



# TOWN OF ST. JOHNSBURY

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## Meeting of the St. Johnsbury Select Board June 13, 2022 @ 6:00 pm

### Present-

Select Board: Brendan Hughes, Dennis Smith, Frank Empsall, Tracy Zschau, Steve Isham

Staff: Chad Whitehead, Rachel Waterhouse, Joe Kasprzak, Kresten Sterling (via zoom), Bradley Reed, Stacy Jewell, Paul Berlejung, Lesley Russ (via zoom)

Press: KATV

Public: Mary Berlejung, Willie Nickerson, Jim Impey, Kevin Fontesha, Travis Samuel, Don Smith (via zoom), Chase Empsall (via zoom), Jim Brown

### Agenda Amendments:

- None

### Public Comment:

Willie Nickerson provided the Select Board with an update regarding his situation with agricultural use in St. Johnsbury. He explained that he sent the notice from the DRB upholding the Zoning Violation to the Select Board. He mentioned he has reached out to them for clarification on language regarding agriculture and request for an extension. He said he has requested that the DRB hold a special meeting to allow him to ask some additional questions such as how he would come into compliance. Willie explained that no one else in the Town has been asked to cease all agriculture on their property including the Gibson property. He explained that his family continues to work to understand what the Town is asking them to do.

### Warrants:

- On a motion by Brendan and second by Dennis to approve the warrants as presented. All in favor.

### Minutes:

- On a motion by Dennis and second by Tracy to approve the minutes Special Select Board minutes from May 23<sup>rd</sup>, 2022 with the corrections of clarity and clarification. All in favor.

### Liquor License:

- None

### May Financials:

- Lesley Russ, Finance Officer presented the following May financials.
- The property taxes are prorated in the governmental funds as well as interdepartmental and reserve funds. The preliminary audit is currently underway.
- General fund at the end of May had a surplus of \$1,125,266. Departments within the general fund are on target except for the public safety building repairs and economic development due to the Armory Project.
- Delinquent tax receivables are \$219,702 vs. 282,877 at this time last year. Tax Sale has been scheduled for June 16<sup>th</sup>.
- Special Services fund at the end of May had a surplus of \$11,104. Regular salaries and overtime combined are at 93% of those budgeted line items and are on target at this time. Overtime in the special services fund will continue as the recently hired employee is still attending the police academy and another employee has resigned. Recruitment to fill this vacancy is underway.
- The Highway fund at the end of May had a surplus of 402,245. The highway fund is on target. Debt payments of \$130k will be paid in June.
- At the end of May the water fund had a temporary deficit of \$268,400. Revenue is under budget due to booking revenue to the prior year during our audit.
- The Sewer fund at the end of May had a deficit of \$579,991. Revenue is under budget due to booking in the revenue to the prior year during our audit.
- At the end of May the parking meter fund had a deficit of \$15,131. Expenses are on target however we will finish out the year with a deficit.
- Steve Isham asked what expense are associated with the Parking Fund. Lesley mentioned that the parking funds includes salaries, a transfer to the Town Clerk's Office, a transfer to the Police Department, a transfer to the Town Manager's Office, contracted services, printing and office supplies.
- Dennis asked if Lesley expected the surplus in the Highway Fund to decrease over the next month. Lesley said yes as a debt payment for \$130,000 is scheduled for June along with payments for the sidewalk work.

### Internal Controls Checklist:

- Stacy Jewell, Town Clerk explained that the State Auditor's Office requires that the Internal Controls Checklist be presented and signed by the Select Board prior to June 30<sup>th</sup>, 2022. Stacy explained the checklist is very generic compared to the Town's internal controls policy.
- Steve Isham asked what constituted financial training for the checklist. Stacy explained that in prior years Select Board members would take an accounting and auditing symposium through VLCT. However this is not on the current VLCT calendar but she is on the lookout and if something comes up will let the Select Board know.

### 202 Bay Street- Tax Stabilization Request:

- Joe Kasprzak, Assistant Town Manager reviewed the Town's tax stabilization program and application. The state statute allows the Town to enter into up to 10 years of tax stabilization on a property. Currently there are four active tax stabilization agreements in St. Johnsbury that have generated about 50 new jobs and 3 million on the grand list. Ron Stein, Jamie Murphy, Jim Impey, Ed Magnus and Joe sit on the tax stabilization committee that was appointed by the Select Board.

- Jim Impey explained that both these projects check all the boxes in the committee's opinion. Both projects will result in a win-win situation. The committee voted unanimously in favor of both projects.
- Tracy asked if there were any benchmarks through the agreement terms. Joe explained that every year they report back on progress.
- Joe Kasprzak, explained that 202 Bay Street was purchased by the Zion Corporation and is an important property in the downtown redevelopment plan. The property is currently valued at \$212,200 and the 21-22 taxes are being approximately \$3,400. The project is estimated at 3 million. The Town will provide about \$120,000 in property tax relief over the seven years but will also obtain the same amount in benefit from the revitalization.
- Travis Samuel from the Zion Corporation provided an overview of the plans for 202 Bay Street which has all been permitted through the DRB. Travis explained that the facility will focus on decorticating and separation of industrial hemp stalks. Once the hurd is separated from the stalk it can be used for over 1,000 items including building material and animal bedding. The raw product will be sold to wholesale buyers.
- Steve Isham asked where the farms that produce the hemp are located. Travis explained they are located down south currently.
- Joe asked is the Select Board would like to vote on the tax stabilization requests tonight or would like the Tax Stabilization Committee to prepare the agreement.
- Tracy asked what was done previously. Joe explained previously it was done in Select Board meetings.
- The Tax Stabilization Committee is recommending a 7 year tax stabilization contract with Travis Samuel the 202 Bay Street property with the following stipulation's
  - Zion Corporation will hire 5 employees the 1<sup>st</sup> year and 15 employees by year 3.
  - The "L" building will be stabilized and painted within the first 3 years.
  - The remaining buildings will be stabilized and painted within the first 5 years.
  - Property Taxes will be made current.
- Travis confirmed that those were reasonable stipulations.
- Steve Isham recommended that open positions be considered and not held against them as a good faith effort given the employment market. Steve Isham asked if they are unable to meet the required job levels due to people quitting if that would be ok. Joe said yes the Select Board has the controls over the agreement.
- Brendan asked if the 35-40 people would mostly be working in processing. Travis said yes. They are hoping to have 16 hours a day of processing consisting of two 8-hour shifts. However those positions will also include accounting, administrative positions and security.
- Dennis asked if these positions would be year-round or seasonal. Travis said year-round.
- Frank mentioned if they will come current on their taxes in order for this agreement to go into effect. Tracy asked if this was feasible. Travis said yes.
- Brendan expressed that he is excited for the project and the revitalization of Bay Street. This has been on the agenda for some time and think this is phenomenal.
- On a motion by Dennis and second by Tracy to approve and enter into a tax stabilization agreement with Travis Samuel of 202 Bay Street for the next seven years with the following stipulations exterior improvements including building stabilization and painting will take place within the first 3 years, will employ 5 people in the first year and 15 people by year three and will become current on taxes. All in favor. Brendan abstained.

- Steve Isham recused himself from the discussion and decision as he is related to the owner.
- Joe Kasprzak, Assistant Town Manager explained that 98 Mill Street was purchased by Kevin Fontesha from the town following the Town's taking possession during tax sale. Kevin has worked to redevelop the property and hopes to open this summer. This property had significant damage and was blighted and vacant. Currently the property is valued at \$218,000 with 21-22 taxes being approximately \$3,400 a year. With the investment in the property the property value is estimated to increase to over \$400,000. The Town will provide an \$18,000-\$20,000 municipal tax relief over the next seven years but the Town will also obtain the same amount in benefit from this revitalization.
- Kevin Fontesha explained that he will have put in about \$450,000 to bring the property to active restaurant status again. Kevin mentioned his initial concerns were stabilization of this historical building and removal of health safety concerns including homeless people. The restaurant will create approximately 20 full and part time job opportunities in St. Johnsbury.
- Joe asked if Kevin felt the conditions of 50% employment in the first five years was a reasonable threshold. Kevin said it would be obtainable if he is able to find help.
- The Tax Stabilization Committee is recommending a 7 year tax stabilization contract with Kevin Fontesha for the 98 Mill Street property with the stipulation that within the first five years Kevin will employ 10 FTEs.
- Frank commented on Kevin's work with Mooselook and cannot wait to see what he has done here. Thank you.
- Jim Brown commented that it is nice to see the building back and not demoed. Great project.
- Frank thanked Kevin Fontesha for jumping in head first and renovating the property otherwise he believes the property would still be sitting there had he not purchased it.
- Brendan asked when construction would be coming to a close. Kevin said he is hoping to open by the end of July.
- On a motion by Dennis and second by Tracy to approve and enter into tax stabilization agreement for seven years for 98 Mill Street with the condition of graduated employment. All in favor. Brendan and Steven abstained.

#### Squad 5 and Car 1 Up Fit:

- Chad Whitehead, Town Manager explained that the Fire Department is requesting the use of \$18,250 of unallocated general reserve funds for the up fit for Car 1 and Squad 5. A portion of the funds used for the up fit will be reimbursed by the insurance company for Car 1.
- Chief Reed explained that the up fit consists of \$7,200 for Squad 5 and \$11,050 for Car 1. The up fit includes but is not limited to lights, sirens, radios and decals. Chief Reed expects that \$4,000-\$5,000 will be reimbursed by the insurance company.
- Chief Reed explained that the Fire Department is requesting the authorization now as it will take some time to get the equipment.
- Chad explained that the installation will not take place until next budget season but want to give the vendors the go ahead to order the equipment.
- Dennis asked if the funds would come from the 2022/2023 budget. Chad said yes.
- On a motion by Dennis and second by Brendan to authorize and approve the use of \$18,250 of unallocated general reserve funds for the up fits for Car 1 and Squad 5. All in favor.

#### Fees and Fines:

- Chad Whitehead, Town Manager explained that the appeal period for the proposed fees and fines has expired. The Town is able to move forward with the following changes to the fees and fines scheduled.
  - Zoning Permit increase to \$55
  - DRB Fee increase to \$55
  - Major Subdivision increase to \$20 per lot
  - Excavation of roadway increase to \$10 per square foot
  - Parking Night Ban increase to \$25
  - Hydrant Fine increase to \$25
  - Handicap Fine increase to \$100
  - Violation increase to \$25
  - Semi Annual Permit increase to \$280
- On a motion by Brendan and second by Dennis to approve the Fees and Fines with the proposed changes. All in favor.

#### Tax Sale:

- Chad Whitehead, Town Manager explained that Tax Sale is schedule for June 16<sup>th</sup> at 10 am. The Town will need a representative from the Select Board to do the bidding for the Town.
- On a motion by Dennis and second by Tracy to appoint Steve Isham as the Town Representative for the 2022 Tax Sale. All in favor.

#### Town Managers' Report:

- Chad Whitehead, Town Manager provided the following Town Manager's Report.
- Community Clean Up Day took place on June 3<sup>rd</sup>. Thank you to all the employees and volunteers who came out and helped. All the hard work done by everyone is appreciated.
- ACCD Downtown Conference was inspirational. Kudos to St. Johnsbury and investing in the infrastructure of the Town. Thank you to everyone who helped coordinate this event. Other Towns are looking to St. Johnsbury. Kudos to the Select Board and all their work over the years.
- Sidewalk repair is scheduled to continue. Starting this week, they will be working on the sidewalk to the Railroad Street parking lot.
- ARPA Meeting is scheduled for June 21<sup>st</sup> with the consultant.
- Tax Sale is schedule for June 16<sup>th</sup> at 10 am.
- Tuesday June 14<sup>th</sup> starting at 4 pm food trucks will be at the Bay Street Pavilion
- The first final Friday is scheduled for June 24<sup>th</sup> at 4 pm.
- Exploring Select Board specific training with VLCT with regards to ST. Johnsbury specifics in terms of roles and responsibilities.
- The Town received bids for the Railroad Street and South Main Project and there was an increase in numbers. VTrans is recommending rejecting the bids. The Town is working on the next steps.
- Dennis asked if the new fire hydrants had been put in. Chad said the first order was received and he believes most have been put in but he will follow up with Steve Beauregard.
- Frank asked if the fire hydrant near the Railroad Street fire had been replaced yet. Chief Reed mentioned at least one hydrant in that area had been taken care of.
- Frank asked if the Pearl Street and Eastern Ave Project had been completed. Chad said no the contractor is still waiting on some bricks. The street light has some lead time but otherwise the project is pretty well wrapped up.

### Other Business:

- Steve Isham commented how recently his 45<sup>th</sup> reunion was held at St. Johnsbury Academy and his fellow classmates most of whom haven't been to St. Johnsbury in the last 5 years were amazed at the revitalization of the Town.
- Chad Whitehead mentioned that at the Pet Parade on June 4<sup>th</sup> Melody was named the dog of the year for her life saving measures at the fire on Shadow Drive.

### Executive Session:

- On a motion by Dennis and second by Brendan the board found that there was a need for an executive session where premature general knowledge would clearly place the public body at a substantial disadvantage.
- On a motion by Dennis and second by Brendan to enter executive session to discuss a contractual matter and invite the Town Manager and Assistant Town Manager to join them. All in favor.
- On a motion by Dennis and second by Brendan to exit executive session.
- The chair had nothing to report.

On a motion by Dennis and second by Brendan the board adjourned by unanimous decision.