

Berlin Economic Development Committee

Town of Berlin
Municipal Office Building
108 Shed Road
Berlin, VT 05602

Wednesday, October 09, 2019

5:00 pm

Unapproved Meeting Minutes

BEDC Members: Jeremy Hansen, Ture Nelson, Roberta Haskin, Shane Mispel. Present: Jamie Stewart (CVEDC), Brad Dousevicz on phone, Tom Badowski and Diane Isabelle

Call Meeting to Order:

Hansen called meeting to order at 5:03 pm

First order of business: elect Chair. Hansen moved to elect Nelson as chair, Haskin Seconded, Nelson abstained. Passed unanimously.

Discussion of Tax Stabilization Plan:

Nelson asked members to review the Berlin Tax Stabilization plan dated January 03, 2011. This appears to be the latest plan. Nelson reviewed requirements starting with term of 3 years or 5 years. Looking for project to be 25% of the greater of the tax assessed value of the property or the fair market value of the property at the time of application. Amount should be at least \$200,000.00 and comply with all zoning.

Discussion including Dousevicz:

Nelson began discussion with a review of Tax Stabilization Policy. Want to verify that the plan is consistent with Town Plan and the applicant is in good standing with State and Federal tax officials. Looking to see if project creates new jobs and is in compliance with public safety and other State and local codes. Is there the necessary finances to complete the project?

We as the council make a recommendation to the Select Board, the Select Board is the final decider of this project.

Nelson reviewed the tax stabilization application that was completed by Dousevicz. Dousevicz along with the application prepared a letter that addressed the questions in detail on the application form.

Nelson asked Hansen to report to the Select Board at a future meeting the results of the decision by the board. Nelson asked Isabelle to post a summary report of the meeting on the website at least two weeks before the meeting with the Select Board. The minutes will suffice.

Nelson asked Dousevicz to review the project stating the Board has copies of the maps. Badowski told Dousevicz the Board is looking at the maps given to the DRB. Dousevicz said they have the plans and intentions of developing a 98 unit senior housing on this parcel next to the Walmart entrance of the Berlin Mall. The lot on the side of the garden center of Walmart, lot is 2.2 acres.

Dousevicz said the makeup of the building will be a mix of independent living, assisted care and memory care. As of October 09, 2019 Dousevicz has the local permits with Town of Berlin, had Act 250 permit hearing on October 07, 2019 which went very well. As expected there were not any neighboring parties objecting to the project. Minor issues with Act 250 were discussed and feel were resolved.

Badowski said the project is four stories, roughly 90,000 square feet with underground parking. Stewart asked Dousevicz what the status of the project is now, what is the level of commitment by Dousevicz such as signed contracts and purchase of land, have you made the formal commitment that the land will be purchased by a certain date? Dousevicz answered they have started the process of the financing options, Stewart said CVEDC may have incentive programs that he would like to discuss with Dousevicz.

Nelson asked if Dousevicz will be signing up for sewer and water for this project. Dousevicz answered they do have water and sewer allocation in place.

Nelson asked if there would be a minimum age for the residents. Dousevicz said the minimum age will be 55.

Haskins asked if the Berlin Mall Road was owned by the Mall. Nelson said 50 feet of the road is owned by the Town and is considered a class 4 road. Hansen said the Mall is responsible for maintaining the road whatever class it happens to be.

Mispel asked Dousevicz if they are still working on bank financing, have they secured funding. Dousevicz answered they do not have a full commitment letter from a bank, do have equity prepared for the equity portion needed to submit which is the twenty percent. They are weighing options with banks at this point, don't think financing will be a problem. Hansen said in the future this Board can say it is contingent upon the issue and flag it to the Select Board.

Nelson asked Badowski if the project is consistent with the Town plan, which Badowski confirmed it was. Is Dousevicz current with State and Federal taxes? Dousevicz said they are. Nelson asked Isabelle if the taxes on the property are current, Isabelle acknowledged they are.

Nelson asked if the project will create new jobs. The letter from Dousevicz indicates the building is estimated to employ a minimum of 30 part time and full time staff.

Nelson asked Dousevicz if the project will have renewable energy such as solar. Dousevicz said it likely will, they have five other multi-family projects this size which have solar on the roofs, probably will have solar on this building, does not know of any changes from the State or what is allowed, will evaluate it more, feels it is highly likely they will have rooftop panels on this building.

Nelson asked if the Fire Department can handle the needs of the building and what is the impact on EMS? Badowski answered that the Fire Department, Police and Highway were part of the DRB process. The building will have sprinklers which was confirmed by Dousevicz. Because the building has assisted care, the building needs to be totally non combustibile. The building will be steel and concrete with sprinklers.

Badowski asked about having a dedicated van. Dousevicz answered they will have a van that will seat from 10 to 12 people. The van will be used for daily trips such as doctor's appointments and outings for the residents.

Stewart asked if they had done an assessment to see how many residents would be in the building. Dousevicz said they did a radius of 50 miles, feels a large portion will come from Berlin.

Hansen said he thinks the application is in order and meets all the criteria. **Hansen made a motion to approve that the application is in compliance with the policy and draft a report to that affect. This should be contingent upon their securing financing for the complete project. Mispel Seconded. Passed unanimously.**

Hansen calculated that the first year of taxes based on the 10 percent of Municipal tax would be approximately \$5,000.00 and increase each year until the sixth year which would be at 100%. Hansen calculated it would be a reduction of taxes approximately \$160,000.00 over the five year period of time.

Further Discussion without Dousevicz:

Stewart said he will be having a conversation with Dousevicz on Thursday. He stated he is not 100% comfortable with the financing. The need for equity is so high because of the gap between value and the cost of construction. This kind of project can be a 40% gap between value and construction costs. This is a very specialized building that does not equate to a lot of other uses. Since they do not have financing in place yet, he wonders how much equity they have to bring to the project. Badowski said they have five other buildings which means they probably already have a good relationship with a bank.

Mispel said they may have met their threshold with their bank as many banks in Vermont cannot fund a project of \$10,000,000.00. Stewart said he will discuss other options with them on Thursday.

Nelson asked Stewart if our labor market would be able to support this building. Stewart feels there is enough people to fill the jobs but they will have to pay a good wage to retain them. This is a big part of the conversation he will be having with Dousevicz on Thursday.

Nelson asked if the members wanted to schedule another meeting now or at a later date. It was decided to schedule another meeting at a later date.

Nelson asked for a motion to adjourn at 6:15. Seconded by Mispel. Passed unanimously.

For The Berlin Economic Development Committee:

Diane Isabelle



21 Carmichael Street, Suite #201, Essex Junction, Vermont 05452

Phone (802) 879-4477 • Fax (802) 879-4480

August 29, 2019

Town of Berlin
108 Shed Road
Berlin, VT 05602

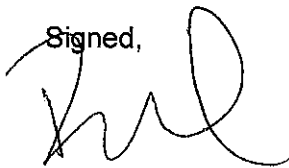
To Whom It May Concern-

I am writing this letter on behalf of Berlin Enhanced Senior Living LLC, DBA Spruce Place, with a request to enter a tax stabilization agreement with the Town of Berlin. Our written and signed application is attached to this letter. Please find the following responses to the application form:

- The amount invested will be well above the 25% of assessed or fair market value threshold, and will likely be 90%.
- The amount invested in the project will be well above \$200,000.
- The project will be compliant with all zoning, building, plumbing, electrical, life safety, codes or ordinances, ADA and all other federal, state or local statues, codes, ordinances and rules.
- We have access to capital to complete the project as presented by a combination of private equity of \$3MM+ and the remainder with bank financing.
- The project has been approved with the Town of Berlin and has been deemed consistent with the Berlin Town Plan and the Economic Development Plan.
- Berling Enhanced Senior Living LLC is in good standing with the Vermont Tax Department, the IRS, local municipalities and the town of Berlin with respect to taxes.
- The signed application is attached.
- Names of persons with a legal interest in the property: Brad Dousevicz 71 Pebble Beach Road Colchester VT 05446, Jim Dousevicz 35 Cherry St Burlington VT 05402, Luke Dousevicz 43 Roscoe Court Essex Junction VT 05452, Jed Dousevicz 1663 Greenbush Road Charlotte VT 05445
- The proposed site plan and elevations are attached.
- The proposed use is a 98 unit senior housing building consisting of 50 independent living units, 30 Assisted Living units, and 18 Memory Care units.
- Construction is estimated to be \$10MM, but we are in the process of finalizing costs now. A more detailed summary can be provided at the boards request, when the estimate is completed.
- The building is estimated to employ a minimum of 30 part and full time staff and will include; Executive Director, Marketing Director, Facilities Manager, Activities Manager, Food Services Manager, RN (s), LPN (s), food service workers, and caregivers.

www.Dousevicz.com

- We have met with the Central Vermont Regional Planning Commission as part of our Act 250 process at one of their monthly meetings, and it was deemed the project was compatible with the Central Vermont Regional Plan. We will ask for a letter stating as such.
- Given this is a new project for the area, the development will create 30+ jobs in the local workforce.
- The project will be located adjacent to the existing Berlin Mall, home of WalMart, and the shops of the Mall complex. The project is an integral piece to the creation of the Mall area of Berlin as a "Town Center" to Berlin by offering needed senior housing to the area. The creation of a new Town Center will improve aesthetics in the immediate area as well as preserving the existing mall by offering residential occupants and employees that will shop at the adjoining shops. We've also been informed that other developers are looking to develop in this immediate area now that the reality of Spruce Place is coming to fruition.

Signed,


Brad Dousevicz
Dousevicz Inc
Berlin Enhanced Senior Living DBA Spruce Place



TOWN OF BERLIN, VERMONT

Washington County

Selectboard:
Brad Towne, Chair
Jeremy Hansen, Vice Chair
Angelina Capron
Florence Smith
Justin Lawrence

Municipal Offices
108 Shed Road
Berlin, Vermont 05602
Telephone: 802-223-4405

Fax: 802-229-9530
Town Administrator
Dana Hadley

APPLICATION TAX STABILIZATION PROGRAM TOWN OF BERLIN

The purpose of the tax stabilization program is to encourage and provide incentive to businesses and developers considering locating, relocating, developing or expanding within the Town of Berlin.

The Selectboard may enter into a tax stabilization agreement with existing or new owners, lessees or developers of agricultural, multi-unit residential developments, industrial or commercial real property and may apply to new construction, renovations to existing property or additions to agricultural, multi-unit residential developments, industrial or commercial real property

Name of Property Owner: Berlin Enhanced Senior Living, POA Spruce Place

Name/Address of Business: 430 Berlin Mall Road, Berlin VT 05602

Contact Information: Brad Dousevitz 21 Carmichael St #201 Essex Jct VT

Application for: 802-879-4477 x103 dousevitz@gmail.com

 3 year tax stabilization agreement for project under \$1M based solely on the increase in assessed valuation due to the project: Year 1: 25%, Year 2: 50%, Year 3: 75%, Year 4: 100% and shall apply only to the municipal tax applicable to the property.

 X 5 year tax stabilization agreement for projects at or above \$1M bases solely on the increase in assessed valuation due to the project: Year 1: 10%, Year 2: 20%, Year 3: 40%, Year 4: 60%, Year 5: 80%, Year 6: 100% and shall apply to municipal tax applicable to the property.

Proposed agreements that do not meet the above criteria or which would result in a term of more than 5 years shall require approval by Berlin voters at a duly warned regular or special town meeting.

In order to qualify the proposed project must meet all of the following criteria. As part of the application, the applicant must verify in writing that:

- The amount invested in the proposed project shall be at least 25% of the greater of (i) the tax-assessed value of the property or (ii) the fair market value of the property at the time of the application
- The amount invested in the property shall be at least \$200,000
- The proposed project shall include all improvements and repairs necessary such that, upon completion of the project, the property is fully compliant with all zoning, building, plumbing, electrical, life safety statutes, codes or ordinances, the Americans with Disability Act (ADA) and all other federal, state or local statutes, codes, ordinances and rules, as applicable
- The applicant's current access to capital necessary to complete the project as presented
- The project is consistent with the Berlin town Plan and Economic Development Plan
- The applicant is in good standing with the Vermont Tax Department, the Internal Revenue Service, local municipalities and the town of Berlin with respect to all taxes

Documents and information required to be submitted with application:

- Written application, duly signed
- Full legal names and addresses of all persons and entities with a legal interest in the property
- Written summary of how the project meets the relevant criteria
- Current tax assessed value of the property
- Site plan showing existing property lines, buildings and improvements
- Scale drawing of all proposed construction detailing but not limited to the square footage and the proposed use of all space
- Written estimate of construction costs
- Employment data, current and projected
- Letter from the Central Vermont Economic Development Corporation relative to the economic impact of the project and from the Central Vermont Regional Planning Commission indicating whether the project is compatible with the Central Vermont Regional Plan
- Optional letters of support from other regional stakeholders

In addition the applicant must provide information to support whether the project:

- Creates new jobs or retains existing jobs
- Eliminates blight, improves aesthetics, or preserves historic or existing structures integral to the project
- Removes environmental hazards such as hazardous waste, noise, dust, odor, materials or other contaminations
- Impacts municipal, public safety, educational services or infrastructure in a significant way

Note: Upon submission of the application, the Town of Berlin may require the applicant provide additional information necessary to evaluate the proposal under the relevant criteria.

The undersigned as the duly authorized agent of the Property Owner acknowledge receipt of the Town of Berlin Tax Stabilization Program dated January 3, 2011 and approved by the voters of the Town of Berlin on March 1, 2011, and understands and agrees to comply with all of its stated provisions (see attached).

Signature:



Date:

8/20/19

Name (Print):

Brad Dousevitz