iag/tgs/iag54.htm

erials, recording production of music and film for mass distribution, and studio residencies and training programs.“ [15]

[15] p.82, 103, Vermont 2020 Comprehensive Economic Development Strategy, Prepared by the Agency of Commerce and Community Development, The Vermont CEDS Committee and the Garnet Consulting Group. Updated February 2016 http://accd.vermont.gov/sites/accd/files/Documents/business/VT%202020%20CEDS_feb2016.pdf

Appendix IV: Potential Partners for Transformational Projects

Potential Partners

Below is a list of potential partners for the key industries and transformational projects above.

Community Capital of Vermont

"Community Capital of Vermont's mission is to help small businesses and lower income entrepreneurs prosper through the provision of flexible business financing."[16]

Community Capital of Vermont provides loans from $1,000- 100,000 to entrepreneurs that otherwise would not be able to receive a bank loan. CCV has already helped Montpelier entrepreneurs start and expand their businesses. Liberty Chocolates of Montpelier was able to expand production through a loan from CCV. CCV also provided start-up financing to Bailey Road clothing boutique in Montpelier.

http://www.communitycapitalvt.org/

National Life Group Charitable Foundation

The National Life Group Charitable Foundation gives $750,000 a year to established 501(c)(3) non-profit organizations. According to their website, projects eligible for funding must have:

- "A well-planned approach to underlying issues or needs
- A base of support
- A committed and skilled leadership team"

NLGCF primarily gives smaller grants of ~$5,000. The top causes they support are children and families(51.14%), health (17.1%), the arts (12.34%), and education (11.32%)[17].

https://www.nationallife.com/PublicSite/Views/FinancialReports.aspx?id=8589935458

Local Banks

Community National Bank is a Vermont based bank with offices in Montpelier. As part of stakeholder outreach, Justin Bourgeois, Commercial Lender for Community National Bank was interviewed. In his interview he indicated that Community National Bank would be interested in lending to any eligible projects that result from this strategic plan.

https://www.communitynationalbank.com/

Vermont Council on Rural Development
Climate Economy Initiative

This unique initiative aims to achieve climate change mitigation goals through "innovative economic development." This initiative aims to create policy, develop networks, and aid entrepreneurs is building the "green economy."

> **Clean Energy Finance Collaborative:**
> This program aims to stimulate investment in green energy enterprises
> **Climate Economy Network Development Initiative**

[16] http://www.communitycapitalvt.org/

This initiative provides seed funding and technical assistance for entrepreneurs in green energy, transportation, efficiency, and community resilience work.

http://vtrural.org/programs/climate-economy

Downstreet Housing and Community Development
Downstreet is a non-profit housing and community development organization that could be a potential partner for a housing project in Montpelier. Downstate focuses on providing low-income and affordable housing. Real estate development is one of their many services. According to their website:

"Downstreet's development activities involve working alone or in partnership to carry out essential development activities, including:

- Acquisition of property or buildings
- Assembling a development team capable of undertaking the project
- Crafting a design for the property or buildings
- Obtaining financing
- Obtaining necessary permits
- Contracting for and managing construction
- Leasing or selling the property, depending upon planned use"[18]

Current and upcoming housing projects in Montpelier include the Barre St. Properties and the French Block. The French Block apartments are in progress and will include 2 floors of one-bedroom apartments over Aubuchon Hardware.
http://downstreet.org/

Vermont Manufacturing Extension Center
VMEC helps Vermont's small and medium size manufacturers with reducing cost, optimizing production, marketing and branding, and products development among other services. VMEC is a valuable resource for Montpelier entrepreneurs looking to start or expand their manufacturing business
http://www.vmec.org/

Community College of Vermont
CCV provides affordable education and job training to Vermont residents. CCV is a potential partner for workforce development efforts in Montpelier. CCV programs can serve as "pipelines" for target sectors, such as food processing and manufacturing, IT, finance, and entrepreneurship.
http://ccv.edu/

Vermont Technology Alliance
The Vermont Technology Alliance is a business organization focused on Vermont's technology sector. The VTA provides peer mentorship and networking to its members and advocates for technology-friendly legislation. The VTA is an important resource for new technology businesses in Montpelier.
http://www.vermonttechnologyalliance.org/

The Vermont Community Foundation

[18] http://downstreet.org/about-us/red/

The VCF funds enterprises that "build community" in Vermont. They have a number of grants programs that may be useful for Montpelier's economic development efforts.

Small and Inspiring
$250-$2,500 grants to organizations statewide to support work that builds communities.

The Vermont Arts Endowment Fund
$1,000-$5,000 grants for Vermont artists and Vermont arts organizations

http://www.vermontcf.org/

Central Vermont Economic Development Corporation
The CVEDC is a regional economic development corporation that helps businesses with retention and expansion, advisory services, and education and information.
In addition they work to promote Central Vermont and to improve the infrastructure necessary for businesses attraction and expansion.
http://www.cvedc.org/

Vermont Employment Growth Incentive (VEGI)
which can provide a cash payment to businesses based on the revenue return generated to the State by prospective job and payroll creation and capital investments.

Technical Assistance (TA) grants for qualifying businesses through the Central Vermont Economic Development Corporation through the Agency of Commerce and Community Development

Rural Business Enterprise Grant (RBEG) and Rural Business Opportunity Grants (RBOG) to qualifying businesses through the USDA Rural Development office.

WET Funds Grants, through CVEDC and the Vermont Departmentt of Labor

VT Training Program Grants, through the Agency of Commerce & Community Development's Department of Economic Development.

Vermont Housing and Conservation Board
The Vermont Housing and Conservation Board has dual goals of providing affordable housing to Vermonters and preserving natural areas.

"LOAN AND GRANT PROGRAMS
The Vermont Housing & Conservation Board (VHCB) makes deferred loans for the acquisition, rehabilitation and construction of affordable housing by nonprofit housing organizations. Since 1987, VHCB has contributed to the development of more than 11,000 permanently affordable homes. Both private and non-profit developers are eligible to apply for federal HOME Program funding for rental housing developments. For-profit and non-profit landlords as well as homeowners are elgible to apply for Lead Paint Hazard Reduction Program funding administered by VHCB. VHCB also has a Healthy Homes Program to assist with health and safety hazards in the home."

http://www.vhcb.org/rental-housing-development.html

Montpelier Alive

Montpelier Alive is great asset to developing Montpelier's downtown specialty retail. The mission of Montpelier Alive from its website:

"The Montpelier Downtown Community Association, Inc., bda "Montpelier Alive", is a non-profit corporation with a mission to enhance the quality of life for people who live, work and visit Montpelier by helping the downtown and adjacent areas develop into the 21st century as a vital and diverse community center for retailing, cultural and entertainment activities, education, recreation, business and professional services, dining, government and residential use."[19]

The City should support the work of Montpelier Alive to strengthen Montpelier as a place for "experience-based" retail enterprises & Montpelier as a tourism destination.

Vermont Agency of Commerce and Community Development

This state agency's mission is to improve quality of life and build strong communities. Within the agency is The Department of Housing and Community Development (DHCD) and Department of Economic Development (DED), The Department of Tourism and Marketing (DT&M), and the Chief Marketing Office.
This agency has several programs that can be of assistance to Montpelier.

From the website:

> "The Vermont Small Business Offering (VSBO), allows Vermont businesses and start-up companies to raise up to $2 million in capital by selling shares in their company to in-state investors. The regulation allows for a simplified process to reduce the regulatory burdens and costs usually associated with securities registration."
> Traditionally, federal and state securities laws have limited investments in small businesses to wealthy individuals. VSBOE gives all Vermonters the opportunity to support their local entrepreneurs, existing and new small businesses. Participating businesses will be registered with DFR and will allow individual investors to purchase up to $10,000 in stock equity from a single business. VSBOE also allows certain high net-worth individuals to purchase an unlimited amount of equity.
>
> The Vermont Center for Emerging Technologies (VCET) is a leading-edge technology incubator serving all of Vermont under a mandate to increase technology startups and accelerate next generation job creation for this generation of Vermonters. VCET offers a targeted business incubator program designed to foster the success of high opportunity technology firms by providing firms with substantive business mentoring along with traditional incubator services such as low cost, flexible office space, shared resources, capital, networking, training, etc . VCET is an independent 501 c (3) public benefit corporation in affiliation with the University of Vermont and partners with Norwich University, Middlebury College, Champlain College and the five Vermont State Colleges."

[19] http://www.montpelieralive.org/151/Vision-Mission

http://accd.vermont.gov/business/start/entrepreneurship

Vermont Community Loan Fund

The Vermont Community Loan fund provides funding opportunities for small businesses, affordable housing, and community facilities among other enterprises. Assistance is available in the form of loans, grants, and comprehensive business development assistance.

http://www.investinvermont.org/borrowers/small-business

Vermont Sustainable Jobs Fund

"The Vermont Sustainable Jobs Fund, located in Montpelier, Vermont, was created by the Vermont Legislature in 1995 to accelerate the development of Vermont's green economy. We provide early stage grant funding, technical assistance, and loans to entrepreneurs, businesses, farmers, networks and others interested in developing jobs and markets in the green economy."

http://www.vsjf.org/who-we-are

Vermont Employee Ownership Center

"The Vermont Employee Ownership Center is a statewide non-profit whose mission is to promote and foster employee ownership in order to broaden capital ownership, deepen employee participation, retain jobs, increase living standards for working families, and stabilize communities.

We provide information and resources to owners interested in selling their business to their employees, employee groups interested in purchasing a business, and entrepreneurs who wish to start up a company with broadly shared ownership."

The VEOC already helped to fund the transition of the New School of Montpelier to employee ownership, making it the largest worker cooperative in Vermont. The VEOC operates a revolving loan fund, provides business assessment, education, and training.

http://www.veoc.org/

Vermont Small Business Development Center

"We work as a team to positively impact sustainable, economic development in Vermont by strengthening both established businesses and start-up entrepreneurs. Our certified professionals specialize in high quality, innovative advising and training to be responsive and serve the market."

http://www.vtsbdc.org/about

Vermont Economic Development Authority

"The Vermont Economic Development Authority (VEDA) is Vermont's statewide economic development finance lender. Created by the General Assembly in 1974, VEDA's mission is "to contribute to the creation and retention of quality jobs in Vermont by providing loans and other financial support to eligible and qualified Vermont industrial, commercial and agricultural enterprises."

http://www.veda.org/about-veda/

VEDA provides loans for manufacturing, travel and tourism, technology, retail and service, not-for-profit, as well as for general infrastructure upgrades. Visit the website for a comprehensive list of the many large and small loan programs offered by VEDA
http://www.veda.org/help-me-find-the-loan-i-need/

Appendix V: Analysis for Establishing Metrics

Metrics for the Economic Development Strategy

The goal of the strategy is to increase economic activity, private-sector jobs and population in the City over the next five years. As part of implementing the strategy, it is important to have metrics to track the progress in terms of each of these measures. This section provides a set of such metrics summarized in Table A-6 below. For each metric used (e.g., population), a criterion is provided (e.g., 300 residents by 2011).

Table A-6

Table A-6. Metrics for the Montpelier Economic Development Strategy	
Metric	**Criterion**
Private Sector Employment	300 private sector jobs added by 2021 as reported by the Vermont Department of Labor through the Quarterly Census of Employment and Wages (QCEW)
Number of Net New Establishments	20 new establishments added in the Key Sectors of the Strategy by 2021.
Housing	150 housing units certified for occupancy by 2021
Population	300 residents added to the City's population by 2021 as reported by the Census Bureau's American Community Survey. (The lower bound of any confidence interval for the 2021 estimate must exceed the 2016 population estimate by at least 100)
Economic Activity Metrics	**Criterion**
Meals Receipts*	4.5% annual increase (30% over five years)
Rooms Receipts*	6% annual increase (42% over five years)
*as reported in the statistical reports of the Department of Taxes of the Vermont Agency of Administration.	

These metrics have been generated by comparing activity in the City of Montpelier during the economic recovery (i.e., from 2009 to 2014) with comparable measures for Vermont as a whole, Washington County, the City of Barre and the Town of Waterbury. The rationale for each of the metrics is discussed below. Table 7 below provides an alternate set of metrics comparing Montpelier to Vermont as a whole

Private Sector Employment

Table A-7

Table A-7. Annual Private Employment 2009-2014				
	2009	**2014**	**Compound Annual Growth**	**Average Annual Change**
State	239,759	251,528	0.80%	2,354
County	24,099	25,239	0.77%	228
Montpelier	5,800	5,810	0.03%	2
Barre	3,752	4,146	1.68%	79
Waterbury	2,593	2,887	1.81%	59
Source: Compiled by Fairweather Consulting from the Quarterly Census of Employment & Wages.				

Establisments

Table A-8

NAICS Code	NAICS Industry	Establish-ments 2014	Change from 2009	Change from 2013	Goal for Net New Establish-ments, 2021
Table A-8 Metrics for Net New Establishments for Each Key Sector in the Economic Development Strategic Plan.					
--	All Covered Private ownership	560	-5	1	
Key Sector: Food & Advanced Manufacturing					**5**
31-33	Manufacturing	11	1	0	5
311	Food manufacturing	4	3	2	3
Key Sector: Specialty Retail					**5**
44-45	Retail trade	71	-10	1	5
442	Furniture and home furnishings stores	1	0	0	
443	Electronics and appliance stores	2	1	0	
444	Building material & garden supply stores	9	-1	0	
445	Food and beverage stores	7	-2	0	
446	Health and personal care stores	3	0	0	
448	Clothing & clothing accessories stores	8	-3	-1	
451	Sporting goods, hobby, musical instrument, & book stores	8	1	0	
453	Miscellaneous store retailers	9	-2	1	
Key Sector: Finance/Insurance					**0**
52	Finance and insurance	37	-2	0	0
524	Insurance carriers and related activities	20	-2	-1	
Key Sector: Prof./Technical/Business Services					**5**
54	Professional and technical services	109	-1	0	5
Key Sector: Higher Education/Adult Learning					**0**
6113	Colleges and universities	2	1	0	
6114	Business, computer & management training	2	-2	0	
6115	Technical and trade schools	4	1	1	
6116	Other schools and instruction	6	0	-1	
Key Sector: Tourism, Hospitality & the Arts					**5**
71	Arts, entertainment, and recreation	5	-3	1	2
721	Accommodation	4	0	0	1
722	Food services and drinking places	34	3	3	2
Key Sector: Not-for-Profit Organizations					**0**
813	Membership associations & organizations	79	5	4	0
	Total Goal for Net New Establishments:				**20**

Source: Establishment data for 2009-2014 compiled by Fairweather Consulting from Vermont Department of Labor Covered Employment Data.

As shown in Table 2, Montpelier had virtually no private sector job growth from 2009 to 2014, while Barre and Waterbury experienced average annual gains approaching 2 percent. Given the relative shortage of developable land in Montpelier, it may be difficult for the City to approach two percent annual job growth. But if the EDSP is to be deemed a success, it must substantially increase its private sector employment. A one percent average annual growth rate would represent a significant increase in Montpelier's ability to generate jobs. This growth rate would yield approximately 300 private sector jobs in five years.

Table A-9

Population 2009-2014				
	2009	2014	Compound Annual Growth	Average Annual Change
State	624,817	626,562	0.05%	349
County	59,353	58,998	-0.10%	(71)
Montpelier	7,860	7,671	-0.40%	(38)
Barre	9,059	8,837	-0.41%	(44)
Waterbury	5,048	5,098	0.16%	10
Source: Compiled by Fairweather Consulting from US Census Bureau American Community Survey data.				

Population

As seen in Table 3, sustaining population growth is a challenge throughout most of Vermont outside of the Burlington area. But it is critical for Montpelier's economic health that it generate population to continue to support local businesses, provide a workforce for local businesses and maintain a critical mass of students in the City's schools. If population growth target equaled the target growth for jobs (i.e., 300 in five years), that would mean an increase of 3.9 percent over the five years. This represents a significant turn-around in Montpelier's population, but is still a relatively modest annual average rate of 0.6 percent, just slightly above the 0.5 percent average annual growth rate Vermont experienced from 2009 to 2014.

Other Economic Activity

The EDSP is intended to bring in more retail sales and tourism related activity to Montpelier. This can best be measured by taxable receipts for taxes on Meals, Rooms and Retail Sales. The tables below show activity for each of these tax revenues from 2009 to 2014, comparing Montpelier to Vermont as a

Table A-10

Meals: Taxable Receipts, 2009-2014				
	2009	2014	Compound Annual Growth	Average Annual Change
State	784,554,621	959,696,829	3.42%	35,028,442
County	71,436,972	92,496,137	4.40%	4,211,833
Montpelier	18,459,623	22,960,767	3.70%	900,229
Barre	17,966,891	22,945,600	4.16%	995,742
Waterbury	11,215,925	14,315,646	4.15%	619,944
Source: Compiled by Fairweather Consulting from the statistical reports of the Department of Taxes of the Vermont Agency of Administration.				

whole, Washington County, Barre City and the Town of Waterbury.

Sales in restaurants are an important indicator of economic activity in the City. As shown in Table 5, Montpelier had an average annual rate of growth in taxable meals receipts of 3.7 percent, trailing Barre, Waterbury and Washington County. A benchmark that would require significant growth in Montpelier would be to set the metric at an annual average growth rate of 4.5 percent per year.

Rooms

Room receipts are an important indicator of tourism and business travel. As shown in Table 6, Montpelier had an annual average growth in room receipts of 6.15 percent from 2009 to 2014, far outpacing Barre, Waterbury, Washington County and Vermont. In order to encourage this trend, the metric for the growth in room receipts is recommended to be 6 percent per year.

Table A-11

Rooms: Taxable Receipts, 2009-2014

	2009	2014	Compound Annual Growth	Average Annual Change
State	332,383,729	461,935,391	5.64%	25,910,332
County	20,595,574	24,288,924	2.79%	738,670
Montpelier	2,687,766	3,844,696	6.15%	231,386
Barre	1,469,662	1,672,351	2.18%	40,538
Waterbury	4,186,642	4,379,082	0.75%	38,488

Source: Compiled by Fairweather Consulting from the statistical reports of the Department of Taxes of the Vermont Agency of Administration.

Alternative Metrics

The metrics provided above assume that the general economic conditions in place at the current time (i.e., a sustained by slow economic recovery) will persist over the next five years. On the other hand, if

Table A-12

Alternative Metrics for the Montpelier Economic Development Strategy

Metric	Criterion
Private Sector Employment	Average annual growth rate for Montpelier is double that for Vermont as reported by the Vermont Department of Labor through the Quarterly Census of Employment and Wages (QCEW)
Population	Average annual growth rate for Montpelier is above that for Vermont as reported by the Census Bureau's American Community Survey.
Economic Activity Metrics	**Criterion**
Total Retail Sales Receipts*	Average annual growth rate for Montpelier is double that for Vermont.
Meals Receipts*	Average annual growth rate for Montpelier is 1.5 times greater than that for Vermont.
Rooms Receipts*	Average annual growth rate for Montpelier is 1.25 times greater than that for Vermont.

*as reported in the statistical reports of the Department of Taxes of the Vermont Agency of Administration.

conditions change markedly (that is, the economy begins a period of more rapid growth or enters a sustained decline), it may be appropriate to recast the EDSP metrics in a way that measures Montpelier's performance with respect to the overall performance of Vermont's economy. Table A-12 provides such alternative metrics.

Appendix V: Job Description, Economic Development Director

Job Description-Economic Development Director

Nature of Work: Performs a variety of administrative, technical and professional work to implement and as necessary update the City of Montpelier Economic Development Strategic Plan.

This full time position reports to the Board of Directors of the Local Development Corporation (LDC). The Director will also work closely with the City Manager, Department of Development and Planning and other City staff in promoting the business and economic development interests within the community consistent with the Economic Development Strategic Plan (EDSP).

This position will include working with all noted departments and businesses and organizations the City of Montpelier and beyond to assist individual entrepreneurs and established firms so that they may establish, relocate, or expand their businesses within the City of Montpelier. The position will include assistance in the planning and coordination of economic development projects, assisting business applicants with local and State permitting processes, and providing research for City sponsored projects.

Essential Duties and Responsibilities:

Directs economic development initiatives to achieve the outcomes outlined by the Economic Development Strategic Plan (EDSP) as incorporated in an agreement between the Local Development Corporation and the City Government, with guidance from the Board of Directors of the LDC.

Provides assistance in the development of short and long term economic development plans, as well as the gathering of information and preparation of studies, reports, and recommendations to achieve such goals. This will involve the preparation and maintenance of information on utilities, taxes, zoning, transportation, community services, financing tools, and incentives, in order to respond to requests for information for economic development purposes, and the coordination with other departments and agencies as needed.

Provides professional economic development advice, assist in the application and permitting process, and serve as an advocate for economic development in line with the City's Economic Development Strategic Plan as it pertains to the Master Plan, zoning ordinances, and goals as established by the City.

Promotes the redevelopment of commercial and industrial sites in the City, as necessary, promoting the aggregation of lots, securing appropriate development incentives and/or financing, and otherwise encouraging the orderly development of projects on commercial and industrial sites within the City.

Implements a Business Retention & Expansion program involving regular visits to employers in the City of Montpelier and organizations important to economic growth in the City to understand the obstacles and opportunities facing those enterprises and develop responses to assist them.

Formulates and implements marketing and business attraction strategies, including familiarity with the goals and objectives of Montpelier Alive, the Central Vermont Economic Development Corporation and other public and private agencies involved in economic development.

Prepares grant proposals and applications, contracts and other necessary documents as may be required to implement initiatives related to the EDSP.

Maintains a liaison with various State, and Federal agencies, coordinating projects with agencies as deemed necessary and appropriate, i.e., the Central Vermont Economic Development Corporation, the Central Vermont Chamber of Commerce, the Central Vermont Planning Commission and the various State and Federal agencies involved in economic development.

Provides information and/or make presentations to City Council, boards, commissions, civic groups, businesses, individuals, and the general public on economic development issues, programs, services, and plans.

Maintains a familiarity with the existing inventory of available buildings and business and residential development sites within the community. This will include both public and private buildings and land areas.

Assists with negotiation and the management of professional service contracts, property sales or acquisition, and economic development oriented negotiations, as requested by the City manager and approved by the LDC Board of Directors.

Serves as a member of economic development groups or task force that promote economic and community development at the Regional, State or Federal level, as deemed necessary or appropriate.

Monitors legislation and regulations relating to economic development, and report findings to the appropriate parties, [i.e., the LDC Board of Directors the City Manager, the City Council, etc.]

Maintains strong working relationships with the general public, area businesses, clients, the media, and others.

Attends professional development workshops and conferences to keep abreast of trends and developments in the field of economic development, and to represent the interest of the City of Montpelier on matters related to economic development.

Conducts other related work as assigned.

Training and Experience Required:
Previous experience in economic development, including administrative responsibility;

Graduation from a four-year college or university, preferably with specialization in economic and community development or a related field; or any equivalent combination or experience and training.

Considerable knowledge of business development, community, and economic development.

Working knowledge of municipal zoning and infrastructure, and planning programs and processes.

Ability to communicate effectively to groups and individuals, engineers, architects, contractors, developers, businesses, supervisors, employees, and the general public.

Ability to establish effective working relationships with City staff as well as other organizations and economic development practitioners.

Ability to prepare and analyze reports and data, and have skill in the operation of necessary tools and equipment, i.e. computer, word processing, spreadsheet software, and general office equipment (telephone, fax, copier, calculator, etc.).

Appendix VI: Map of Montpelier Census Tract Eligible for New Market Tax Credits

Source: Vermont Rural Ventures

City of Montpelier vermont

CITY COUNCIL Agenda Item #16-168.
Date: June 8, 2016
Consent __ Discussion _x_

SUBJECT: Amendment to Code of Ordinances: Chapter 10, Article VII. PARKING & PARKING METER ZONES, Sect. 10-716. Parking Prohibited. Chapman Road and Terrace Street (Bailey Avenue – Chapman Road)

SUBMITTING DEPARTMENT: Public Works & Police as supported by Fire Department

RECOMMENDED ACTION: Open and conduct public hearing to receive testimony, consider recommended amendments if applicable, and approve, with or without further amendments.

RELATED COUNCIL GOAL/PRIOR ACTION: C: Maintain a safe community

EXPENDITURE REQUIRED: < $500

SOURCE OF FUNDS: DPW Operating Budget

LEGAL REQUIREMENTS: §702 of City Charter: Ordinance Adoption (24 V.S.A. §1972)

BACKGROUND INFORMATION: Investigation was conducted of resident concerns in October, 2015 and again in April, 2016 regarding obstructed service vehicle access to properties and the interference of convenient and safe ingress/egress to properties within the neighborhood. The narrow residential streets are likely being used for parking by visitors and employees working in and around the Capitol Complex District. The Fire Department determined that emergency vehicle access could be impeded by on-street parking within identified areas in the neighborhood including within close proximity to the intersections affecting turning maneuvers.

SUPPORTING DOCUMENTS: Attached staff memorandum, map, and letter of notice sent to all known owners/residents within the affected area.

CITY MANAGER'S APPROVAL: [signature]

City of Montpelier
Department of Public Works
Memorandum

To: William Fraser, City Manager

From: Thomas McArdle, Director of Public Works
Anthony Facos, Chief of Police

Copy: Robert Gowans, Fire Chief

Date: May 4, 2016

Subject: Chapman Road & Terrace Street Parking Ordinances

Residents of Chapman Road brought their concerns to our attention about obstructed access to their street caused by parked vehicles. Chapman Road is a very narrow (15' avg) minor residential street which is geometrically not suitable to support on-street parking while serving as access for delivery trucks and other service vehicles. Similarly, Terrace Street in this area is also quite narrow (19' avg) but will support on-street parking while leaving sufficient room one-directional travel including delivery trucks. However, due to the inadequate width of Terrace Street, it has been verified that parked vehicles severely restrict turning maneuvers within the confines of an intersection. The residents reported that vehicles parked on Terrace Street have caused the operators of garbage trucks to refuse service until access has been cleared. The combined effect of vehicles parked on Terrace Street and Chapman Road limit use of the streets to passenger vehicles.

Upon receipt of the access obstruction notice last fall, the Fire Department conducted an inspection using their fire truck and ambulance to travel through the neighborhood. The Chief concluded that delivery of emergency services would be unduly restricted by on-street parking and requested the posting of signs to prohibit on-street parking. The restrictions were authorized by emergency Police order and remain in place.

Additional observations were conducted over the ensuing months, including during the Legislative session when overflow parking is a common occurrence along neighborhood streets adjoining the state Capitol complex. Although the existing seasonal parking restriction on Terrace Street (Section 10-717 (hh)) helps to address one aspect of the issue, it became clear that on-street parking impacts persist throughout the year and is more than simply an occasional nuisance. Parking on Terrace Street opposite Chapman Road adversely impacts the turning movement needs of service and emergency vehicles wishing to enter or exit Chapman Road. Furthermore, the vehicles of concern are parked along a crest vertical curve impacting the sight lines for opposing motorists which, when combined with the narrow street width sufficient for only one-way traffic flow, results in a safety hazard. The safety concern is amplified when pedestrians are present in the street due to the absence of sidewalks. To help rectify this situation, a full-year parking restriction is proposed for a length of 110' (approximate 5 spaces) on this portion of the street.

Signage currently exists on Terrace Street which prohibits parking on the north side of the street from Bailey Avenue to Hopkins Street and on the south side of the street for 55' east of Bailey Avenue. These two parking prohibitions are not currently supported by a city ordinance but are essential for sufficient width for one-directional travel and turning maneuverability at the intersection of Bailey Avenue and Terrace Street. This matter is addressed in the proposed amendment.

Upon review of the dimensions of the street and other factors affecting the capacity and ability of the streets to support on-street parking, we have concluded that amendments to the City's code of ordinances should be recommended to the City Council as follows:

CHAPTER 10, ARTICLE VII. PARKING and PARKING METER ZONES

Section 10-716. PARKING PROHIBITED

New Section:

(uuu) <u>Chapman Road:</u> **Parking is prohibited on both sides of Chapman Road for its entire length.**

Revise Existing Section:

(ccc) <u>Terrace Street:</u> Parking is prohibited on the westerly side of Terrace Street from its intersection with Bailey Avenue northerly for a distance of seven hundred sixty (760') feet to the driveway serving #26 Terrace Street ("Redstone" property) and on the easterly side northerly to Redstone Avenue. **Parking is also prohibited on the southerly side of Terrace Street from Bailey Avenue easterly for a distance of fifty five (55') feet and beginning at a point located two hundred ten (210') easterly of Bailey Avenue and extending easterly for a distance of one hundred thirty (110') feet. Parking is also prohibited on the northerly side of Terrace Street beginning at Bailey Avenue easterly to Hopkins Street.**

C: Adjoining Property Owners

City of Montpelier
vermont

America's Small Town Capital

DEPARTMENT OF PUBLIC WORKS, City Hall, 39 Main Street, Montpelier, VT 05602
Thomas J. McArdle, Director tmcardle@montpelier-vt.org
Kurt S. Motyka, PE, City Engineer kmotyka@montpelier-vt.org

May 4, 2016

Residents of the Terrace Street, Chapman Road,
Mather Terrace & Richardson Street Neighborhood:

Enclosed please find a memo addressed to the City Manager concerning parking in your neighborhood. The memo includes a recommendation for parking ordinance amendments for Terrace Street (between Bailey Avenue and Hopkins Street) and Chapman Road, to be considered by the Montpelier City Council. Your input is welcome.

To enact an ordinance, the City Council must hold two warned public hearings. The first public hearing will be scheduled for their regular meeting of May 25th. If you have questions or comments you'd like to offer in advance, please direct them to this office or to the Police Chief at afacos@montpelier-vt.org .

Respectfully,

Thomas McArdle
Director of Public Works

C: Anthony Facos, Chief of Police
Robert Gowans, Fire Chief
Corey Line, DPW Project Manager

Google Maps

Existing NPHTC 55' from Bailey

Existing Emergency NP 90' from Bailey

Existing Emergency NP 320' from Bailey

Map data ©2016 Google 20 ft

Google Maps

Proposed NPBS ← 210' from Bailey

Proposed NPBS → 320' from Bailey

Crest of hill 350' from Bailey

Key:

NPHTC - No parking here to corner

NPBS - No parking between signs

NP - No parking

City of Montpelier vermont

CITY COUNCIL Agenda Item #16-171.
Date: June 8, 2016
Consent __ Discussion _X__

SUBJECT: Revisions/Additions to Fees – as per FY17 Budget

SUBMITTING DEPARTMENT: Developed by the Planning Department - Summarized by the Finance Department.

RECOMMENDED ACTION: Approve revised Zoning and Building Fee Schedule to be effective July 1, 2016.

RELATED COUNCIL GOAL/PRIOR ACTION: The revenue from these fees is included in the FY17 Budget.

EXPENDITURE REQUIRED: N/A

SOURCE OF FUNDS: N/A

LEGAL REQUIREMENTS: N/A

BACKGROUND INFORMATION: In the FY17 Budget we increased Planning Department Fees from 15,000 (FY16) to $20,000. Mike Miller, Planning Director is proposing a new fee schedule which will achieve this revenue projection.
(Note: we also added new parade permit fee revenue of $5,000 to offset some of the overtime costs associated with these special events but this fee needs more development before we recommend it for city council approval.)

SUPPORTING DOCUMENTS: Proposed Zoning and Building Fee Schedule

INTERESTED PARTIES:

CITY MANAGER'S APPROVAL: [signature]

City of Montpelier
PLANNING & COMMUNITY DEV.

Zoning and Building Fee Schedule

All fees are non-refundable except when an application is withdrawn prior to any review by the Zoning Administrator or Development Review Board. A withdrawal request must be made in writing. Please make checks payable to the City of Montpelier. For questions about the fee’s or permit process contact the Planning Department at 802-223-9506.

APPLICATION FEEs		A	B	C	D	Total	Circle all fees that apply and add up column totals
BUILDING PERMIT FEES							
Single Family, single unit	$__________	$10					+ $3.50 per $1000
Commercial	$__________	$10					+ $8.50 per $1000
Fire & Life Safety Inspection		$125					
Elevators and sprinklers added to existing		$0					
Handicapped accessibility improvements, existing buildings		$0					
Energy efficiency improvements, existing buildings		$0					
ZONING PERMIT FEES							
NEW CONSTRUCTION							
Single-Family Dwelling		$200					
Two-Family Dwelling		$400					
Multi-Family Dwelling	# Units ______	$200 per unit					
Non Residential Building / Addition	# ft² ______	$50					+ $15 per 100 sf (as total sf of all floors)
Residential Building Addition	# ft² ______	$50					+ $10 per 100 sf for any size over 500 sf
Accessory Building (garage, shed)	# ft² ______	$50					+ $10 per 100 sf for any size over 500 sf
Accessory Apartment		$100					
Porch / Deck / Fence / Pool / Ramp		$50					
USE							
Establish new use	*	$50					($0 if in conjunction with above)
Change of use	*	$50					($0 if in conjunction with above)
Establish home occupation		$50					
OTHER							
Boundary Line Adjustment (BLA)		$100					
Minor Site Plan (Administrative Amendment)		$100					
Sign(s)	# Signs ______	$50					+ $10.00 per additional sign
Design Review			$25				
RIVER HAZARD AREA							
River Hazard Area Non-substantial Improvement			$25				
River Hazard Area Residential Accessory			$50				(cost includes Certificate of Compliance)
River Hazard Area New Construction/Substantial Improvement			$75				(cost includes Certificate of Compliance)
REVIEW FEEs							
Development Review Board **Base Fee**			**$100**				
Appeal of the Zoning Administrators				$50			
Conditional Use				$50			
Variance				$50			
Major Site Plan				$50			
Design Review (appeal)				$50			
Subdivision/PUD (sketch)				$25			
Subdivision/PUD (Preliminary and Final)	# Lots ______			$100/Lot			
RECORDING FEEs							
Permit Recording Fee					$20		
Decision Recording Fee					$30		
Final Plat Recording Fee					$9		
ADDITIONAL FEEs							
After-the-fact Zoning Permit Application					$100		
							Total

→Total of Columns A + B + C + D = $ TOTAL PERMIT APPLICATION FEE←

Address:

Districts:

Caluclated by:

Project Description:

CITY COUNCIL Agenda Item #16-164.
Date: June 8, 2016
Consent __ Discussion _x_

SUBJECT: Presentation of Part 2 Unified Development Bylaws

SUBMITTING DEPARTMENT: Planning

RECOMMENDED ACTION: Council may vote to make specific changes to the draft. Staff will be available to help in guiding specific motions.

RELATED COUNCIL GOAL/PRIOR ACTION: Alleviate parking pressures in Montpelier to maintain a vibrant downtown; Create a hospitable environment for housing development and grand list growth

EXPENDITURE REQUIRED: None

SOURCE OF FUNDS: N/A

LEGAL REQUIREMENTS: None

BACKGROUND INFORMATION: Planning Commission has finalized Chapter 200 and 210 of the draft zoning. These sections include the zoning map and discuss the zoning districts including uses, setbacks, lot sizes and densities of development. They will continue to review and forward parts of the bylaws to the Council in future meetings. The Council took some testimony on Part 2 on May 25th and they will have a second opportunity to take testimony on June 8th.

SUPPORTING DOCUMENTS: Draft Zoning Map and Draft Part 2 Unified Development Bylaws are attached along with a summary memo.

INTERESTED PARTIES: Planning Commission

CITY MANAGER'S APPROVAL:

City of Montpelier
PLANNING & COMMUNITY DEV.

802-223-9506 phone 39 Main Street, Montpelier, VT 05602 802-262-6080 fax www.montpelier-vt.org

MEMORANDUM

To: City Council
From: Mike Miller, Director of Planning & Community Development
Re: Zoning – Part 2
Date: May 18, 2016

Following up on our meeting with you on May 11th, the Planning Commission has sent forward Chapters 200 and 210 for your consideration. These sections include the zoning map and discuss the zoning districts including uses, setbacks, lot sizes and densities of development. The Planning Commission withheld Chapter 220 which is the historic design review district language. That chapter is completed but the planning commission is having a hearing for new property owners at the request of you (City Council). You will receive that chapter at your June 8th meeting.

The new zoning map is one of the key improvements to the new draft zoning. The current zoning used today has many district boundaries that do not follow property lines and as such it is more difficult to administer. The current zoning also did not follow water and wastewater service lines so each district was split into requirements depending on whether they connected to water and sewer or not. Finally, the current zoning has fewer residential districts so densities jump dramatically from "one unit per 2 acres" to "one per 10,000 square feet" to "one per 1,500 square feet". Those last two convert to 4 units per acre and 29 units per acre.

With few exceptions, the new proposed zoning map follows property lines and creates a rural district where no sewer and water service is available. The higher density residential areas now have densities at one unit per 9,000 square feet, one per 6,000 square feet,, one per 3,000 square feet, and a mixed use district at one per 1,500 square feet. This allowed the commission the variety of options to assign densities more consistent with what appears on the ground.

Regarding non-residential uses the commission grouped the current industrial and commercial districts into Eastern and Western Gateway. This allows better options for property owners in these areas to develop uses consistent with the market. There is also an Urban Core district which combines CB-1, CB-2, and Civic. Finally the Commission created a new Mixed Use Residential district to allow an area for small commercial development near downtown. Many of these areas already have commercial development such as East State Street, VCFA, Elm Street, and Northfield Street.

There are a number of changes to protect neighborhoods. First is the use of neighborhood descriptions for defining "character of the area" for DRB hearings. This will help make decisions based on the specific neighborhoods rather than a broad zoning district. Also new are dimensional requirements for building footprint which should help limit the size of new buildings in a neighborhood. Finally some districts have additional architectural standards which will apply only to bigger projects (building new primary structures).

Another change in the new zoning is that setbacks are revised to be more consistent with existing development. The city currently issues many variances because there are many non-conforming buildings and the rules are inflexible. The new rules distinguish between a setback for a shed and a setback for a house which makes for fewer non-conforming structures and less variances.

Key things to review are the zoning district boundaries and uses on figure 2-11. Did the Planning Commission get the designations correct for an area? Are there uses in certain districts that would not be appropriate? The Planning Commission has taken a great deal of testimony on these and thinks they have achieved a good balance of community interest to both encourage more housing and protect existing neighborhoods.

Please feel free to ask questions either at the meeting or any other time. We will also try to have Planning Commission representative at the meeting to answer why they made certain policy decisions.

Thank you.

MM

PART 2. ZONING DISTRICTS & STANDARDS

Chapter 200. General Provisions

ⓘ *The purpose of this chapter is to establish zoning districts that implement the land use policies of the Montpelier Master Plan.*

Section 2001. Establishment of Base Zoning Districts & Neighborhoods

2001.A These regulations establish the following zoning districts as shown on the Official Zoning Map and described in Chapter 210:

(1) Urban Center (UC) District (Section 2101)

(2) Riverfront (RIV) District (Section 2102)

(3) Eastern Gateway (EG) District (Section 2103)

(4) Western Gateway (WG) District (Section 2104)

(5) Mixed Use Residential (MUR) District (Section 2105)

(6) High Density Residential (HDR) District (Section 2106)

(7) Medium Density Residential (MDR) District (Section 2107)

(8) Low Density Residential (LDR) District (Section 2108)

(9) Rural (RL) District (Section 2109)

(10) Municipal (MUN) District (Section 2110)

2001.B Each zoning district is further subdivided into neighborhoods as shown on the Official Zoning Map and described in Chapter 210.

2001.C The description of the neighborhoods in each zoning district will be used solely for determining compatibility with character of that neighborhood. The neighborhoods have no further regulatory purpose except as otherwise specifically stated in these regulations.

Section 2002. Establishment of Overlay Zoning Districts

2002.A These regulations establish a Historic Design Review Overlay (HDRO) District as shown on the Official Zoning Map and described in Section 2201.

2002.B Overlay districts recognize areas that are unique in their environmental or built characteristics. These areas require special consideration to further the purposes of these regulations.

2002.C Within an overlay district the standards of both the base and overlay district apply.

Section 2003. Official Zoning Map

2003.A The map(s) delineating the boundaries of the various base and overlay zoning districts established in this chapter are incorporated by reference into these regulations and adopted as part of these regulations, and constitute the Official Zoning Map.

2003.B The Official Zoning Map is on file in the city's planning department office. A small-scale, unofficial version of the map(s) is attached for convenience only.

Section 2004. Zoning District Boundaries

2004.A The Administrative Officer will interpret boundaries shown on the Official Zoning Map as specified below when a specific distance or measurement is not shown on the map:

(1) Boundaries indicated as approximately following streets, railroad lines or rights-of-way will be construed to follow the centerlines of such streets, railroad lines or rights-of-way.

(2) Boundaries indicated as approximately following lot lines or municipal boundaries will be construed to follow such lines or boundaries.

(3) Boundaries indicated as approximately following rivers, streams or water bodies will be construed to follow the centerlines of such rivers, streams or water bodies.

(4) If any of the above natural or built features as they exist on the ground vary from their depiction on the Official Zoning Map, boundaries will be construed to follow the features as they exist on the ground at the time of the interpretation except that:

(a) A boundary line adjustment or subdivision that changes the location of a lot line will not change the location of any zoning district boundary indicated as following that lot line.

Chapter 210. Base Zoning Districts & Neighborhoods

ⓘ *The purpose of this chapter is to describe the use and development standards that apply in each zoning district and neighborhood.*

Section 2101. Urban Center (UC) District & Neighborhoods

2101.A **Purpose.** The Urban Center District encompasses the city's historic downtown, the Capitol Complex and adjacent mixed-use neighborhoods and corridors. The land in this district is served by city water and sewer, a gridded street network and public transit. The purpose of this district is to maintain a compact and walkable urban center by preserving historic character and encouraging compatible infill development.

2101.B **Neighborhood Character.** The Urban Center District includes the following neighborhoods:

(1) **Barre Street.** This neighborhood encompasses the blocks along Barre Street immediately adjacent to the downtown business district. Once largely residential, many of the historic homes in this neighborhood have been converted into mixed-use or multi-unit buildings. The development pattern is primarily characterized by large, multi-story residential-style buildings on small lots with narrow front and side setbacks. Proposed land development should feature a mix of uses either within historic buildings or new construction that is compatible in scale and character to neighboring historic buildings. This neighborhood is well-suited for infill with higher-density, multi-family housing, particularly on sites that are currently developed at a lower density than allowed in this zoning district and/or with buildings that are not contributing historic structures.

(2) **Capitol Complex.** This neighborhood encompasses the Statehouse and surrounding state-owned properties, as well as adjacent private properties. Proposed land development should implement the *Capital District Master Plan*, protect historic character and allow for the continued use and operation of state facilities and supporting private development in this neighborhood.

(3) **Downtown Business.** This neighborhood encompasses most of the city's historic downtown business district characterized primarily by multi-story, block commercial buildings directly fronting on the sidewalk. Proposed land development should promote a pedestrian-oriented and mixed-use downtown that preserves and is compatible with historic character by using traditional building forms and street-level storefront designs.

(4) **Elm Street.** This neighborhood of historic row houses sits along the North Branch of the Winooski River. Across Elm Street, the terrain rises sharply forming a rocky cliff and steep wooded hillside. Proposed land development should promote the preservation and continued residential occupancy of these historic buildings in order to maintain the neighborhood's distinctive character.

(5) **Main Street.** This linear neighborhood extends out from the business district and historically developed with churches, civic buildings and grand houses. These buildings are located on small lots with shallow front and side yards. While there has been some infill development and conversion of the large homes to office and multi-family residential uses, the historic character of the neighborhood remains distinctive and well-preserved. That character should be enhanced by preserving historic buildings,

retaining landscaped front yards and green strips with trees between the sidewalk and street, and ensuring that new construction is compatible in scale, form and placement with the historic pattern.

2101.C **Use Standards.** Figure 2-11 lists the uses that are permitted or conditional in the Urban Center district. Drive-through facilities and drive-in establishments are prohibited except as specifically authorized in Figure 2-11.

2101.D **Dimensional Standards.** Figure 2-01 establishes the dimensional standards for development in the Urban Center district.

2101.E **Architectural Standards.** The following standards apply when required under Section 3201:

(1) Buildings with 3 or more stories must incorporate a base, middle and cap as described below:

(a) The base must include an entryway with transparent windows and a molding or reveal placed between the first and second story or over the second story, which must be at least 2 inches deep and 4 inches high.

(b) The middle may include windows and/or balconies.

(c) The cap must include the area from the top floor to the roof of the building, and must include a cornice or roof overhang.

(2) Floor levels, windowsills, moldings and cornices must align with those of adjacent buildings to the maximum extent feasible.

(3) Building facades must be composed of modules or bays that:

(a) Incorporate visible changes in the facade elevation through the use of wall plane projections or recesses, piers, columns, colonnades, arcades or similar architectural features that create a distinct facade elevation.

(b) Feature a regular pattern of windows and entryways so that the length of solid or blank walls will not exceed 20 feet.

(c) Will not exceed 48 feet in width and an average of 32 feet in width for a single, continuous facade.

(4) Building facades must incorporate at least one principal entrance as follows:

(a) Building facades exceeding 60 feet in width must provide multiple ground-level entrances.

(b) The distance between ground-level entrances along a single, continuous facade must not exceed 80 feet.

(5) Pedestrian access must be provided from the public sidewalk or street to the street-facing principal entrance(s) as follows:

(a) The street-facing principal entrance(s) and ground floor level must align with the sidewalk elevation to the maximum extent feasible.

(b) Within the Downtown Business Neighborhood, doors opening to the sidewalk must be recessed into the face of the building creating an entryway with not less than 15 square feet of floor space or must be covered by an awning, gallery or arcade.

(c) Within the Downtown Business Neighborhood, entry doors must not open out into the sidewalk in a manner that would restrict the sidewalk width to less than 4 feet.

(d) Within the Downtown Business Neighborhood, each detached building must have at least one street-facing principal entrance. For detached buildings exceeding 60 feet in width or attached buildings, there must be not more than 60 feet between the street-facing principal entrances.

(6) The ground floor of building facades must be designed to encourage and complement pedestrian-oriented activity as follows:

(a) Building facades must feature ground-level windows or doors arranged so that interior spaces are visible from and/or accessible to the street on at least 40% of the facade length.

(b) Within the Downtown Business Neighborhood, at least 60% of the total surface area of the front ground floor elevation up to a height of 10 feet must be public entrances and transparent windows (including retail display windows).

(c) Within the Downtown Business Neighborhood, ground floor residential units are prohibited along the street frontage.

(7) Mechanical equipment, electrical meter and service components, and similar utility devices whether at ground level or mounted on the building must be screened from view at the street with materials that are compatible with the building's predominant exterior materials.

2101.F **Riverfront Standards.** To promote redevelopment of the riverfront as an amenity and greenway corridor, land development within the water setback area:

(1) Must meet the landscaping requirements of Section 3005 regarding setback areas that are not part of the riparian buffer (no riparian buffer is required).

(2) Must remove any nonconforming impervious cover in accordance with Section 3005.

(3) Are encouraged to provide public walkways, multi-use pathways, outdoor seating and similar public amenities along the river. An applicant may request a waiver to landscaping requirements for such amenities within the water setback upon demonstrating that the proposed design furthers the city's riverfront redevelopment goals.

Figure 2-01. **Urban Center Dimensional Standards**

LOTS	SETBACKS	DENSITY	BUILDINGS
Lot size: 3,000 sf min **Frontage:** 30 ft min **Coverage:** 100% max	**Front:** 20 ft max **Water:** 10 ft min or as per Note 1	**Floor Area Ratio:** 4.0 max	**Frontage build-out:** 70% min **Height:** 2 stories min, 60 ft max **5th & 6th Story Setback:** 16 ft min

Note 1 The setback will be 0 feet from the North Branch for buildings. Balconies may extend up to 7 feet beyond the water setback (over any waterway) provided the applicant obtains all necessary state and federal permits.

Section 2102. Riverfront (RIV) District & Neighborhoods

2102.A **Purpose.** The Riverfront District includes land along Barre Street and Berlin Street on either side of the Winooski River. The land in this district is served by city water and sewer, a gridded street network and public transit. The district has historically been characterized by a mix of residential, commercial and industrial uses extending outward from downtown along the river. The purpose of this district is to encourage compact, higher-density infill development, particularly multi-family housing, within walking distance of downtown. This district is also intended to recognize the natural constraints and hazards created by the river corridor, and to encourage redevelopment of the riverfront as a public amenity and greenway corridor.

2102.B **Neighborhood Character.** The Riverfront District includes the following neighborhoods:

(1) **Barre Street.** This neighborhood along Barre Street is more residential than the blocks closer to downtown. It includes both historic homes, now a mix of single-family and multi-unit buildings, as well as more recently constructed attached housing. There is a small neighborhood commercial center at the Sibley Avenue intersection. The buildings have shallow front and side yards. This neighborhood should continue to be primarily residential with a range of housing choices and opportunities for business activities that will not adversely affect quality of life in the neighborhood.

(2) **Cross Roads.** This neighborhood near the intersection of Berlin Street and Northfield Street has an auto-oriented, highway commercial development pattern. This neighborhood should continue to be a service center for through travelers and those living or working in the city. However, incremental redevelopment should be encouraged that would maintain the neighborhood's service function, while also improving the walkability and visual character of this major entrance into the downtown. Higher-density, compact, walkable and mixed-use redevelopment and infill development that creates an attractive streetscape through the design of landscaping, signs, lighting and building facades should be encouraged.

(3) **Route 2.** This neighborhood developed primarily as a commercial and industrial corridor along the Winooski River, highway and rail line. These regulations encourage the continued transformation of this area into a mixed-use neighborhood. Creative and adaptive re-use of historic buildings should be promoted, along with infill and redevelopment. The neighborhood is well-suited for larger-scale buildings and innovative designs that reference the area's historic industrial character and architectural forms. Efforts should be made to enhance public access – both physical and visual – to the river and to improve and capitalize on buildings that face the river.

2102.C **Use Standards.** Figure 2-11 lists the uses that are permitted or conditional in the Riverfront District. Drive-through facilities and drive-in establishments are prohibited as a component of any allowed use.

2102.D **Dimensional Standards.** Figure 2-02 establishes the dimensional standards for development in the Riverfront District.

2102.E **Architectural Standards.** The following standards apply when required under Section 3201:

(1) Buildings with 3 or more stories must incorporate a base, middle and cap as described below:

(a) The base must include an entryway with transparent windows and a molding or reveal placed between the first and second story or over the second story, which must be at least 2 inches deep and 4 inches high.

(b) The middle may include windows and/or balconies.

(c) The cap must include the area from the top floor to the roof of the building, and must include a cornice or roof overhang.

(2) Building facades must be composed of modules or bays that:

(a) Incorporate visible changes in the facade elevation through the use of wall plane projections or recesses, piers, columns, colonnades, arcades or similar architectural features that create a distinct facade elevation.

(b) Feature a regular pattern of windows and entryways so that the length of solid or blank walls will not exceed 20 feet.

(c) Will not exceed 48 feet in width and an average of 36 feet in width for a single, continuous facade.

(3) Building facades must incorporate at least one principal entrance as follows:

(a) Building facades exceeding 60 feet in width must provide multiple ground-level entrances.

(b) The distance between ground-level entrances along a single, continuous facade must not exceed 80 feet.

(4) Pedestrian access must be provided from the public sidewalk or street to the street-facing principal entrance(s).

(5) The street-facing principal entrance(s) and ground floor level must align with the sidewalk elevation to the maximum extent feasible.

(6) Mechanical equipment, electrical meter and service components, and similar utility devices whether at ground level or mounted on the building must be screened from view at the street.

2102.F **Riverfront Standards.** To promote redevelopment of the riverfront as an amenity and greenway corridor, land development within the water setback area:

(1) Must meet the landscaping requirements of Section 3005 regarding setback areas that are not part of the riparian buffer (no riparian buffer is required).

(2) Must remove any nonconforming impervious cover in accordance with Section 3005.

(3) Are encouraged to provide public walkways, multi-use pathways, outdoor seating and similar public amenities along the river. An applicant may request a waiver to landscaping requirements for such amenities within the water setback upon demonstrating that the proposed design furthers the city's riverfront redevelopment goals.

Figure 2-02. **Riverfront District Dimensional Standards**

LOTS	SETBACKS	DENSITY	BUILDINGS
Lot size: 3,000 sf min **Frontage:** 45 ft min **Coverage:** 80% max	**Front:** 5 ft min, 20 ft max **Side:** 5 ft min **Rear:** 10 ft min **Water:** 10 ft min	**Residential:** 1 du/1,500 sf max **Floor Area Ratio:** 2.0 max	**Footprint:** 12,000 sf max **Frontage build-out:** 50% min **Height:** 2 stories min, 45 ft max

Section 2103. Eastern Gateway (EG) District & Neighborhoods

2103.A **Purpose.** The Eastern Gateway District includes land along the major arterial roadways at the eastern entrance to the city that is primarily developed for retail, service, auto-oriented and light industrial uses, as well as businesses that cater to the traveling public. The district is served by city water and sewer and is generally accessible from major transportation corridors. The purpose of this district is to encourage increased business activity, mixed-use redevelopment and infill development that enhances property values, the quality of construction and site design, and the overall aesthetics of this entrance to the city.

2103.B **Neighborhood Character.** The Eastern Gateway District includes the following neighborhoods:

(1) **Eastern Corridor.** This neighborhood extends along Route 302 from the city line to the intersection with Route 2. It has developed as a typical low-density highway commercial corridor and accommodates many of the city's auto-oriented businesses. Proposed land development should promote infill development and mixed-use redevelopment that will enhance the aesthetic character of the corridor with well-designed buildings, landscaping and signage along the frontage.

(2) **Farm and Factory.** This neighborhood at the city's southeastern edge is primarily industrial with a number of the businesses connected to agriculture. Proposed land development should support ongoing industrial uses and compatible mixed-use development and to enhance the character of this neighborhood with well-designed buildings, landscaping and signage, particularly along the Route 2 frontage.

2103.C **Use Standards.** Figure 2-11 lists the uses that are permitted or conditional in the Eastern Gateway District. The Development Review Board may approve a drive-through facility or and drive-in establishment as a conditional use.

2103.D **Dimensional Standards.** Figure 2-03 establishes the dimensional standards for development in the Eastern Gateway District.

2103.E **Architectural Standards.** The following standards apply when required under Section 3201:

(1) Building facades must be composed of modules or bays that:

(a) Incorporate visible changes in the facade elevation through the use of wall plane projections or recesses, a change in roof form, or similar architectural features that create a distinct facade elevation.

(b) Feature a regular pattern of windows and entryways so that the length of solid or blank walls will not exceed 20 feet.

(c) Will not exceed 48 feet in width and an average of 36 feet in width for a single, continuous facade.

(2) Mechanical equipment, electrical meter and service components, and similar utility devices whether at ground level or mounted on the building must be screened from view at the front property line with materials that are compatible with the building's predominant exterior materials.

(3) Vehicle bay doors and loading areas must be oriented away from the street, and to the side or rear of the lot.

Figure 2-03. **Eastern Gateway District Dimensional Standards**

LOTS	SETBACKS	DENSITY	BUILDINGS
Lot size: 20,000 sf min **Frontage:** 120 ft min **Coverage:** 50% max	**Front:** 20 ft min **Side:** 20 ft min **Rear:** 30 ft min **Water:** 50 ft min	**Residential:** 1 du/5,000 sf max **Nonresidential:** 1.5 FAR max	**Height:** 45 ft max

Section 2104. Western Gateway (WG) District & Neighborhoods

2104.A **Purpose.** The Western Gateway District includes land along the major arterial roadways at the western entrance to the city that is primarily developed for office, governmental and civic uses. The district is served by city water and sewer and is generally accessible from major transportation corridors. The purpose of this district is to:

(1) Encourage the ongoing use of this district for office, governmental and civic uses;

(2) Protect significant views of the Statehouse as one enters the city; and

(3) Enhance pedestrian connections between this district and downtown.

2104.B **Neighborhood Character.** The Western Gateway District includes the following neighborhoods:

(1) **Office Park.** This neighborhood located on Dewey Hill near Exit 8 overlooks downtown and the river valley. Sitting atop the hill is the National Life building, a major employment center that houses both the corporation's offices and state government offices. There is a large amount of undeveloped land in this neighborhood. Proposed land development should promote further office and compatible light industrial and mixed-use development in this neighborhood. Use of context sensitive siting and design should be encouraged to fit new development into the sloped and wooded setting.

(2) **Western Corridor.** This neighborhood follows the Winooski River west from downtown. There is limited opportunity for further development within this neighborhood due to the combination of floodplains, land dedicated to the interstate and Exit 8, and the Montpelier High School. Proposed land development should facilitate these ongoing uses and functions with an emphasis on enhancing the attractiveness of this gateway from the interstate into downtown and protecting significant views of the Statehouse.

2104.C **Use Standards.** Figure 2-11 lists the uses that are permitted or conditional in the Western Gateway District. Drive-through facilities and drive-in establishments are prohibited except as specifically authorized in Figure 2-11.

2104.D **Dimensional Standards.** Figure 2-04 establishes the dimensional standards for development in the Western Gateway District.

2104.E **Architectural Standards.** The following standards apply when required under Section 3201:

(1) Building facades facing or parallel to the street must be composed of modules or bays that:

(a) Incorporate visible changes in the facade elevation through the use of wall plane projections or recesses, a change in roof form, or similar architectural features that create a distinct facade elevation.

(b) Feature a regular pattern of windows and entryways so that the length of solid or blank walls will not exceed 20 feet.

(c) Will not exceed 48 feet in width and an average of 36 feet in width for a single, continuous facade.

(2) Mechanical equipment, electrical meter and service components, and similar utility devices whether at ground level or mounted on the building must be screened from view at the street with materials that are compatible with the building's predominant exterior materials.

Figure 2-04. **Western Gateway District Dimensional Standards**

LOTS	SETBACKS	DENSITY	BUILDINGS
Lot size: 20,000 sf min **Frontage:** 120 ft min **Coverage:** 50% max	**Front:** 20 ft min **Side:** 20 ft min **Rear:** 30 ft min **Water:** 50 ft min	**Residential:** 1 du/4,000 sf max **Nonresidential:** 1.5 FAR max	**Height:** 24 ft min, 60 ft max

Section 2105. Mixed Use Residential (MUR) District & Neighborhoods

2105.A **Purpose.** The Mixed Use Residential District is composed mainly of traditional neighborhoods in proximity to the city's downtown that are predominately residential in form but that are more diverse in use. The land in this district is served by city water and sewer, a gridded network of neighborhood streets and public transit. The purpose of this district is to encourage infill development – including neighborhood-scale businesses and a range of housing choices – while preserving each neighborhood's distinct character and quality.

2105.B **Neighborhood Character.** The Mixed Use Residential District includes the following neighborhoods:

(1) **College Hill – East State Street.** This neighborhood east of downtown includes the campuses of the New England Culinary Institute and Vermont College of Fine Arts, as well as historic homes along major streets, many of which have been converted to multi-family or mixed-use buildings. The institutional properties have a substantial amount of greenspace that enhances the neighborhood. Proposed land development should protect the historic character and appeal of this neighborhood while allowing for compatible infill development and adaptive reuse of older institutional and residential structures.

(2) **College Hill - Main Street.** Most of this residential neighborhood along Main Street east of North Street to Lincoln Avenue is densely built with small lots and narrow setbacks. The terrain has influenced the development pattern, with narrow lots and homes set into the hillside above street level on the north side of Main Street and wider lots with larger yards on south side. The neighborhood is currently developed with a mix of single-family and multi-family residences. Proposed land development should protect the residential character of this neighborhood while creating opportunities for small-scale infill development and incremental division of residential buildings to add additional dwelling units.

(3) **College Hill - Southwest.** This neighborhood west of Hubbard Street is a densely built residential neighborhood characterized by large historic homes on small lots with narrow setbacks. Some of these residences have been converted to multi-family occupancy, while others remain single-family. Proposed land development should maintain the historic development pattern in this neighborhood. Modest increases in density may be accommodated in this neighborhood through ongoing, incremental conversion of single-family residences to multi-family buildings, further division of multi-family buildings to add additional units, conversion of outbuildings for residential occupancy, or similar approaches that do not significantly alter the physical form of the neighborhood and its historic buildings.

(4) **Court Street.** This neighborhood includes the lots fronting on or accessed from Court Street east of the State House, primarily developed with modest, historic homes, some of which have now been converted to office or multi-unit buildings. Proposed land development should protect the residential scale and character of the neighborhood while allowing conversion of buildings to compatible nonresidential uses as appropriate for their location. The scale of these buildings and their proximity to the Capitol Complex and downtown makes this neighborhood particularly appropriate for a mix of office and residential uses.

(5) **Franklin Street - Southwest.** This diverse neighborhood extends along the North Branch of the Winooski River north of downtown with a dense mix of residential, commercial and industrial buildings, the later of which have been largely converted to residential use. A network of narrow streets serves the neighborhood, typically with sidewalks on one side. Small lots with shallow front and side yards and traditional homes with front porches are common features in the neighborhood The result is a neighborhood with a diversity of building types and housing choices, which proposed land development should protect by featuring adaptive reuse of historic buildings and compatible – primarily residential – infill development.

(6) **Liberty Street - West.** This traditional neighborhood adjacent to downtown is densely developed primarily with historic multi-story residences built close to the street on narrow lots. Many large homes have been converted to multi-family buildings and a smaller number to professional offices. These regulations are intended to protect the traditional residential character of this neighborhood while allowing compatible infill development and adaptive reuse of historic buildings. Efforts should be made to provide public recreation opportunities within walking distance for neighborhood residents.

(7) **Northfield Street - North.** This linear neighborhood begins a block south of the intersection of Northfield Street and Berlin Street and is largely defined by its terrain. The street is traversing a hill and the adjacent land is steeply sloped. Development has been fit into the terrain and wooded landscape where feasible, resulting a more rural character than found in other neighborhoods in this district. At the same time, this neighborhood is very close to downtown and on a main highway corridor. There is a sidewalk along Northfield Street, although the hill limits the walkability of the neighborhood. Proposed land development should feature a mix of residential and commercial uses on those lands suitable for development.

(8) **Redstone.** This historic neighborhood, which extends up the hill west of the Capitol Complex and along Route 2, is primarily developed with residential structures, a number of which have been converted to offices. These regulations are intended to protect the residential scale and character of the neighborhood while allowing conversion of buildings to compatible nonresidential uses as appropriate for their location as a gateway to downtown.

(9) **The Meadow – Elm Street.** This traditional residential neighborhood along Elm Street is densely developed with historic homes close to the sidewalk on tree-lined streets. While many large homes have been converted to multi-family buildings, the neighborhood continues to have historic appeal. These regulations are intended to protect the residential scale and character of the neighborhood created by the primarily residential use, historic building stock, front yards, porches and walkable, tree-lined streets.

2105.C **Use Standards.** Figure 2-11 lists the uses that are permitted or conditional in the Mixed Use Residential District. Drive-through facilities and drive-in establishments are prohibited as a component of any allowed use.

2105.D **Dimensional Standards.** Figure 2-05 establishes the dimensional standards for development in the Mixed Use Residential District.

2105.E **Architectural Standards.** The following standards apply when required under Section 3201:

(1) Building facades must be composed of modules or bays that:

(a) Incorporate visible changes in the facade elevation through the use of wall plane projections or recesses, a change in roof form, or similar architectural features that create a distinct facade elevation.

(b) Feature a regular pattern of windows and entryways so that the length of solid or blank walls will not exceed 20 feet in length.

(c) Will not exceed 40 feet in width and an average of 32 feet in width for a single, continuous facade.

(2) The principal entrance must open onto a street, sidewalk, plaza or public greenspace and must not open onto a parking lot.

(3) Pedestrian access must be provided from the public sidewalk or street to the principal entrance.

(4) Mechanical equipment, electrical meter and service components, and similar utility devices whether at ground level or mounted on the building must be screened from view at the street with materials that are compatible with the building's predominant exterior materials.

Figure 2-05. **Mixed Use Residential District Dimensional Standards**

LOTS	SETBACKS	DENSITY	BUILDINGS
Lot size: 3,000 sf min **Frontage:** 45 ft min **Coverage:** 70% max	**Front:** 5 ft min, 30 ft max **Side:** 5 ft min **Rear:** 10 ft min **Water:** 25 ft min	**Residential:** 1 du/1,500 sf max **Floor Area Ratio:** 1.0 FAR	**Footprint:** 6,000 sf max **Height:** 24 ft min, 40 ft max

Section 2106. High Density Residential (HDR) District & Neighborhoods

2106.A **Purpose.** The High Density Residential District is composed mainly of traditional residential neighborhoods close to downtown. The land in this district is served by city water and sewer, and a gridded network of neighborhood streets. The purpose of this district is to encourage infill residential development with a range of housing choices while preserving each neighborhood's distinct character and quality.

2106.B **Neighborhood Character.** The High Density Residential District includes the following neighborhoods:

(1) **College Hill - Southwest.** This neighborhood east of downtown is primarily residential with homes located on small lots along narrow, tree-lined streets. Proposed land development should protect the historic character and appeal of this neighborhood while allowing for a moderate increase in residential density through compatible infill development, particularly with compact buildings, and conversion of existing buildings to multi-family occupancy.

(2) **Franklin Street - Northeast.** This is a primarily single-family residential neighborhood with homes fit into the terrain, most with a compact development footprint. Proposed land development may feature a modest increase in residential density accomplished primarily through conversion of existing buildings to multi-family occupancy and with a limited amount of infill on suitable sites.

(3) **Liberty Street - East.** This traditional neighborhood adjacent to downtown is densely developed primarily with historic multi-story residences built close to the street on small lots. These regulations are intended to protect the traditional residential character of this neighborhood while allowing some increase density through primarily through conversion of existing buildings to multi-family occupancy. Efforts should be made to provide public recreation opportunities within walking distance for neighborhood residents.

(4) **River Street.** This is a traditional residential neighborhood along the south side of River Street (Route 2). Many of the historically single-family homes have been converted to multi-family occupancy, particularly along the highway. Proposed land development should protect the traditional residential development pattern and character, and avoid expansion of commercial activity along this segment of the highway. Side streets extend up the hillside with mostly single-family homes on larger, sloping lots. There is a significant amount of undeveloped land in this neighborhood, some of which is suitable for infill residential development. Proposed land development may feature residential growth with a diversity of housing in this neighborhood, including the potential for multi-family housing development on suitable undeveloped sites

(5) **Route 2 – Prospect Street.** This is a residential neighborhood with many homes fit into the steep terrain on significantly constrained lots. The streets serving most of the neighborhood are narrow and steep. Proposed land development should maintain the existing pattern of development, and avoid significant increases in density. A portion of this neighborhood fronts on the heavily trafficked Berlin Street (Route 2). Proposed land development should protect the residential character of this portion of the highway and avoid the continued expansion of commercial activity eastward from the Cross Roads neighborhood.

(6) **The Meadow - West.** This traditional residential neighborhood close to downtown and

Hubbard Park is densely developed with historic, mostly single-family homes close to the sidewalk on tree-lined streets. These regulations are intended to protect the historic and family-friendly character of the neighborhood created by the primarily residential use, historic building stock, front yards, porches, walkable, tree-lined streets, and low levels of non-resident traffic.

2106.C **Use Standards.** Figure 2-11 lists the uses that are permitted or conditional in the High Density Residential District. Drive-through facilities and drive-in establishments are prohibited as a component of any allowed use.

2106.D **Dimensional Standards.** Figure 2-06 establishes the dimensional standards for development in the High Density Residential District.

2106.E **Architectural Standards.** The following standards apply when required under Section 3201:

(1) Building facades must be composed of modules or bays that:

(a) Incorporate visible changes in the facade elevation through the use of wall plane projections or recesses, a change in roof form, or similar architectural features that create a distinct facade elevation.

(b) Feature a regular pattern of windows and entryways so that the length of solid or blank walls will not exceed 20 feet.

(c) Will not exceed 40 feet in width and an average of 32 feet in width for a single, continuous facade.

(2) The principal entrance must open onto a street, sidewalk, plaza or public greenspace and must not open onto a parking lot.

(3) Pedestrian access must be provided from the public sidewalk or street to the principal entrance.

(4) Mechanical equipment, electrical meter and service components, and similar utility devices whether at ground level or mounted on the building must be screened from view at the street with materials that are compatible with the building's predominant exterior materials.

Figure 2-06. **High Density Residential District Dimensional Standards**

LOTS	SETBACKS	DENSITY	BUILDINGS
Lot size: 3,000 sf min **Frontage:** 45 ft min **Coverage:** 60% max	**Front:** 10 ft min, 30 ft max **Side:** 5 ft min **Rear:** 10 ft min **Water:** 25 ft min	**Residential:** 1 du/3,000 sf max **Floor Area Ratio:** 1.0 FAR	**Footprint:** 5,000 sf max **Height:** 35 ft max

Section 2107. Medium Density Residential (MDR) District & Neighborhoods

2107.A **Purpose.** The Medium Density Residential District is composed mainly of established residential neighborhoods. The land in this district is or could reasonably be served by city water and sewer, an interconnected street network and public transit. The purpose of this district is to encourage infill development and a range of housing choices while preserving neighborhood character and quality.

2107.B **Neighborhoods Character.** The Medium Density Residential District includes the following neighborhoods:

(1) **Berlin Street.** This residential neighborhood is separated from downtown by a busy highway (Route 2) and the Winooski River. It is a mix of older and new homes, many with spacious yards, and has greater variability in setbacks and lot sizes. Many streets do not have sidewalks or a regular pattern of street trees like the older neighborhoods closer to downtown. While infill housing is encouraged, it should primarily be in the form of small-scale projects that do not substantially change the scale or density of development in the neighborhood. Efforts should be made to improve walkability between this neighborhood and the Urban Center and Riverfront districts and to provide public recreation opportunities within walking distance for neighborhood residents.

(2) **College Hill - North.** This neighborhood northeast of downtown is primarily residential with historic homes located on lot of varying size. Proposed land development should protect the historic character and appeal of this neighborhood while accommodating modest increases in density through compatible infill development and conversion of existing buildings to multi-family occupancy.

(3) **College Hill - Southeast.** This neighborhood east of downtown is primarily residential with homes located on small lots along narrow streets. It also includes a significant amount of undeveloped land associated with the college. Proposed land development should protect the historic character and appeal of this neighborhood while accommodating a moderate increase in residential density through compatible infill development, particularly with compact buildings, and conversion of existing buildings to multi-family occupancy.

(4) **Sabin's Pasture.** Sabin's Pasture is an undeveloped property that presents an opportunity to develop a new neighborhood that would extend outward from and connect to other developed city neighborhoods and corridors. Proposed land development should result in a new neighborhood built in accordance with traditional neighborhood development principles that incorporates a range of housing options, energy-efficient and compact building types, a walkable street network, and public recreation areas and open spaces.

2107.C **Use Standards.** Figure 2-11 lists the uses that are permitted or conditional in the Medium Density Residential District. Drive-through facilities and drive-in establishments are prohibited as a component of any allowed use.

2107.D **Dimensional Standards.** Figure 2-07 establishes the dimensional standards for development in the Medium Density Residential District.

2107.E **Architectural Standards.** The following standards apply when required under Section 3201:

(1) Building facades must be composed of modules or bays that:

(a) Incorporate visible changes in the facade elevation through the use of wall plane projections or recesses, a change in roof form, or similar architectural features that create a distinct facade elevation.

(b) Feature a regular pattern of windows and entryways so that the length of solid or blank walls will not exceed 20 feet.

(c) Will not exceed 40 feet in width and an average of 32 feet in width for a single, continuous facade.

(2) The principal entrance must open onto a street, sidewalk, plaza or public greenspace and must not open onto a parking lot.

(3) Pedestrian access must be provided from the public sidewalk or street to the principal entrance.

(4) Mechanical equipment, electrical meter and service components, and similar utility devices whether at ground level or mounted on the building must be screened from view at the street with materials that are compatible with the building's predominant exterior materials.

Figure 2-07. **Medium Density Residential District Dimensional Standards**

LOTS	SETBACKS	DENSITY	BUILDINGS
Lot size: 6,000 sf min **Frontage:** 60 ft min **Coverage:** 50% max	**Front:** 15 ft min, 40 ft max **Side:** 10 ft min **Rear:** 20 ft min **Water:** 25 ft min	**Residential:** 1 du/6,000 sf max **Nonresidential:** 0.5 FAR max	**Footprint:** 4,000 sf max **Height:** 35 ft max

Section 2108. Low Density Residential (LDR) District & Neighborhoods

2108.A **Purpose.** The Low Density Residential District is composed mainly of established residential neighborhoods. Most of the land in this district is located within the city's growth center and is served by city water and sewer. The purpose of this district is to encourage infill development and a range of housing choices while preserving neighborhood character and quality.

2108.B **Neighborhoods Character.** The Low Density Residential District includes the following neighborhoods:

(1) **Cliffside.** This small, hillside neighborhood sits between downtown and Hubbard Park. Its primarily single-family homes are nestled into the hillside in a wooded setting that offers views to downtown and the river valley below. Proposed land development may feature infill housing to the extent that it can be fit into the terrain and wooded setting without requiring extensive land disturbance or changes in natural drainage patterns.

(2) **Crestview.** This neighborhood encompasses the portions of the undeveloped property at the western side of the city that is most suitable for development. It presents an opportunity to develop a new neighborhood in proximity to downtown and other developed city neighborhoods and corridors. Proposed land development should result in a new neighborhood built in accordance with traditional neighborhood development principles that incorporates a range of housing options, energy-efficient and compact building types, a walkable street network, and public recreation areas and open spaces.

(3) **Elm Street.** This linear residential neighborhood extends along Elm Street (Route 12). While much of the suitable frontage has been developed, proposed land development may feature infill housing particularly where there is adequate depth to accommodate development behind the existing lots.

(4) **Gallison Hill.** This outlying neighborhood extends up Gallison Hill Road off Route 2 at the eastern edge of the city. Its primarily single-family homes have been built over recent decades on generously sized lots created on former farmland. The neighborhood is adjacent to the U32 High School. Proposed land development may feature infill residential development, particularly on the larger parcels in this neighborhood.

(5) **Murray Hill.** This is one of the city's more recent residential developments with single-family homes and townhouses accessed by several cul-de-sac streets and a substantial amount of open space. Proposed land development may feature infill residential development where infrastructure is available and to the extent feasible given the availability and ownership of land in this neighborhood.

(6) **North Street.** This is a small, linear, transitional neighborhood between the traditional residential neighborhoods to the south and the rural lands to the north. There are a number of houses located close to the road and much of the frontage is wooded. Proposed land development may feature infill residential development where infrastructure is available or the land is capable to support growth.

(7) **Northfield Street.** This typical, post-war suburban neighborhood features modest homes on spacious, landscaped lots, along with more recent duplexes and townhomes. There is a network of curvilinear streets, largely without sidewalks. Proposed land development may feature compatible infill residential development but should not result in significant increases in overall density within the neighborhood.

(8) **Park West.** This residential neighborhood grew over time up into the hills along several tree-lined streets behind the Capitol Complex and abutting Hubbard Park. This development pattern has resulted in a suburban neighborhood that offers a range of housing options and is appealing for families. Proposed land development may feature compatible infill housing and should protect the neighborhood's character and quality of life.

(9) **Stonewall Meadows.** This more recently developed neighborhood is a mix of modest single-family homes and attached, multi-unit buildings accessed by several cul-de-sac streets. There remains a considerable amount of undeveloped land in this neighborhood suitable for housing. Proposed land development may feature further housing development in this neighborhood where infrastructure is available and the land is capable to support growth.

(10) **Towne Hill.** This is a large neighborhood with residential developments separated by significant amounts of undeveloped land, including several large tracts of open farmland. City water and sewer is not available throughout the entire neighborhood. Proposed land development may feature further housing development in this neighborhood where infrastructure is available and the land is capable to support growth.

(11) **Towne Street.** This small neighborhood is largely developed with single-family homes on spacious lots. Proposed land development may feature compatible infill residential development but should not result in significant increases in overall density within the neighborhood.

(12) **Toy Town.** This small residential neighborhood is nestled between the interstate and the Winooski River at the western edge of the city. There is a limited amount of land available for additional growth. Proposed land development may feature compatible infill residential development but should not result in significant increases in overall density within the neighborhood.

2108.C **Use Standards.** Figure 2-11 lists the uses that are permitted or conditional in the Low Density Residential District. Drive-through facilities and drive-in establishments are prohibited as a component of any allowed use.

2108.D **Dimensional Standards.** Figure 2-08 establishes the dimensional standards for development in the Low Density Residential District.

Figure 2-08. **Low Density Residential District Dimensional Standards**

LOTS	SETBACKS	DENSITY	BUILDINGS
Lot size: 9,000 sf min **Frontage:** 75 ft min **Coverage:** 40% max	**Front:** 20 ft min, 40 ft max **Side:** 15 ft min **Rear:** 30 ft min **Water:** 25 ft min	**Residential:** 1 du/9,000 sf max **Nonresidential:** 0.5 FAR max	**Footprint:** 4,000 sf max **Height:** 35 ft max

Section 2109. Rural (RL) District & Neighborhoods

2109.A **Purpose.** The Rural District is composed mainly of large landholdings used for rural residential, agricultural, forestry, recreation, open space, conservation and other natural resource-based purposes. Generally, land in this district is not served by city water or sewer or by roads capable of accommodating heavy traffic. The purpose of this district is to maintain a low-density settlement pattern and rural character by clustering land development and protecting farmland, forestland, open space and important natural resources.

2109.B **Neighborhood Character.** The Rural District includes the following neighborhoods:

(1) **Eastern Rural.** This neighborhood encompasses approximately 600 acres of land along the city's eastern boundary. It includes the golf course, productive farmland and a small amount of residential development, but most of the land is undeveloped forestland or former farmland returning to forest. This undeveloped land remains in large parcels. Proposed land development should discourage fragmentation of this land by following conservation subdivision principles that would cluster development while protecting large tracts of open space for conservation, forestry, farming and/or recreation uses.

(2) **Highland.** This neighborhood encompasses approximately 200 acres of land along North Street and Main Street at the northern edge of the city. It is generally farmland and large, rural residential properties. Proposed land development should feature the continued productive use of this land for commercial agriculture, homesteading or rural residential estates.

(3) **Hill Street.** This neighborhood encompasses approximately 300 acres of land along Hill Street at the southern edge of the city. It is a mix of open, productive farmland and undeveloped, wooded hillsides. There has been some residential development on smaller lots along the road frontage. Proposed land development should feature rural residential housing in this neighborhood, particularly when it is located off productive farmland.

(4) **Pembroke Heights.** This neighborhood encompasses approximately 250 acres of land in the northwestern part of the city. It is largely undeveloped, wooded and steep. Proposed land development should facilitate the ongoing use of this land for open space, recreation and forest uses with the opportunity for limited, low-density residential development.

(5) **Southwestern Rural.** This neighborhood encompasses approximately 40 acres of land in the southwestern corner of the city, much of which is developed with the interstate highway. The remaining private land in this district is undeveloped and accessible only from Berlin. Proposed land development should facilitate the ongoing use of this land for open space, recreation and forest uses with the opportunity for limited, low-density residential development.

(6) **Western Rural.** This neighborhood encompasses approximately 200 acres of undeveloped, primarily wooded land along the city's western boundary. Its development potential is constrained by a number of factors including slopes and wetlands. Proposed land development facilitate the ongoing use of this land for open space, recreation and forest uses with the opportunity for limited, low-density residential development.

(7) **Wrightsville.** This neighborhood encompasses approximately 950 acres in the northern portion of the city, terminating at the Wrightsville Reservoir. It is a mix of open farmland in the valley along the North Branch of the Winooski River and wooded hillsides. There has been some residential development along Elm Street and Gould Hill Road. Proposed land development should discourage fragmentation of this land by following conservation subdivision principles that would cluster development while protecting large tracts of open space for conservation, forestry, farming and/or recreation uses. Efforts should be made to locate any new residential development off quality farmland and out of the floodplain.

2109.C **Use Standards.** Figure 2-11 lists the uses that are permitted or conditional in the Rural District. Drive-through facilities and drive-in establishments are prohibited as a component of any allowed use.

2109.D **Dimensional Standards.** Figure 2-09 establishes the dimensional standards for development in the Rural District.

Figure 2-09. **Rural District Dimensional Standards**

LOTS	SETBACKS	DENSITY	BUILDINGS
Lot size: 2 ac min **Frontage:** 120 ft min **Coverage:** 20% max	**Front:** 20 ft min **Side:** 20 ft min **Rear:** 40 ft min **Water:** 50 ft min	**Residential:** 1 du/ 2 ac max **Nonresidential:** 0.2 FAR max	**Height:** 35 ft max

Section 2110. Municipal (MUN) District & Neighborhoods

2110.A **Purpose.** The Municipal District encompasses city-owned lands, including parks, recreation facilities, cemeteries and other facilities. The purpose of this district is to continue to use and conserve these properties as appropriate to provide municipal services and infrastructure.

2110.B **Use Standards.** Figure 2-11 lists the uses that are permitted or conditional in the Municipal District. Drive-through facilities and drive-in establishments are prohibited as a component of any allowed use.

2110.C **Dimensional Standards.** Figure 2-10 establishes the dimensional standards for development in the Municipal District.

Figure 2-10. **Municipal District Dimensional Standards**

LOTS	SETBACKS	DENSITY	BUILDINGS
n/a	**Front:** 20 ft min **Side:** 40 ft min **Rear:** 40 ft min **Water:** 50 ft min	n/a	n/a

Figure 2-11. **Use Table**

P = Permitted Use *C = Conditional Use* *– = Use Not Allowed*	ZONING DISTRICRT									
	UC	**RIV**	**EG**	**WG**	**MUR**	**HDR**	**MDR**	**LDR**	**RL**	**MUN**
RESIDENTIAL										
One or two dwelling units	P	P	C	C	P	P	P	P	P	–
Three or four dwelling units	P	P	C	C	P	P	P	C	C	–
Multi-family dwellings (>4 units)	P	P	C	C	C	C	C	–	–	–
Specialized residential structures	P	P	C	C	C	C	C	C	C	–
Senior housing	P	P	C	C	P	P	C	C	C	–
Congregate living	P	P	C	C	C	C	C	C	–	–
Skilled-nursing services	P	P	C	C	C	C	C	C	–	–
LODGING										
Bed and breakfast	P	P	P	P	P	P	C	C	C	–
Inn	P	P	P	P	P	–	–	C[6]	C	–
Temporary housing	P	P	C	C	C	C	C	C	–	–
Hotel or motel	P	P	P	P	C	–	–	–	–	–
COMMERCIAL										
Retail sales and service (indoor)	P	P	C	P	C[4]	–	–	–	–	–
Retail sales and service (outdoor)	–	C	P	C	C	–	–	–	–	–
Neighborhood market	–	–	–	–	–	C	C	C	–	–
Open market or market shop	–	P	P	C	C	–	–	–	–	–
Malls or shopping centers	C	C	C	–	–	–	–	–	–	–
Car wash	–	C	P	–	–	–	–	–	–	–
Fueling station	–	C[3]	P	–	–	–	–	–	–	–
Automobile repair and service	–	C	P	–	–	–	–	–	–	–
Automobile sales or rental establishment	–	–	P	–	–	–	–	–	–	–
Lumberyard & bldg material sales	–	C	P	–	–	–	–	–	–	–
Bank	P[1]	P	C	P[1]	–	–	–	–	–	–
Personal or professional services	P	P	P	P	P	–	–	–	–	–
Veterinary and animal services	P	P	P	P	–	–	–	–	C	–
Office	P	P	P	P	C	–	–	–	–	–
Restaurant	P	P	C	C	C	–	–	–	–	–
Restaurant, take-out	P	P	C	C	C	–	–	–	–	–
Bar or nightclub	P	C	C	C	–	–	–	–	–	–

P = Permitted Use *C = Conditional Use* *– = Use Not Allowed*	**ZONING DISTRICRT**									
	UC	**RIV**	**EG**	**WG**	**MUR**	**HDR**	**MDR**	**LDR**	**RL**	**MUN**
Food service contractor	P	P	P	–	C	–	–	–	C	–
Contractor's yard (with outdoor storage)	–	C	P	–	–	–	–	–	C	–
INDUSTRIAL										
Light manufacturing	C[2]	C	P	C	–	–	–	–	C	–
Manufacturing	C[2]	C	P	C	–	–	–	–	–	–
Heavy manufacturing	–	–	C	C	–	–	–	–	–	–
Laboratory or technical facility	P	P	P	C	C	–	–	–	–	–
Warehouse or storage	C[2]	C	P	C	–	–	–	–	C	–
Mini-warehouse	–	–	C	C	–	–	–	–	–	–
Large area distribution or transit warehouse	–	–	C	–	–	–	–	–	–	–
Tank farms	–	–	C	–	–	–	–	–	–	–
Wholesale trade establishment	C	C	P	C	–	–	–	–	–	–
Publishing	P	P	P	C	–	–	–	–	–	–
PUBLIC ASSEMBLY										
Performance theater	P	P	C	P	C	–	–	–	–	–
Movie theater	P	P	C	–	–	–	–	–	–	–
Amphitheater	P	P	C	P	–	–	–	–	C	P
Indoor games facility	P	P	C	–	C	–	–	–	–	C
Sports arena	C	C	C	–	C	–	–	–	–	C
Exhibition, convention or conference structure	P	P	P	P	C	–	–	–	–	C
Religious facility	P	P	P	P	P	P	P	P	P	–
Government facility, office or courthouse	P	P	–	P	C	–	–	–	–	P
Other community centers	P	P	C	P	C	–	–	–	C[5]	P
Fitness, sports, gym or athletic facility	P	P	C	P	C	–	–	–	C[5]	P
Golf course	–	–	–	–	–	–	–	–	C	P
Camps, camping and related establishments	–	–	–	–	–	–	–	–	C	C
Nature or recreational park	P	P	P	P	P	P	P	P	P	P
INSTITUTIONAL OR COMMUNITY FACILITY										
Hospital	C	C	C	P	–	–	–	–	–	–
Medical clinic building	P	P	C	P	C	–	–	–	–	–

P = Permitted Use *C = Conditional Use* *– = Use Not Allowed*	**ZONING DISTRICRT** **UC**	**RIV**	**EG**	**WG**	**MUR**	**HDR**	**MDR**	**LDR**	**RL**	**MUN**
Grade school	P	P	–	P	P	P	P	P	–	C
Academic institution	P	P	P	P	P	C	C	C	–	–
Library	P	P	–	P	P	C	C	C	–	P
Museum, gallery or exhibition hall, or pavilion	P	P	–	P	P	C	C	C	C	P
Public safety facility	P	P	P	P	C	–	–	–	C	P
Cemetery	C	C	C	C	P	P	P	P	P	P
Funeral home or cremation facility	P	P	P	C	P	–	–	–	C	–
Child day care facility, licensed	P	P	C	P	P	C	C	C	C	C
Child day care home, registered	P	P	P	P	P	P	P	P	P	–
TRANSPORTATION FACILITY										
Surface parking	P	P	P	P	–	–	–	–	–	P
Parking structure or garage	P	P	P	P	–	–	–	–	–	P
Bus stop shelter	P	P	P	P	P	P	P	P	–	P
Bus maintenance facility	–	C	P	–	–	–	–	–	–	–
Rail transportation facility	P	P	P	P	–	–	–	–	–	–
Road passenger & transit services	P	P	P	P	C	–	–	–	–	C
Truck & freight transport. Services	–	–	C	C	–	–	–	–	–	–
UTILITIES										
Utility structures	P	P	P	P	P	P	P	P	P	P
Water supply related facility	C	C	P	P	–	–	–	–	P	P
Sewer related facility	C	C	C	C	–	–	–	–	C	P
Communication antenna	P	P	P	P	P	P	P	P	P	P
Communication tower	C	C	P	C	–	–	–	–	C	P
MINING, AGRICULTURE AND FORESTRY										
Stable or equine facility	–	–	P	–	C	–	–	C	P	C
Composting facility	–	–	C	–	–	–	–	–	C	C
Greenhouse	P	P	P	–	C	–	–	C	P	P
Kennel	–	C	P	–	–	–	–	–	P	–
Mining, extracting, quarrying and stone cutting	–	–	C	C	–	–	–	–	C	–
Agriculture and forestry	P	P	P	P	P	P	P	P	P	P
Rural enterprise	C	C	C	C	C	C	C	C	C	C

P = Permitted Use *C = Conditional Use* *– = Use Not Allowed*	ZONING DISTRICRT									
	UC	**RIV**	**EG**	**WG**	**MUR**	**HDR**	**MDR**	**LDR**	**RL**	**MUN**
Support functions for animal production	–	C	P	C	–	–	–	–	C	–
Game and fishing retreats and reserves	–	–	–	–	–	–	–	–	P	–

Notes

1 Drive-through or drive-in establishment allowed with conditional use approval from the Development Review Board.

2 Use must not occupy more than 20,000 square feet of floor area and must be fully enclosed.

3 Use allowed only in the Cross Roads neighborhood and on the river side of Berlin Street / River Street.

4 Use must not occupy more than 3,000 square feet of floor area.

5 Use must occupy more than 6,000 square feet of floor area.

6 Use is limited to a maximum of 20 guest rooms.

Chapter 220. Overlay Zoning Districts

ⓘ *The purpose of this chapter is to establish overlay zoning districts that supplement or supersede the standards of the underlying zoning district in order to address special conditions or resources that require additional or modified regulations.*

Section 2201. Historic Design Review Overlay District

2201.A **Boundary.** The Historic Design Review Overlay District includes all properties within the historic district(s) in Montpelier as listed in the National Register of Historic Places, but not including any properties within the Capitol Complex.

2201.B **Purpose.** The purpose of the Historic Design Review Overlay District is to protect the city's historic character by regulating exterior modifications to contributing historic structures and by requiring new structures within listed historic districts to be compatible with and respond to their setting and context in accordance with the principles summarized below:

(1) Buildings should function to meet today's needs just as they met certain needs at the time they were built. The changes required to meet new demands should be a compromise between the existing integrity of the structure and new functions. Good preservation seeks both of these goals.

(2) Every attempt should be made to preserve as much of a historic building's original design, architectural details and building materials as is reasonably possible. When it is necessary to introduce modern elements to a historic building exterior, every feasible effort should be made to maintain the building's overall architectural character.

(3) New construction should be a product of its own time and not be a copy of an older architectural style with associated details no longer practical. The unity of an existing street or block should be a major consideration in the design of any new construction. Rather than copying a particular style, the new building should relate in materials, colors, form, massing, proportion and rhythm of common elements to those present on the street or block.

2201.C **Applicability.** All land development within the Historic Design Review Overlay District will require review by the Design Review Committee in accordance with Section 4301, except for the following:

(1) Subdivision of land.

(2) A change in use that will not result in any exterior modifications.

(3) Normal repair and maintenance with materials of identical composition, type and appearance (includes any repainting of previously painted surfaces, irrespective of color, but does not include painting of existing, unpainted surfaces).

(4) Exterior modifications to the rear of a noncontributing structure.

(5) Demolition of a noncontributing structure.

(6) The complete removal of a sign and its hardware, except that sign hardware installed into brick or masonry may remain in place.

(7) The replacement of a sign provided that the proposed sign:

(a) Is the same or smaller dimensions than the sign being replaced;

(b) Is in the same location or is located entirely within the building's sign band;

(c) Is generally of the same material; and

(d) Does not require any new hardware to be installed into brick or masonry building elements.

(8) Non-substantial alterations as determined in writing by the Administrative Officer.

2201.D **Consultation During Project Planning.** Owners of historic buildings are strongly encouraged to meet informally with the Design Review Committee when planning significant building repair, maintenance, renovation or expansions for assistance with implementing appropriate preservation, rehabilitation, restoration or reconstruction practices.

2201.E **Use Standards.** The use standards within the Historic Design Review Overlay District will be as specified in the base zoning district.

2201.F **Dimensional Standards.** The dimensional standards within the Historic Design Review Overlay District will be as specified in the base zoning district.

2201.G **General Standards.** Applicants must demonstrate that proposed exterior modifications within the Historic Design Review Overlay District conform to the standards below except as provided in Subsection 2201.H.

(1) A property must be used as it was historically or be given a new use that requires minimal change to its distinctive materials, features, spaces and spatial relationships.

(2) The historic character of a property must be retained and preserved. The removal of distinctive materials or alteration of features, spaces and spatial relationships that characterize a property must be avoided.

(3) Each property will be recognized as a physical record of its time, place and use. Changes that create a false sense of historical development, such as adding conjectural features or elements from other historic properties, must not be undertaken.

(4) Changes to a property that have acquired historic significance in their own right will be retained and preserved.

(5) Distinctive materials, features, finishes, and construction techniques or examples of craftsmanship that characterize a property must be preserved.

(6) Deteriorated historic features must be repaired rather than replaced. Where the severity of deterioration requires replacement of a distinctive feature, the new feature must match the old in design, color, texture and, where possible, materials. Replacement of missing features must be substantiated by documentary and physical evidence.

(7) Chemical or physical treatments, if appropriate, must be undertaken using the gentlest means possible. Treatments that cause damage to historic materials must not be used.

(8) Archeological resources must be protected and preserved in place. If such resources must be disturbed, mitigation measures must be undertaken.

(9) New additions, exterior alterations or related new construction must not destroy historic materials, features, and spatial relationships that characterize the property. The new work must be differentiated from the old and must be compatible with the historic materials, features, size, scale and proportion, and massing to protect the

integrity of the property and its environment.

(10) New additions and adjacent or related new construction must be undertaken in such a manner that, if removed in the future, the essential form and integrity of the historic property and its environment would be unimpaired.

2201.H **Specific Standards for Contributing Historic Structures.** When reviewing applications for certain exterior modifications to contributing historic structures, the Design Review Committee must interpret and apply the standards of Subsection 2201.G in accordance with the specific standards below.

(1) **Architectural Standards.** Proposals for exterior modifications of contributing historic structures are exempt from the requirements to meet architectural standards of the base zoning district.

(2) **Replacing Historic Windows or Doors.** Applicants may replace historic windows or doors (original to the building or dating to the building's period of significance, typically not including replacement windows or doors that are less than 50 years old) with an in-kind replacement that must:

(a) Have the same dimensions as the historic window or door;

(b) Have essentially the same sash and pane configuration as the historic window or door, where applicable;

(c) Have essentially the same design details as the historic window or door;

(d) Be constructed of the same or a comparable (in terms of durability and appearance) material as the historic window or door (for example, this may allow vinyl clad windows if they can meet other applicable criteria);

(e) Have essentially the same or similar glass-to-frame ratio as the historic window or door, where applicable;

(f) Have essentially the same or similar reveal as the historic window or door; and

(g) Incorporate either an integral muntin or exterior muntin grids that replicates the historic window or door as closely as possible, where applicable.

(3) **Replacing Non-Historic Windows or Doors.** If applicants are proposing to replace windows or doors that are not original to the building or dating to the building's period of significance, reasonable efforts must be made to repair any loss of historic character resulting from an earlier inappropriate modification of the building such as:

(a) If size of historic window or door openings was changed, selecting a replacement that matches the historic dimensions rather than the more recent dimensions.

(b) If the structure retains some of its historic windows and doors, selecting a replacement that matching the sash and pane configuration and design details of the remaining historic windows or doors rather than the more recent windows or doors.

(4) **Installing Storm Windows or Doors.** Applicants may install interior or exterior storm windows or doors over historic windows or doors in accordance with the following:

(a) Interior storms must be designed, installed and maintained to prevent the build-up of condensation that can damage historic windows or doors.

(b) Exterior storms must be designed and installed to obscure the historic window or door to the least degree possible by using clear glass, replicating the frame width, matching the sash location, where applicable, and matching or coordinating the color of the historic window or door (for example, this would not allow storm windows with a milled aluminum finish).

(5) **Replacing Historic Roofing Materials.** Applicants may replace historic roofing materials (original to the building or dating to the building's period of significance, typically not including replacement roofing materials that are less than 50 years old) with an in-kind replacement that must:

(a) Be constructed of the same material, a comparable material (in terms of durability and appearance), or a material that traditionally has been used on buildings of the same type in Montpelier (for example, this would allow standing seam metal roofing); and

(b) Replicate the color and patterning of the historic materials if they contribute significantly to the historic character of the building.

(6) **Replacing Non-Historic Roofing Materials.** If applicants are proposing to replace roofing materials that are not original to the building or dating to the building's period of significance, they may choose:

(a) The same material as exists on the roof at the time of the application or a comparable material (in terms of durability and appearance).

(b) A roofing material that traditionally would have been used on buildings of the same type in Montpelier.

(7) **Replacing Historic Siding.** Applicants may replace historic siding materials (original to the building or dating to the district's period of significance, typically not including replacement siding that is less than 50 years old) with an in-kind replacement that must:

(a) Be constructed of the same material or a material that closely replicates the appearance of the historic siding and is of comparable durability (for example, this would not allow metal or vinyl siding, but may allow contemporary materials like fiber cement clapboards that can meet the criteria below);

(b) Have the essentially the same design details as the historic siding material;

(c) Have the essentially the same dimensions and reveal as the historic siding material, where applicable;

(d) If masonry, have essentially the same texture, color and pattern as the historic siding material;

(e) Not eliminate or cover historic trim or architectural elements such as cornices, moldings, door or window surrounds, columns, pilasters, brackets, bargeboards (if these elements are deteriorated, they must be replaced in-kind).

(8) **Replacing Non-Historic Siding.** If applicants are proposing to replace siding materials that are not original to the building or dating to the building's period of significance reasonable efforts must be made to repair any loss of historic character resulting from an earlier inappropriate modification of the building such as:

(a) Uncovering and rehabilitating historic trim or architectural elements.

(b) Selecting a replacement material that matches the historic siding rather than the more recent replacement material.

(9) **Removing, Replacing or Modifying Historic Porches.** Applicants:

(a) May replace a historic porch in-kind so that the re-built porch has essentially the same design details as the historic porch (this may include using contemporary materials such as composite decking or fiberglass columns provided they closely replicate the appearance of and have comparable durability to the historic materials).

(b) May modify a historic porch as necessary to meet current building code and accessibility standards. The applicant must make reasonable efforts to minimize loss of historic character and retain historic architectural elements and design details.

(c) May make minor alterations to the roof form or pitch to improve how the porch sheds water and snow in order to prevent future deterioration or damage.

(d) May expand a historic porch if the Design Review Board finds that the proposed design is compatible with the building's historic character and is comparable to porch designs that traditionally would have been found on buildings of the same type in Montpelier.

(e) May enclose a historic porch with glass in a manner that will not damage or obscure its architectural details.

(f) May otherwise enclose or remove a historic porch only if the Design Review Board finds that the proposed design is compatible with the building's historic character (for example, enclosure or removal of a side or rear porch may be allowed, but it is unlikely that a front porch could be enclosed or removed without diminishing the building's historic character).

(10) **Removing, Replacing or Modifying Non-Historic Porches or Adding a Porch.** Applicants:

(a) That are proposing to remove, replace or modify a porch that is not original to the building or dating to the building's period of significance must make reasonable efforts to repair any loss of historic character resulting from an earlier modification of the building. This may include opening up a porch that had been enclosed or restoring lost architectural details like railings or columns, for example.

(b) That are proposing to add a porch to a historic building must demonstrate that the proposed design is compatible with the building's historic character and is comparable to porch designs that traditionally would have been found on buildings of the same type in Montpelier.

(11) **Exterior Painting.** Applicants:

(a) May repaint any exterior surfaces that are already painted with no restriction on color. As specified in Subsection 2201.C(3), repainting previously painted surfaces will be considered normal repair and maintenance and will not require design review under this section.

(b) Must not paint unpainted masonry materials unless specifically recommended by the Design Review Committee.

(c) Are encouraged to remove paint from materials that historically were not painted.

(d) Are discouraged from painting exterior surfaces that are not already painted.

(12) New or Replacement Signs. The Design Review Committee will review new or replacement signs not exempted in Subsection 2201.C. for location, size, materials and hardware, but not for content.

2201.I **Specific Standards for New Structures and Noncontributing Structures.** When reviewing applications for new structures or modifications to noncontributing structures, the Design Review Committee must interpret and apply the standards of Subsection 2201.G in accordance with the specific standards below.

(1) New or modified structures must be compatible in form, scale, massing, proportion and rhythm with their historic context and must contribute to a pedestrian-oriented streetscape. Applicants are strongly encouraged to design compatible contemporary structures rather than duplicate or mimic the design of historic buildings in the district in accordance with the following principles:

(a) Design new buildings to be similar in massing, form, height and width to other buildings on the block.

(b) If new buildings will be wider than adjacent buildings, break up the building mass with changes in wall plane and roof form so that its appearance conforms to building widths on neighboring properties.

(c) If new buildings will be taller than adjacent buildings, place the taller portions of the building away from the street and adjacent buildings to either side and step the height down at the street facade and at the sides so that the height will be similar to the height of surrounding buildings.

(d) Design floor levels and story heights so that are similar to those of surrounding buildings to the maximum extent feasible. Where floor levels and story heights on adjacent properties are responding to changes in the terrain, the new building should fit into that pattern.

(e) Maintain a front setback and overall lot coverage that is similar to other properties on the block.

(f) Orient the primary facade of new buildings to the street and provide primary entrances on the street facade.

(g) Design new buildings to convey a human scale through use of massing, incorporating a variety of surface materials and textures, and a regular pattern of window and door openings.

(h) Enhance the primary facade and property frontage in a manner similar to other buildings on the block, which may include elements such as landscaping, fencing, porches, display windows, outdoor seating, awnings, etc.

(i) Subordinate any accessory buildings on the site by placing them to the side or rear of the lot.

(j) These principles may not apply to corner buildings if it is typical elsewhere in the neighborhood for buildings on corner lots to be larger than adjacent buildings or to landmark buildings that are intended to be a focal point within the neighborhood.

2201.J **Specific Standards for Demolition of Contributing Structures.** The Development Review Board must approve the demolition of a contributing historic structure before the Administrative Officer may issue a zoning permit unless the Administrative Officer finds that the structure poses an imminent danger to public health, safety or welfare as follows:

(1) The applicant must demonstrate that:

(a) It is not feasible to rehabilitate and/or re-use the structure in order to earn a reasonable economic return from the property.

(b) It is not feasible to move the structure to a new location on or off the property.

(c) The non-feasibility of rehabilitation, re-use or relocation is not due to his/her failure to perform normal maintenance and repairs as necessary to prevent structural damage and deterioration.

(d) The non-feasibility of rehabilitation, re-use or relocation is not due to his/her failure to set reasonable rents or sales price, and/or diligently solicit and retain tenants, as applicable.

(e) The demolition is not primarily intended to allow development of additional surface parking.

(f) The demolition is necessary to allow him/her reasonable use of the property or demolition is part of a redevelopment plan that will provide a clear and substantial benefit to the community.

(2) The Development Review Board may waive the requirement to demonstrate conformance with Subparagraphs (1)(a) through (d) above upon the applicant demonstrating that the redevelopment plan:

(a) Will result in new construction with a similar footprint to the structure or portion of a structure proposed for demolition.

(b) Will allow for more efficient use of the site (ex., removing a single-story portion of a building and replacing it with new multi-story construction).

(c) Has been endorsed by the Design Review Committee.

(3) As a condition of approval for demolition, the Development Review Board:

(a) Will require the applicant to offer the structure for relocation for a period of at least 6 weeks before the Administrative Officer may issue a zoning permit for demolition unless it determines that it would not be feasible to relocate the structure.

(b) Will require the applicant to photographically document the structure and provide the photographs to the city before the Administrative Officer may issue a zoning permit for demolition.