



City Council Members
Mayor Chuck Karparis
City Manager Bill Frasier
City of Montpelier
C/c City Hall, 39 Main Street
Montpelier, Vermont 05602

July 11, 2002

Re: Dissent to Recommendation of Montpelier Economic Development Advisory Committee

Dear City Council Members, Mayor Karparis and City Manager Frasier:

As members of the Montpelier Economic Development Advisory Committee (MEDAC) we wish to file a dissent to the recommendation by the MEDAC regarding the establishment of an Economic Development Corporation (EDC).

The creation of an EDC is a major policy issue for the City Council. Once created such agencies tend to move to their own drummer. The concept of a separate organization, while initially tied to City funding, creates its own issues relative to how City monies are being spent. During eight months there were many discussions that centered on developing lands outside of town, bringing in major warehousing, commercial and office parks and large housing developments. These issues are not identified in the MEDCA letter to you, but we must assume that they are still primary objectives of any EDC.

For a City with a population of less than 8,500 and a need to address on-going issues in our downtown, we do not believe it is the right time to create an EDC. We believe that it is not a wise expenditure of money or time to focus attention on development outside our downtown. We recognize that the MEDCA concluded that the proposed EDC should place an emphasis on existing business and redevelopment of under utilized properties, which we support, however, that is still not enough to make this a good idea.

We are not against new businesses or growth in Montpelier. The residents of Montpelier need both. The question is how we get there and what kind of growth is best for our residents. We simply believe that free enterprise can adequately address most of the needs outside the downtown business area. Government does not need to create another agency, create a new tax or spend dollars that could be spent in better ways.

We have four major reasons for our opposition:

- 1 We believe the downtown should be the primary focus of our City's funding and work resources. Not only do we have major issues with parking and traffic downtown, but those problems will only be exacerbated as new development begins to creep into the outlying areas of Montpelier. We need to address downtown problems first.
2. Unlike areas outside the downtown business district, there are fundamental reasons to justify government intrusion and oversight into the downtown area. Low income housing, empty second and third floor buildings, concern regarding fires and injuries in empty buildings, lack of adequate parking and increased traffic and safety problems are only some of the major policy reasons for City government to focus its attention on downtown. As a general proposition, we think it is fair to say that the City and its residents want to stimulate business in the downtown area and create a vibrant cultural and retail district downtown. We believe the opposite may be true for outlying areas. The public is undecided on how to use our open spaces. There are less important public reasons to spend money on developing empty fields and lots outside the downtown business area.
3. The proposal calls for a budget of \$75,000 to \$100,000 per year. This most likely will grow in a few years. The MEDCA proposal suggests that you support funding that probably will come from Montpelier residents. However the MEDCA wishes to characterize it, most of the funding mechanisms are either a direct tax or an indirect tax on Montpelier residents. For instance, a "business improvement district" is a new name for a special assessment district. That simply means that businesses and residents downtown would pay an added tax to pay for the EDC. To make matters worse the money may not go to helping downtown. That's unfair.
4. At a minimum it is unclear whether more development will help our tax rates. Act 60 has leveled the playing field and it appears to us that new development outside the downtown district will not create added revenues to the City or at best will be a wash.

In addition, the proposed make-up of the Board of Directors is limited, with one exception, to commercial property owners. The idea that only commercial property owners can effectively govern an organization on economic development ignores potential contributions of other citizens who might be stakeholders, and does not support basic principles of Board

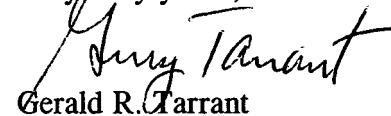
development where diversity of opinion and expertise is valued. It also creates a clear appearance of a conflict of interest, particularly in a structure where the Board has the authority to hire and fire full-time staff.

We would like to thank you for the opportunity to serve on the MEDCA. Any governmental committee requires diverse views. We believe new ideas that require city funding and may impact city policies and programs demand broad public discussion before they are implemented.

We would also like to thank the other members of the committee for listening to our views. Through Bill Ricker's oversight and other members' willingness to listen to us the committee recognized that emphasis should be focused on downtown and on underutilized properties in the City. We still believe these are the primary issues for policy makers in the near term. We believe that these issues can be addressed through City government without a new EDC. Accordingly, we have concluded that an EDC is not in the best interest of Montpelier or its residents.

We both intend to be present at the Council's next meeting to answer any questions you may have.

Very truly yours,



Gerald R. Tarrant



Thomas Greene

Cc Anita Bird, Chair
Montpelier Downtown Community Association, Inc

Mary Hooper, Executive Director
Montpelier Downtown Community Association, Inc.

Valerie Capels, Director
Planning and Community Development Department

William Ricker, Chair MEDAC
Fred Connor III
Timothy Heney
Alan Lendway
William Patno
Beth Wagner-Boutin