

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.