

TOWN OF NORTHFIELD, VERMONT
TOWN SELECT BOARD SPECIAL MEETING
Minutes of January 7, 2020

- I. ROLL CALL.** Select Board Chair K. David Maxwell, Board members Lynn Doney, Julie H. Goodrich, Kenneth W. Goslant, and Nathaniel Miller. Also present were Town Manager Jeff Schulz, Laurie Baroffio (Finance Director), Carolyn Stevens (Northfield Community Development Network), Jean Kerner (Northfield Community Development Network), Kaitlyn Keating (Northfield Community Development Network), Jason Endres (Northfield Community Development Network), Christine Barnes, Mel Adams, Jill Donahue, Jim Wilson, Gordon Perkinson, John Stevens, Charles Morse, Merry Kay Shernock, Chris Bradley, Dan Sivori, and Elroy Hill.

Chair Maxwell called the meeting to order at 6:00 p.m.

- II. PLEDGE OF ALLIEGENCE.** The Board members and the public were asked to rise and recite the Pledge of Allegiance.

- III. PUBLIC PARTICIPATION (Scheduled):** None.

IV. BUDGET WORK SESSION

- a. Economic Development Director Position.** Manager Schulz noted at the Select Board regular meeting of November 26, 2019, members of the Northfield Community Development Network (NCDN) presented a formal proposal that the Town of Northfield hire a new part-time employee to serve as the municipality's Economic Development Director (EDD). The proposal asked that funds be set aside in the FY 2020/2021 budget so this person could work a twenty-four (24) hour week for an annual salary of ±\$32,000. The NCDN proposal suggested a three-year trial period for this position. In the first year, two-thirds of the salary would be covered by existing economic development funds. In the second year, one-third of the salary would be covered by economic development funds and in the third year the position would be fully budgeted (like other municipal employees) through taxpayer funds. The proposal also included a list of key duties for the EDD, which included recruiting new businesses to Northfield; supporting current businesses; working with local and regional organizations to create economic development opportunities in Northfield; etc.

Manager Schulz said as part of their 11/26/19 presentation, NCDN members cited other Vermont communities, especially Waterbury and Randolph, which had seen direct benefits after establishing the EDD position there. In the time since that meeting, Manager Schulz has looked into this further and it is his opinion that the comparisons to Waterbury and Randolph aren't particularly helpful due to the significant differences between those communities and Northfield. For example, Waterbury has roughly double the Grand List amount of Northfield; an Interstate 89 exit in immediate proximity to its downtown; a number of well-established commercial and industrial businesses; etc. Randolph also has a much larger Grand List amount than Northfield and a number of long-standing industrial enterprises. Manager Schulz has concluded that Northfield does not have the economic conditions that would benefit from the establishment of the EDD position at this time. He feels the resources that would be spent would be better used elsewhere.

Kaitlyn Keating from the NCDN said using the examples of Waterbury and Randolph was intended to show how some Vermont communities have benefited from having an EDD in place. This was not meant to suggest those towns are the same as Northfield, which she noted does have a number of unique features that the EDD would be able to use to better market Northfield as a future home for new businesses. Indeed, the lack of an EDD might lead to the community (in desperation) having to accept businesses that might provide jobs in the short term but at the cost of destroying our largely rustic way of life.

Steve Davis asked if there were any specific examples of economic growth in Waterbury or Randolph that could be directly attributed to the EDD position. Manager Schulz said he spoke to the Randolph Town Manager and was provided with two such examples. The first was in filling a vacant space in an industrial park and the other was in helping obtain grant funds for badly needed upgrades to their public water system.

Ms. Keating said several former Northfield businesses have relocated elsewhere in recent years because of difficulties in expanding their operations while remaining in Northfield. An EDD would be able to work with them in order to help them stay in Northfield. She added the economic development funds, which were authorized at the March 2014 Town Meeting, have been sitting around for several years and this would be a good use for them. Manager Schulz still doesn't feel the municipality would be able to hire someone that would be able to bring new businesses into Northfield.

Mel Adams was a Northfield Select Board member for several years and later served as Randolph Town Manager so he can understand the perspectives of our current municipal leaders. He felt promoting local economic development is a time-consuming matter that can lose out to more time-sensitive issues when town managers set their work priorities. Mr. Adams noted there have been previous efforts to promote local economic development here in Northfield, such as the establishment of the Bean Business Park, but most of them eventually failed due to lack of follow-up. As with the establishment of the \$100,000 economic development fund, he felt the problem hasn't been finding the resources but knowing how and when to use them. Mr. Adams noted the recent expansion of Cabot Hosiery (Darn Tough Vermont) in the community seems to have been accomplished with little or no help from the municipality. There also are a number of vacant storefronts in the Depot Square area due to failed or relocated businesses. If one of the current Select Board members' goals is to lower the local property tax rate, an expansion of the Grand list through new or expanded businesses would be a way to accomplish this. Mr. Adams felt Northfield needs someone who is professionally trained and has the dedicated time to seek out and attract new businesses as well as helping existing ones. Mr. Adams would prefer if the Select Board members would promote the establishment of the new EDD position by budgeting for it at this time rather than require NCDN members to seek signatures on a petition to put an article establishing the position on the next town meeting warning. He felt leaving this matter in the hand of voters would mean residents would be required to make a decision at short notice with probably with incomplete information. Mr. Adams felt the Select Board members should take the initiative by taking forceful action by establishing the EDD position.

Jill Donahue agrees with Mr. Adams. She has been in local business for over forty (40) years and has seen a number of local business promotion groups come and go over that time span. These groups relied on volunteers and their strength and/or longevity depended on the individuals involved, their expertise, how much personal time they could provide, etc. Ms. Donahue said this is not the same as having a single municipal position dedicated to this purpose as opposed to expecting the Town Manager and/or Select Board members to fit it into their busy schedules. Elroy Hill (succinctly) agreed with Mr. Adams and Ms. Donahue.

Carolyn Stevens from the NCDN noted that among other actions, the Randolph EDD created a short publication that informed residents how they could start their own business and what assistance they might expect from the municipality in obtaining grant funds, etc. The Randolph EDD also interacted with existing local businesses to assist them with grant opportunities that might help them in expanding their operations. She emphasized that this is a pro-active position that makes opportunities rather than waiting around for them to show up. In addition, Ms. Stevens understood it takes time to see results in economic development matters but she felt it was time to get started here.

Mr. Davis asked if he was interested in starting, for example, a cookie-making business here in Northfield, could he expect assistance from the EDD in getting his business going. Ms. Stevens confirmed that would be one of the EDD's responsibilities. Mr. Davis said he had been ambivalent about publically funding this position but now is leaning towards doing so, especially since the economic development funds authorized by voters are just sitting around. Board member Miller understands a Vermont community (Essex?) withdrew its funding for an established EDD position. Manager Schulz said a few have done this. The Town of Essex did eliminate the position after deciding other staff could take over the responsibilities. In addition, the Barre EDD position has seen a lot of turnover in recent years.

Board member Miller asked if there would be qualified applicants for the Northfield EDD position. Ms. Keating said there would be but the number would depend on the salary, etc. In fact, there probably are Northfield residents already qualified and willing to take the job. They would have the advantage of knowing the community well beforehand. Ms. Stevens noted there had been some suggestion last year of combining the EDD position here with the Zoning Administration position when the latter position was vacant. That did not come to pass but she felt there might be other ways to structure the EDD position to make it cost-effective.

Charles Morse noted the Select Board has a number of subcommittees, including one dedicated to economic development. He noted this particular subcommittee hasn't met often in recent years. Mr. Adams said it is the responsibility of Select Board members to set general economic development policies but not to treat economic development as a day-by-day matter. Mr. Morse said the Highway Subcommittee seems to meet fairly frequently, which is one indication of the priorities set by the current Select Board. Road concerns are often discussed at Select Board meetings while local economic development initiatives are not. Chair Maxwell has served on the Economic Development Subcommittee and said there had been momentum a couple years ago when, after numerous failed attempts, Northfield voters provided authorization for tax stabilization agreements. However, there has been not much follow up on this. Chair Maxwell did credit NCDN members for assisting the municipality in reaching some definite local economic development goals, such as obtaining Village Center designation for the downtown area and Northfield Falls.

Chair Maxwell still questioned what type of achievements would have to be shown at the end of the three-year trial period in order to justify continuation of the EDD position. Ms. Keating said there should be clear examples of new businesses established in Northfield as well as a significant reduction in the number of existing businesses that feel compelled to relocate elsewhere. An increase in the Grand List would be another indication of success. In addition, a successful EDD should be able to interact positively with local organizations and businesses regarding local economic conditions; demonstrate some success in obtaining grant funds for the municipality and/or local businesses; turn the tide regarding the number of local jobs created instead of lost; etc. Ms. Keating said the proposed establishment of the EDD position is not meant as a disparagement of current municipal employees but intended to supplement their efforts. Some of the more successful grant award efforts lately have been spearheaded by outside local groups such as Better Connections.

Chair Maxwell said Northfield residents expect Select Board members to demonstrate fiscal responsibility as one way to keep local property tax rates as low as possible. Creating this new position would involve taxpayer funds so Chair Maxwell believes the question remains whether doing so is a financially responsible use of these funds. He noted one restraint on large businesses moving into Northfield is the limited workforce available. Chair Maxwell noted although Cabot Hosiery remains committed to Northfield, it has established satellite facilities in Waterbury to take advantage of the greater number of potential employees in that community. Chair Maxwell also feels decisions need to be made regarding what types of businesses could thrive in Northfield and which could not due to local conditions. He felt if the EDD position was established here, there would not be the immediate impact on local economic development that some are envisioning. In addition, there is a policy in place for use of the economic development funds. The reason they have not been used is no applicant to date has been able to demonstrate how their request would provide direct benefits to the community, which is one of the policy's criteria for approving use of the funds.

Board member Doney strongly opposes the idea of providing the new EDD with a three-year contract. He believes some evidence of success should be evident after one year of service. In addition, Board member Doney believes many potential developments in Northfield have failed in recent years not due to local factors but because of conditions imposed at the regional and/or state level, i.e. Act 250. The fact that Cabot Hosiery is expanding its operations within Northfield is an indication of positive economic conditions here in Northfield. Board member Goodrich wanted to know how Ms. Donahue's business (Northfield Pharmacy) would benefit from having an EDD in place. Ms. Donahue said she has been difficulties recently in finding qualified applicants to fill positions at the pharmacy due to licensing concerns, etc. Ms. Donahue felt an EDD might help her in employee recruitment. She disagrees with Board member Doney that the success of the position could be accurately judged after only one year.

Board member Goodrich does not have a problem with putting the matter of establishing the EDD position before the voters on Town Meeting Day. Mr. Adams said Northfield voters would be asked to approve the proposed FY 2020/2021 budget, which might include funding for the EDD position. However, he felt it would be wrong to have this decision as a separate article on the warning this late in the process as most voters probably will not have the time and/or information available to make an intelligent decision. Chair Maxwell feels the Select Board members themselves don't have enough information to justify putting this new position in the proposed budget.

Board member Goodrich believes the per-hour salary proposed is excessive and she also doesn't feel an initial three-year contract is feasible. Ms. Keating said the proposed salary was based on how other towns in the area compensate their own EDD. The three-year trial period also was based on recommendations from other communities. Some benefits probably would be seen sooner but it was felt an initial three-year period would provide a better indication of success or failure. Merry Kay Shernock noted most grant awarding cycles last more than one year so you really can't judge someone's grant-writing ability based on what can be brought in after twelve (12) months. Finance Director Laurie Baroffio asked for confirmation that the proposed EDD position would be a municipal employee under the direction of Manager Schulz and not an outside entity. She was told this would be the case.

Christine Barnes felt Northfield has a complex set of circumstances (i.e. college town, proximity to state capital, etc.) that could both encourage and discourage local economic development. She doesn't want explosive growth here but at the same time noted a number of local storefronts have been vacant for some time that could be occupied by small businesses. Ms. Barnes felt having a Northfield EDD, especially a local person who knows current conditions, is an exciting idea and she hopes it comes to pass. Gordon Perkinson fears a scenario in which some outside entity came to town and offered Cabot Hosiery an obscene amount of money to relocate its operations elsewhere where labor costs are cheap (China?). Having an EDD in place might put the brakes on this.

Chris Bradley confirmed Northfield has one of the highest property tax rates in the state. For business owners, this is partially offset by low utility rates. He asked how an EDD could succeed in bringing in new large businesses with the tax rates so high. Mr. Adams said many of the major businesses in Randolph started small (25-30 employees) and later were able to expand by bringing in new employees and training them on site. There is a bit of a "Catch 22" situation in that we need new and expanded businesses to help build up the Grand List to lower the tax rates but must attract them in the current high tax situation. Given the many positive attributes of this community, Mr. Adams felt anything could happen here if a concerted effort is made. Chair Maxwell said Northfield did have major manufacturers here many years ago but as in most Vermont communities, those industries moved elsewhere for cheaper labor and can't be expected to return. He felt developing another large commercial enterprise in Northfield like Cabot Hosiery probably isn't feasible in today's economic climate due to the aforementioned limited local employee pool, etc. If the EDD position is to be established here, Chair Maxwell would like to take it slow and get it done right.

Dan Sivori said he favors the concept of economic development here in Northfield but he also is concerned about the cost to the taxpayer of this new position. Although any long-term benefits will take time to determine, there should be a condition that the Town Manager and Select Board members can review the employment contract after each year to determine whether it should be continued. Mr. Sivori concurs with previous statements regarding the limited local work force as studies show many more people are leaving Vermont than arriving. Jim Wilson has served as both a Village Trustee and Select Board member and he is pleased to see the good attendance tonight in order to discuss this important topic. He supports the creation of the EDD position as an important step forward. Elroy Hill agrees that this would be a good investment in the future and should be given a chance.

Chair Maxwell said the Select Board members have fiduciary responsibilities to Northfield taxpayers so they need to tread carefully before committing public funds to this new position. He believes the proposal put forward by NCDN is gaining credibility but still needs some refinement. There needs to be more certainty that there would be a positive return on this investment. Board member Miller sees potential benefits of establishing the EDD position but favors putting the decision before Northfield voters. This could help get residents more directly involved and better informed regarding local economic development. He added that economic development isn't always a net positive.

Ms. Keating has concerns about how the ballot article could be worded given the complexity of the current proposal. Mr. Adams asked what was the current policy regarding putting an article on the Town Warning. Manager Schulz said if a non-profit organization has been on the Town Warning for three (3) straight years for the same amount request, they are automatically put on the ballot by request. Other requests need to go through the petition process unless the Select Board members decide to provide a waiver. Ms. Stevens said the proposal is to authorize the EDD position and fund it using public funds during FY 2020/2021. All other items such as salary, job description, etc. can be decided at a later time.

Board member Goslant has heard from many state economic experts that Northfield's geographic location is detrimental for a number of reasons. The Northfield Savings Bank moved its corporate headquarters to Berlin because the new location is more accessible for its employees. In addition, Bicycle Express, formerly on Depot Square, moved to Waterbury not because of lack of business but in order to be closer to a larger population center. Board member Goslant would prefer to invest in current local businesses rather than throw money at potential new businesses that might not materialize. He also favors letting the voters decide this matter. He noted despite the setback of Tropical Storm Irene, which provided a massive hit to the Grand List, there have been positive economic developments in Northfield the past few years with the expansion of Cabot Hosiery as well as the new businesses and restaurants located on or around Depot Square.

Board member Doney agrees with Board members Miller and Goslant on having Northfield voters decide this matter. As this is public money that would be expended, he felt there should be a public vote. After further discussion, this appeared to be the consensus of the Select Board members. There also was some discussion of how much it would cost to support this position beyond the salary paid, i.e. computer equipment, office supplies, telephone expense, etc. Manager Schulz said this were details that could be worked out at a later time. Board member Goodrich felt voters should know the total cost of this position before making a decision. Mr. Morse asked if there were any restrictions put on the use of the economic development funds when they were authorized by voters. Chair Maxwell said the wording of the funding article was kept broad with no restrictions. The policy governing use of the funds was drafted and approved by the Select Board members after authorization was provided.

Chair Maxwell suggested, given the remaining questions about the proposed EDD position, perhaps the prudent course would be to further refine the proposal and prepare it for voter approval at the March 2021 Town Meeting. After further discussion, the Select Board consensus was to request the NCDN members to petition to put this matter on the March 2020 Town Meeting Warning. Motion by Board member Doney, seconded by Board member Goodrich, to recommend that the Northfield Community Development Network draft a petition to put an article on the 2020 Town Meeting Warning that would establish an Economic Development Director position in Northfield. Ms. Stevens said if the NCDN members are required to draft circulate a petition, the wording of the article might not totally conform to the proposal presented to the Select Board members. Chair Maxwell believes the proposal discussed tonight is basically sound and believes if explained properly should receive voter approval on Town Meeting Day. **Motion passed 5-0-0.**

- b. **FY 2020/2021 Town Budget Recap.** Due to the lateness of the evening, further discussion of the proposed FY 2020/2021 Town Budget was postponed until the next scheduled budget meeting (01/09/19). Manager Schulz said the agenda would include the first presentation of the proposed budget for the Municipal Pool. Another agenda item will be Mayo Healthcare's request to have a partial property tax exemption article put directly on the 2020 Town Meeting Warning.

V. PUBLIC PARTICIPATION (Unscheduled). There was none.

VI. ADJOURNMENT. Motion by Board member Goodrich, seconded by Board member Doney, to adjourn. **Motion passed 5-0-0.**

The Board adjourned at 8:10 p.m.

Respectfully submitted,

Kenneth L. McCann

Kenneth L. McCann, Acting Clerk

An audio recording of this meeting is available in the Town Manager's Office.

These minutes were approved at the regular Select Board meeting of January 14, 2020