

Board of Aldermen Committee Minutes

Date: 10/1/15 Chair: DAVIS Convened: 5:30pm Adjourned: 6:35pm

Committee	☐	Charter & Ordinance	☐	Public Works
	☒	Community Development	☐	Recreation
	☐	Finance	☐	Intermunicipal
	☐	General	☐	Special Liquor
	☐	Public Safety	☐	Human Resource

Committee	☐	Dave Allaire	☐	Jon Skates
Members	☒	Chris Etori	☐	Ed Larson
Present	☒	Gary Donahue	☐	William Notte
	☒	Sharon Davis	☒	Chris Siliski
	☐	Tom DePoy	☒	Matt Bloomer
	☐	Melinda Humphrey		

Others	☐	Dave Allaire	☒	Gary Donahue	☐	Mayor Louras
Present	☐	Chris Etori	☐	William Notte	☐	Treasurer Wilton
	☐	Sharon Davis	☒	Ed Larson	☒	Attorney Romeo
	☐	Tom DePoy	☐	Chris Siliski	☒	Other: <i>Dennis DePoy RLA</i>
	☐	Melinda Humphrey	☐	Matt Bloomer	☒	Other: <i>Paul DePoy Storekeeper</i>
	☐	Jon Skates	☐		☐	Other: <i>Public good</i>

Motions/Discussion *Water and Wastewater Rate Reduction*
Merchandise Application

Store ledge Andoor Self center
Building. 172 South Main St - Kustand, VT
Hire 4-5 New Employees - or more

Total investment - \$250,000.00 - Building
\$350,000.00 - Equipments

Estimated 1,300 HPD - usage -

Motion to approve the request with the standard
offer for the qualifying businesses

Waiver of Allocation fee

Water/Wastewater Rate Reduced for 5 years

Rate Reduced off Bill year 1 - 50% - year 2 - 40%
Year 3 - 30% - Year 4 - 20% - Year 5 - 10%

and so more -

Sharon - chair

Rutland City - Water and Wastewater Rate Reduction Incentive Application

1. **Date of Application:** 9/15/2015
2. **Owner/Contact Person:** Shawn Bendig
 - A) **Mailing address:** P.O. Box 1707, Rutland, VT 05701
 - B) **Email:** info@stonehedgeindoorgolf.com
 - C) **Phone:** 860.324.6497 (cell) / 802.779.9595 (business)

3. **Business Overview:**

While our Stonehedge Indoor Golf business model will focus on state-of-the-art virtual indoor golf, we also recognize the opportunity that exists in the Rutland County area to create a new and unique entertainment venue. With that in mind, our goal is to provide a broad array of high-tech, year-round recreational offerings that will appeal to golfers and non-golfers, alike. Here is a brief list of our services:

- Virtual Golf Simulator Rentals, Leagues and Tournaments
- Virtual Golf Lessons and Computer-Aided Swing Analysis
- Virtual Miniature Golf
- Virtual Gaming (Racing, Skee-ball)
- Private Event Rentals (Birthdays, Corporate Outings, etc.)
- Full Kitchen serving Pub Food
- Full Bar serving Beer/Wine as well as Non-Alcoholic Beverages
- Twelve (12) high-definition TV's for sporting event viewing

- A) **Name of Business:** Stonehedge Indoor Golf
- B) **Type of Business:** Entertainment Venue (as describe above)
- C) **Current number of employees:** 1
- D) **Proposed number of employees (new hires):** 4-5

4. **Property Address:** 172 South Main Street, Rutland, VT 05701

5. **Present Use(s) of property:** The building was previously leased to Aubuchon Hardware and vacant for several months before Stonehedge entered into its current 11-year lease in April 2015.

6. **Project Overview:**

A) **Summary of proposed use:**

When Stonehedge leased the property at 172 South Main Street, we understood the challenges of working with an older building that had seen considerable tenant turnover in the past 8-10 years. The renovation project kicked off in April 2015 and involved removing all existing fixtures (walls, ceilings, electrical and plumbing) and basically taking the building down to its original

Rutland City - Water and Wastewater Rate Reduction Incentive Application

exterior structure. We are nearing completion of renovations that will not only serve as a perfect venue for our new business venture, but also result in a much "greener" commercial building location. Here is a brief list of some of the major renovations and building enhancements:

- Installation of LED lighting throughout the entire building that recently received Efficiency Vermont incentives.
- Installation of cellulose insulation through the building that recently received Efficiency Vermont incentives.
- Installation of new, high-efficiency heat pump units that will provide heat and A/C throughout the building.
- Removal and/or abatement of all identified asbestos materials as defined by state-certified environmental inspectors/contractors.
- Implementation of state-of-the-art fire/water detection and security systems.
- Utilization of state-of-the-art hoodless/vent-less cooking equipment that complies with all state and local fire safety guidelines and far exceeds federal EPA emission standards.

B) Summary of proposed improvements to real property and estimated financial investment (use separate sheet if necessary):

The estimated cost for all Stonehedge building renovations is \$250,000. That amount includes the improvements noted above as well as a sizeable number of repairs made to the building exterior (e.g. roof, painting, driveway, etc.).

C) Summary of proposed improvements to equipment and machinery and estimated financial investment (use separate sheet if necessary):

The estimated total cost for all Stonehedge equipment is \$350,000 and includes the golf simulators themselves as well as all of the food and beverage fixtures.

7. Water use estimate in Gallons Per Day (Allocation calculated from Chapter 1 - Environmental Protection Rules by the State of Vermont ANR for design flow) – Contact City Engineering if assistance is required:

Stonehedge has been working with Spencer and Lapre Engineering for submission of our Waste Water and Potable Water Permit to the State of Vermont's Department of Environment Conservation (DEC). Flow calculations for the building and our new business services have been estimated to be 1,300 GPD; approximately 1,000 GPD in excess of the prior tenant (Aubuchon), but slightly less than the 1,400 GPD for a planned tenant (Pasta Depot) that never opened for business prior to Aubuchon Hardware.

8. Schedule:

- A) Date project to commence: 4/16/2015 (underway)
B) Estimated completion date: 10/2/2015

9. Permits required & received:

A) State

- a. First Class Liquor License (submitted and pending approval from Vermont Liquor Control)

Rutland City - Water and Wastewater Rate Reduction Incentive Application

- b. Health Certification (submitted and pending final inspection/approval from Vermont Department of Health)
- c. Waste Water and Potable Water Application (completed and pending submission to Vermont DEC – need allocation letter from City of Rutland DPW)
- d. Construction Permit (approved by Vermont Fire & Safety Department – certificate of occupancy is pending completion of renovations and final inspection)

B) City

- a. Have submitted and received approval on all required permits and licensure (e.g. building, signage, zoning variance, liquor license, business license, etc.).
- b. The only pending City approval is the allocation letter from DPW for our proposed water/sewage utilization.

10. Briefly describe why a Water/Wastewater Rate Reduction Incentive is being sought for this project:

In short, we are nearing the end of a long and arduous small business launch and have exhausted our entire project budget on planned (as well as a few "unplanned") renovations and equipment investments. In working with our DEC-approved water engineers and DEC themselves, the State generously designated our project as being minor in effort and assigned the lowest possible DEC application fee available (approximately \$375). During the several month process of working with our engineer or DEC there was never any mention made of an additional Rutland/DPW allocation letter fee – it was only brought to our attention last week while submitting the allocation letter request. Unless we can receive some form of relief or an exemption from the additional \$5,200 fee required by the City of Rutland Public Works, it's more than likely that this substantial fee will result in a delay to our planned October opening date so we can attempt to locate additional funding to pay the DPW fee. Further complicating matters is the fact that the DPW allocation letter is a prerequisite to submitting our DEC application and State approval of our waste/potable water application is necessary before the Department of Health and Liquor Control Board will issue approval for our food and beverage operation (which accounts for a large portion of our planned revenue). We would obviously appreciate any assistance or guidance that the Rutland Redevelopment Authority is able to provide.

Rutland City - Water and Wastewater Rate Reduction Incentive Application

11. Projected number of new jobs created, position titles, pay scales, and timeframe for hiring:

Jobs Creation Template

# of new positions created	Title	Pay Rate (annual/hourly)	Benefits Offered	Estimated Hire Date
1	Assistant Manager	\$15/Hourly	No	9/26/2015
1	Restaurant Manager	\$15/Hourly	No	9/26/2015
2-3	Hosts & Wait Staff	\$15/Hourly (includes tip wages)	No	10/2/2015

Hypothetical Example

# of new positions created	Title	Pay Rate (annual/hourly)	Benefits Offered	Estimated Hire Date
2	Manager	\$60,000/Annual	Yes	12/1/2012
3	Technician	\$45,000/Annual	Yes	2/1/2013
5	Machine Operator	\$20/Hourly	No	12/15/2012

City of Rutland, Vermont
Water and Wastewater Rate Reduction Incentive Policy

I. Statement of Purpose

The City of Rutland wishes to encourage industrial and commercial growth which will inspire a strong economy and create employment opportunities for all citizens. An economic development incentive focused on lowering both initial costs and future water and wastewater rates is a mechanism by which to realize this goal.

II. Eligibility and Criteria

It is the objective of the City of Rutland to incentivize new investment and job creation by offering an incentive that will lower the qualifying business' costs related to water and wastewater start-up costs and fees.

The incentive will occur in the form of a Water and Wastewater Rate Reduction Incentive Agreement (WWRRIA) between the City and a qualifying business.

The WWRRI will be available to non-residential users located within the City of Rutland who are making tangible financial investment in a facility, creating new jobs within the City, and whose business operations will require utilizing a minimum of 1,000 Gallons per Day (GPD) in new or expanded water usage.

Water usage allocation will be determined using the most recent factors published in Chapter 1 of the Environmental Protection Rules by the State of Vermont Agency of Natural Resources for design flow.

The WWRRI will be available to businesses located outside the City of Rutland who are utilizing water and/or wastewater services through the City's infrastructure and who will require utilizing a minimum of 1,000 GPD in new or expanded water usage. In the case of a business located outside the City eligibility will be limited to non-residential users working in industrial activity or in commercial activity determined to produce long term economic benefit and new good paying jobs in the region.

The incentive agreement will be applied to the base water and wastewater rates only. This incentive agreement is not intended to apply to the stand by water rates, ad valorem, business rates, or other non-base rates unless it is determined that doing so is in the best interest of the City by the Board of Aldermen (BOA).

To be eligible for the incentives set forth herein, a completed WWRRI application shall be presented to the RRA:

- (i) In the case of a new investment to an existing Rutland City business: prior to substantial completion of the work associated with the investment, such as the substantial completion of proposed construction or renovation, and/or the implementation and commencement of

operation of proposed new equipment or machinery. The term "substantial completion" means that the work is sufficiently complete so that the applicant can utilize the new investment for its intended purpose.

- (ii) In the case of the establishment of a new business: prior to the commencement of normal business operations.

III. Water and Wastewater Rate Reduction Incentive Agreement terms

A Standard Offer for a qualifying business meeting the basic standards of eligibility will be as follows:

- 1) Complete waiver of the City's customary Allocation Fee (based on \$4 per gallon per day usage) if the business is located within the City of Rutland.
- 2) Water and Wastewater rate reduced for a period of five years.
 - A) New Users: Rate reduced off total bill according to a schedule of Year 1 = 50%, Year 2 = 40%, Year 3 = 30%, Year 4 = 20%, Year 5 = 10%.
 - B) Existing User: Quarterly credit for expanded water and wastewater use is calculated according to the following calculation.

Quarterly credit = Expanded Use Allocation (gal/day) * Rate for 100 ft³ * Incentive * 0.061
Expanded use allocation is calculated using the most recent factors published in Chapter 1 of the Environmental Protection Rules by the State of Vermont Agency of Natural Resources for design flow. Only the expanded portion of the business is eligible for the incentive. The incentive schedule is Year 1 = 50%, Year 2 = 40%, Year 3 = 30%, Year 4 = 20%, Year 5 = 10%. The quarterly credit is capped to prevent the resulting bill after applying the credit from being reduced below the average quarterly bill for the two years before the expansion.

Upon submission of a completed application the Rutland Redevelopment Authority (RRA) and Department of Public Works (DPW) staff will review the application to ensure eligibility. The RRA will make a recommendation regarding the eligibility, level of incentive, and timeframe for approval by the BOA. If an applicant is not recommended by the RRA they will have the right to appeal the decision to the BOA who may choose to take further action.

Contract terms other than the Standard Offer options are intentionally flexible in order to best serve the interests of the City and the needs of the business.

WWRRIA shall normally be for a period of five (5) years, and in no case longer than ten (10) years.

WWRRIA shall commence on the Quarterly Billing Cycle that follows the official signing of the agreement.

If during the WWRRIA effective period a qualifying business will be making substantial additional investment and creating new jobs they may be encouraged to re-apply for a new or extended WWRRRI to accommodate this additional investment.

The City/BOA may also enter into incentive agreements which provide for terms different from those set forth herein if it is determined to be in the interest of the City.

IV. Non-compliance/Termination

The WWRRIA shall be in writing and shall include all terms necessary to assure the City of the benefits that are the basis for the incentive. At the request of the RRA the business shall provide an annual update substantiating any investment and/or job creation projections.

Should the terms of the agreement not be executed in full the City may choose to terminate the WWRRIA in the Quarterly Billing Cycle following the determination that there was a breach in terms.

In the event the qualifying business is sold during the effective period the WWRRIA may be transferred to the new owner. Transfer of WWRRIA will require the re-signing of an amended agreement between the City and New Business owner. Failure to transfer the contract to the new owner will terminate the original WWRRIA.

V. Application Process

The RRA will serve to collect all relevant information in the form of a WWRRI application from a prospective or existing business seeking to enter into an agreement with the City. This application will then be reviewed by RRA and DPW staff to determine eligibility compliance.

In the case of a prospective business the RRA will serve to initiate the discussion and to represent the new business throughout the WWRRIA process.

Representatives of the business will be notified of all meetings and encouraged to participate in the proceedings.

