



**MAD RIVER VALLEY**  
PLANNING DISTRICT

**MAD RIVER VALLEY FLO**  
(For Local Opportunities)

**Proposal**

# **The FLO Fund—local money, staying local, and managed locally**

## **A Healthy and Sustainable Mad River Valley**

The Mad River Valley is a vibrant community of Vermont towns connected by its natural beauty and resources. It is a celebrated destination for recreation and home for people who love being outdoors. Its assets--diverse topography, rural landscape, engaged citizenry, active cultural life, and an entrepreneurial agricultural/business community—are strong.

Community interest in a healthy and vibrant Valley is strong and a lot has been learned from everyone who helped develop the recent Economic Vitality, Recreation, Transportation, and Housing plans for the MRV. We want to build on this momentum and turn the collective vision that emerged into a reality. Some of the MRV Vision highlights include:

- Be a welcoming community
- Assure a healthy and sustainable environment for the benefit of future generations.
- Promote and maintain a diverse economy that supports existing businesses and attracts new ones.
- Enhance the Valley's year-round recreational opportunities.
- Provide access to affordable and energy efficient housing
- Support the Valley's historic settlement pattern and cultural heritage.
- Invest in an effective and user-friendly transportation network.

## **The Mad River Valley Today**

The MRV has:

- An exceptional work force (trades, service, professional, agriculture)
- A great local food economy combining farms, producers, and restaurants
- Excellent local schools
- Committed community volunteers
- A network of local nonprofit organizations
- Top notch programs and events for youth and adults
- Extensive and high quality natural and recreational resources
- A vibrant and creative cultural life

But there are challenges facing the MRV and its residents including:

- Our aging population
  - The Valley's average age is higher than VT and VT is 2nd oldest population in the country.
- Shortage of affordable housing
- Insufficient affordable, quality, childcare
- Limited employment opportunities, yet not enough service-industry employees
- Local businesses struggling with seasonal visitation swings
- A shrinking school population
- Climate change impacts
- Inadequate public transportation

Efforts are continually under way to try to address these challenges in a piecemeal fashion. Our current system is helping the MRV make progress. However, current Valley-wide projects rely on one-shot grants, special appeals, private philanthropy, a limited pool of volunteers, and annual support from towns and businesses. The result:

- Inefficient use of human resources and equipment
- Difficult to plan for long-term community needs
- Challenging to keep momentum while gathering financial support
- Community programs and facilities are stymied when trying to meet increased demand
- Encourages competition rather than collaboration

## **A Long-range Valley-wide Approach**

The Mad River Valley Planning District serves the towns of Fayston, Waitsfield, and Warren. As a follow-up to recent studies, it set out to find a better way to support the great quality of life our residents, businesses, and children want and do it in a sustainable way that assures the Mad River Valley will remain an attractive place to live, work, and play well into the future. In February 2018 it appointed a group representing each of the towns, the Planning District, and the Mad River Valley Chamber of Commerce to suggest improvements to our current system.

After eight months of research and discussions, the group is proposing a cohesive, long-range, Valley-wide approach. It is recommending investments in four key components of the MRV—Community Projects, Recreation, Destination Marketing, and Economic Development—in order to assure our community plans are turned into action.

For a funding source, the group is recommending a 1% addition to current state taxes on rooms, meals, alcohol, and retail sales in Fayston, Waitsfield, and Warren. This local option tax would not be added to any other items or services.

This additional 1% will create a sustainable Mad River Valley **FLO** (For Local Opportunities) **Fund** that will be used to support projects and initiatives such as those that have been identified by the community over the last five years.

Our research estimates the FLO Fund would receive \$700,000 per year from this source. Approximately 12% would come from residents of the three towns, with the balance supplied by visitors and part-time residents. Since many of our everyday items are not subject to state tax, it would cost the average MRV resident about \$2 per month.

To date, 25 Vermont towns and cities have a local option tax in place. Their experience has been very helpful in drafting this proposal.

The FLO Fund—local money, staying local, and managed locally-- will ensure that the Mad River Valley has the continued resources to thrive... far into the future.

## FLO's Primary Objectives

The FLO Objectives are:

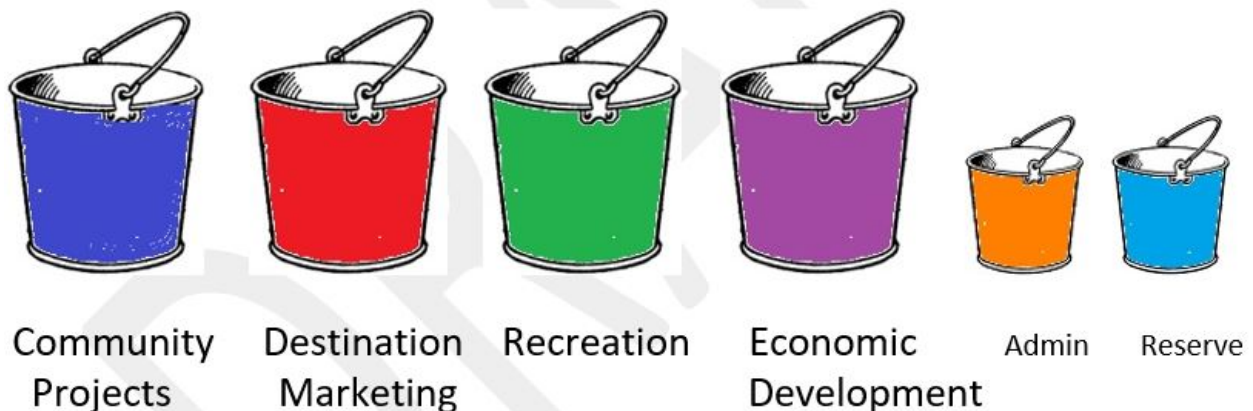
- Reinvest in the MRV so it remains attractive for future generations who will continue to enrich the community and sustain its quality of life.
- Provide a more seasonably balanced customer base for our businesses.

## What FLO Does

- Provide a reliable source of funds to sustain the future of the Valley's resources, support economic vitality, and enrich the quality of life for all its residents and visitors.
- Establish a transparent and accountable group representing the broad interests of Valley residents, towns, and businesses to oversee the distribution of these funds and report on the resulting tangible and measurable results.

## What will the FLO be used for?

The FLO will fund the four investment categories below, along with smaller amounts for a reserve fund and administrative functions. Grants will be awarded by the FLO commissioners and they will consider annual as well as multiyear requests. At the end of each year, any undistributed funds from any of the categories will be rolled into the reserve. The use of the reserve is dictated by the FLO By-Laws.



For projects with a defined ongoing objective such as employing staff and funding programs intended to be multi-year in scope, those projects will be allocated a minimum amount annually as dictated by the Bylaws.

The MRV FLO Commissioners are charged with making allocations to each category based on how well grant requests meet the criteria and their potential return for the MRV. The intent is to allow the Commissioners to fund one year and multiyear projects.

### Community Projects

*Supports the MRV Vision by advancing efforts towards affordable housing, increased transportation options, sustainability, and historic preservation.*

1. Support on-going efforts and new initiatives to develop affordable work force housing in the MRV.

- Why: Recent community forums repeatedly identified affordable housing as the number one priority for the MRV. With few affordable options available locally, our workforce is living further and further away from their jobs. Local businesses are finding it hard to fill positions.
- How: Focus on necessary infrastructure: engineering, zoning assistance, and permitting to make it attractive for developers to invest in affordable housing units. Affordable housing proposals shall receive the highest priority from the FLO Commission.
- Goal: Lower the median age of the MRV population and increase the MRV elementary school enrollment within the first five years of the FLO Fund's existence.

2. Improve public transportation options throughout the Valley

- Why: A need to extend the Mad Bus service is clearly identified in the latest MRV transportation plan. Improved user-friendly routes will help elders, students, other local residents and visitors move around the Valley.
- How: Work closely with Green Mountain Transit to identify gaps in current service and prioritize new options. This program shall have a minimum annual allocation of \$40,000.
- Goal: Produce a 15% increase in public transportation ridership by 2022.

3. Support a variety of other community projects

- Why: There are ongoing needs in our community to help keep the MRV healthy and safe for everyone. Examples could include, but are not limited to:
  - community facilities
  - environmental protection
  - storm water
  - flood resilience
  - public safety systems
  - emergency communications
  - signage
  - septic and water systems
- How: Proposals requesting funds for specific projects will be submitted to FLO by the towns and other MRV organizations.
- Goal: The FLO commissioners will propose guidelines and funding criteria for public comment within three months of its first meeting.

### Destination Marketing

*Supports the MRV Vision in its entirety as our economy is heavily dependent on tourist visits. Not only does tourism money directly impact the businesses of the MRV, but that money is then recirculated into efforts to sustain natural resources, enhance year-round recreation, and maintain our historic buildings and vibrant villages*

1. Increase MRV tourist visits in the off-seasons and mid-week.

- Why: Develop a more stable and predictable year-round business climate. By making more efficient use of our existing capacity, we can boost our economy and minimize environmental impact.
- How: Identify and bring to the Valley meetings, conferences, tournaments, and niche events to help fill current facilities during these slower periods. Destination Marketing shall have a minimum annual allocation of \$75,000 per year to allow for funding ongoing promotional activities.
- Goal: Increase mid-week and non-peak weekend occupancy, leading to a rise in annual occupancy from 32% to 37% by 2023. That increase is estimated to be about \$8.5 million in additional annual visitor dollars into the MRV economy. Add 4 major events to the MRV by 2022.

2. Expand destination marketing efforts targeted to families and outdoor enthusiasts.

- Why: These are people who are most likely to enjoy what the MRV offers visitors, to become repeat life-long visitors, to share their appreciation of the MRV with others over time, and to develop a lasting connection to the MRV community.
- How: Use demographic and behavioral targeted marketing channels, and creative design and messaging targeted at families traveling together, and outdoor recreation enthusiasts. Deliver a welcoming and quality guest experience to all visitors.
- Goal: Institute the Net Promoter scoring system for businesses across the MRV and track improvements over the first three years.

### Recreation

*Supports the MRV Vision by enhancing year-round recreational opportunities for residents and visitors alike.*

1. Enhance our recreation-based economy by funding groups to maintain and develop new trails and facilities, continue improving trail signage, organize events, and foster collaboration.

- Why: Recreation has been recognized as a key driver of economic development as well as a strong contributor to the well-being of communities through physical and emotional health, reduced crime, and increased social connections. The MRV Recreation District and local volunteer organizations are ready to launch projects such as mountain bike trails, a walking path through Irasville, and equipment for a new girls' softball program that would elevate recreation in the Valley. However, current funding for the MRVRD's grants falls 30% short of demand annually, slowing these efforts.

If the MRV wishes to continue to enjoy the economic and community benefits that come from being a premier destination for four season recreation, it cannot rest with the status quo. Towns such as Waterbury and Stowe spend more per capita (\$111 and \$164, respectively, to the MRV's \$11 per capita investment) on recreation and are attracting businesses, young families and visitors as a result.

- How: Replace the current annual town assessments to the MRVRD with a minimum allocation of the same \$45,000 from the FLO Fund as well as provide access to additional FLO grants. The result will be an increase in public money available for facilities, programs and events vital to the MRV recreation while reducing town budgets.
- Goal: Complete the MRV Recreational Needs and Assessment by the end of 2020 (detailed in the 2018 MRVRD Strategic Plan).

2. Fund a staff position to assist the MRVRD board in implementing its 2018 Plan and support the thousands of volunteer hours donated annually to enhance recreation in the Mad River Valley.

- Why: After extensive public input, the MRVRD identified specific priorities in its 2018 Plan including trail work, maintaining Mad River Park, continuing the grant program, and supporting community rec events. A paid staff coordinator will ensure that the work gets done.
- How: Hire a coordinator. This position shall have a minimum annual allocation of \$45,000 to provide for an ongoing commitment,
- Goal: Have a coordinator hired by January 1, 2020.

### Economic Development

*This supports the MRV Vision by maintaining and promoting a diverse economy that supports existing businesses and attracts new ones.*

1. Support existing businesses in their efforts to expand job opportunities and variety.

- Why: As existing businesses grow, they will provide more year-round employment opportunities and services for current and new residents.
- How: Present mentoring workshops to help businesses develop and strengthen existing business plans. Grants will be used to bring experts in all aspects of business to the Valley to provide workshops, seminars, and coaching services.
- Goal: Have at least 20 people request business training per year, for initial five years of the FLO Fund.

2. Position the MRV as an attractive location for new businesses, existing businesses, or telecommuters to move to.

- Why: Provide more year-round employment opportunities and services for current and new residents.
- How: Create a MRV “marketing package” that commercial realtors, the state of Vermont, and other partners can use when pitching locations to new businesses or businesses considering a move. Develop a MRV “business welcome concierge program” to meet with potential incoming business investors and help them navigate the process, highlight MRV assets, identify the types of businesses that would do well in the MRV, and demonstrate a welcoming and business-friendly community.
- Goal: Increase the number of businesses in the MRV by two per year, over the initial five years of the FLO.

### Reserve Fund

*Having a funding source that can be nimble will allow organizations to take advantage of unexpected opportunities such as the purchase of the recreation field.*

- Why: The purpose of building up a Reserve Fund is to create a source for additional funding, when appropriate, to any one (or more) of the designated investment areas.
- How: Reserve Fund decisions will be made by a two-thirds majority of all FLO commissioners, including at least one Commissioner from each town. This recommendation will be forwarded to the Mad River Valley Planning District Steering Committee for consideration at its next scheduled meeting where approval would require a majority of all committee members.  
The Reserve Fund shall have a minimum annual allocation of 4%. Also, any unallocated funding in any year shall be placed in the Reserve Fund.
- Goal: Provide a mechanism to allow for funding priority opportunities that exceed the pre-determined allocation available in any one year – a rainy day fund.

### Administration

*The FLO Commission is responsible for specific tasks that require oversight such as audits and other professional services.*

- Why: The FLO Commission is responsible for managing the FLO fund and reporting back to the citizens of the MRV Valley where money was granted and the success of those grants.
- How: Pay for a part time administrator to record minutes, maintain requirements of open meeting law, gather information for the FLO Commission, track grants, record incoming and outgoing funds and provide financial reports. The FLO Fund will also require an independent audit which this investment area will pay for.  
Administration shall have a budget determined annually by the Commissioners
- Goal: Provide efficient and accurate information to the FLO Commission as well to the public. Provide transparency in accounting for funds collected and distributed to grantees.

### **About the Mad River Valley Planning District**

The Mad River Valley Planning District (MRVPD) is a municipal corporation created in 1983 to provide the towns of Fayston, Waitsfield, and Warren with planning for the future of the Mad River Valley to improve the physical, social, economic, fiscal, environmental, cultural, and aesthetic well-being of the member towns and its inhabitants.

The MRVPD is governed by a Steering Committee which is comprised of a select person and a planning commission member from each of the three-member towns. In addition, the District includes a member of the business community represented by the Mad River Valley Chamber of Commerce and a non-voting member from Sugarbush Resort. The MRVPD is funded by each of the towns and Sugarbush and it has two professional staff members--an Executive Director and a Community Planner.

The MRVPD is a logical choice to advance community development and be the overseer of the MRV FLO. The MRVPD's history with housing, transportation, recreation and land planning provide it with in-depth knowledge of our area and it can provide guidance to the organizations needed to carry on this work as well as to the MRV FLO commission.



## **Establishing the FLO Fund**

Vermont rules require that the MRVPD adopt a charter before it can receive and distribute the new local option tax revenue. Voters in all three towns will be asked to approve the MRVPD charter and authorize a regional 1% Local Option Tax on retail sales, alcoholic beverages, rooms and meals. Residents across the three towns will vote on the same day by Australian ballot. A summary of the charter will be on the ballot and the full charter will be available in advance and in every voting booth.

Following a positive vote in Warren, Waitsfield, and Fayston, the MRVPD will create a new subcommittee to manage the FLO Fund. This FLO Commission will have 7 Commissioners—one appointed by each Selectboard, one elected by each town's voters, and a Chair appointed by the MRVPD. FLO Commissioners will serve three-year terms.

Businesses which currently collect retail sales, meals, room, and alcohol tax would collect an extra 1% tax and report and pay this to the state along with their normal reporting of such tax. The State will deposit 70% of the 1% it collects into the FLO Fund account.

## **How the FLO Commission Will Work**

The new FLO Commissioners will work within the context of the by-laws to assure the funds are used in a way that will support and sustain the people, the natural resources, the historic character, and the economic vitality of the Mad River Valley. This Commission will oversee all of the 1% local option tax receipts, develop and promote a grant program, operate transparently as a subcommittee of the MRVPD, and share data related to the impact of its funding.

Examples of some possible measures for impact include:

- Trail counts
- Participation in programs (Youth baseball, soccer, lacrosse etc.)
- Trends in MRV elementary school enrollment
- # of events held in the MRV with attendance by event
- Mid-week and non-peak weekend occupancy figures
- Tax revenues by sector

Grant recipients will be required to disclose this data to the FLO Commission according to the terms of their grant.

The FLO Commissioners will accept grant applications from each FLO Fund investment area (Community Projects, Recreation, Destination Marketing and Economic Development) and award funding based on the criteria established by the Commissioners. The grants are public record; all meetings of the commissioners and their decisions will be open to the public.

Possible criteria for grants:

- How does the proposed project/investment improve the physical safety and/or quality of life for all MRV residents and visitors?
- Does the proposed project or event have broad-based support—private, public, and community?
- Does the organization have other funding sources (including self-generated or organizational funds)?
- What measures are in place to track the impact of this event or investment?

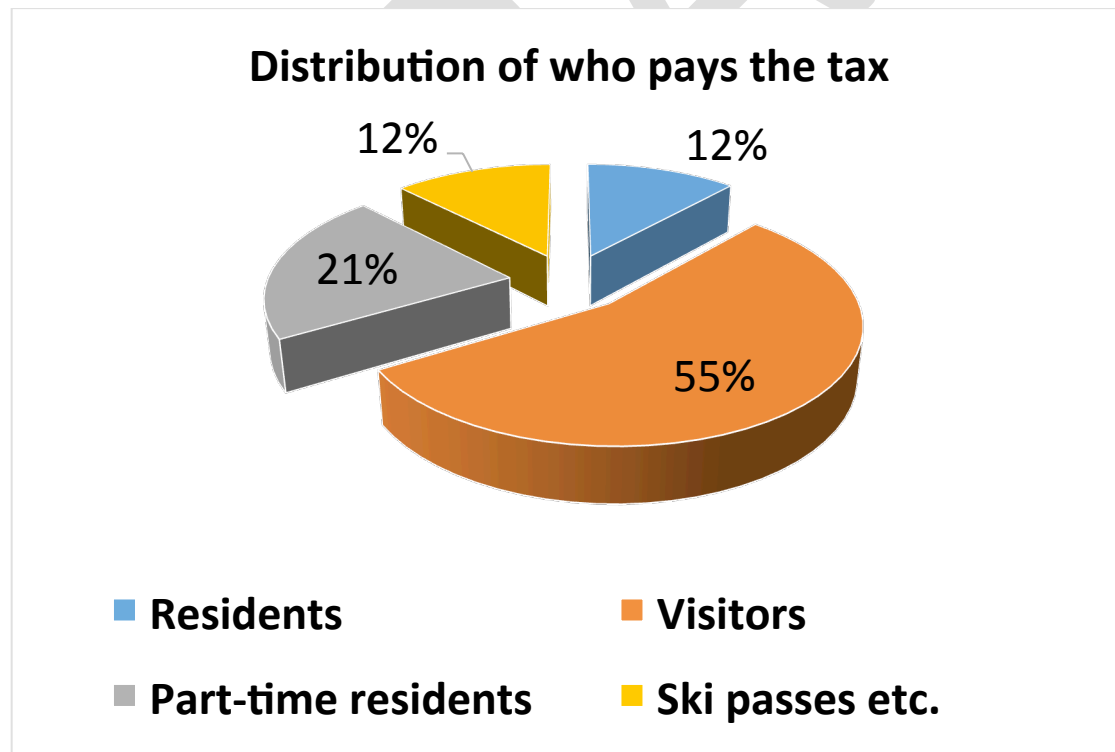
The FLO Commissioners will prepare audited annual financial statements along with annual metrics for grants awarded in the current year and for the prior 5 years. These reports will go to each select board and will also be available to the public.

### **Tax impact**

Based on 2017 data, the proposed 1% local options tax (LOT) would generate about \$1 million per year, of which \$700,000 gets deposited into the FLO Fund and \$300,000 is retained by the State.

An important consideration is who would be paying the taxes.

*Our analysis shows that approximately 12% would be contributed by residents of the three towns, amounting to an average of \$2 per person per month. The balance will be supplied by visitors and part-time residents.*



Note: Necessities like groceries, services, rent, residential fuel, etc. are not taxed in Vermont and will not be subject to this option tax. Also, current gas taxes for vehicles and the vehicles themselves are not subject to the LOT. Thus, the LOT impact, like the sales taxes themselves, is progressive, being primarily on discretionary purchases.

Details of our analysis are available.

### **Asking for your support**

The committee's goal was to improve on the status quo and find a better way to support the great quality of life our residents, businesses, and children want and do it in a sustainable way that assures the Mad River Valley will remain an attractive place to live, work, and play well into the future. We feel that the FLO Fund—local money, staying local, and managed locally-- will open up new opportunities to jumpstart the projects already identified and encourage innovative ideas that will make us an even stronger community.

We believe the FLO fund will spur cooperation and reduce many of the inefficiencies—resulting in these projects getting off the drawing board and into action. It will be flexible, responsive, and transparent.

Our months of research identified many of the pros and cons where this approach has been adopted in other Vermont towns. As a result, we thought long and hard about the best way for it to work in the Valley. Transparency and representation are front and center in the FLO Commission. We've provided a general guide for how the FLO Fund will be used, without tying the hands of the Commissioners who may be making decisions a decade from now. And, we've built in ways to learn how the FLO funds are working, so its dollars can be used more and more effectively over time.

No one wants to add to their taxes. But this is the Valley's chance to get a great yield on a relatively small personal investment. Please support this effort by saying "Yes, I am willing to take this step for the future of the Mad River Valley. I will vote YES!"

## **GO with the FLO**

### **For more information**

*For more information on the proposed FLO Fund, please visit [mrvpd.org/FLO](http://mrvpd.org/FLO). You can have your own questions answered, or offer comments, by writing [flofeedback@mrvpd.org](mailto:flofeedback@mrvpd.org) or by leaving a message at 802-496-6782.*