

**THESE MINUTES ARE SUBJECT TO APPROVAL BY THE BOARD OF FINANCE**

The Board of Finance held a regular on Monday, July 10, 2017 in the Council Chambers at the Municipal Center, 3 Primrose Street, Newtown, CT. Chairman John Godin called the meeting to order at 7:30pm.

**Present:** James Gaston, John Godin, Kelley Johnson, Mark Boland, Sandy Roussas, Aaron Carlson

**Also Present:** Finance Director Robert Tait, First Selectman Pat Llodra, Bob Rau, Cramer Owen and Wes Thompson of the Economic Development Commission, Deputy Director of Economic and Community Development Christal Preszler, and 3 members of the public

**VOTER COMMENT** – None

**COMMUNICATIONS** – Communication was received from Michelle Embree Ku regarding the CIP process and another from Bruce Walczak regarding the Covered Bridge Tax Incentive (Attachment A).

**MINUTES** – Mr. Gaston moved to approve the minutes of the 6/12/17 meeting. Ms. Johnson seconded, motion unanimously approved.

**FIRST SELECTMAN REPORT** – First Selectman Llodra reported that she met with Legislators today in their monthly meeting regarding the budget. There is no light at the end of tunnel. They are looking at the union vote that will be counted on the 19<sup>th</sup>. It is anticipated that the savings from the agreement is \$700 million but it is less because some is in anticipation of pay increases.

**FINANCE DIRECTORS REPORT** – Mr. Tait presented a 10 year budget forecast with “what if” scenarios (Attachment B). Intergovernmental revenues was reduced by 50% each year to see what that looks like. It applies to the Town’s state aid, not the Board of Education.

**UNFINISHED BUSINESS**

*CIP Policy* – Mr. Gaston reviewed the suggested changes to the policy (Attachment C).

*Debt Policy* – No Discussed

**NEW BUSINESS**

*EDC presentation of the Covered Bridge incentive* – Christal Preszler, Wes Thompson, Cramer Owen and Bob Rau of the Economic Development Commission presented the Covered Bridge Development business Incentive Recommendation (Attachment D). The EDC and the Board of Selectman believe that the proposed apartments at exit 9 are part of the economic development for Newtown. Tony Lucera is the equity partner in the project.

Mr. Owen said that the incentive that was recommended is reasonable given the size of the project. Christal Preszler clarified that it is not money given to the developer; it is a reduction to the taxes.

The purpose of a tax abatement is to encourage them to come to Newtown as well as incentivize them to build what is ideal. They have agreed to use the incentives for the renters. It has to do with getting rapid occupancy of the apartments. We want them to build it faster and fill it faster and that is why they are getting incentives.

First Selectman Llodra articulated that we are losing the race, we are not competing successfully with Bethel, Monroe or Southbury. We know we need to grow our population. She questioned if this is the stimulus to get the pot growing.

Mr. Cramer explained that they have guidelines. The developer requested an incentive and they defined it and did a step down for rapid completion. They are offering incentive to renters to get them in quicker. If the developer builds in 2 years, it will be a better tax incentive.

EDC will come back to the BOF with more information regarding this incentive.

Mr. Gaston moved to table discussion regarding the Covered Bridge Incentive. Ms Johnson seconded, motion unanimously approved.

*2018-19 through 2022-22 CIP Calendar* – Mr. Tait presented a suggested calendar (Attachment E).

**Voter Comments** – None

**Announcements** – None

Having no further business, the meeting was adjourned at 9:42pm

Respectfully Submitted,  
Arlene Miles, Clerk

# Attachment A

Michelle Embree Ku  
28 Platts Hill Rd.  
Newtown, CT 06470

May 1, 2017

Newtown Board of Selectman  
3 Primrose St.  
Newtown, CT 06470

Dear Mrs. Llodra, Mr. Rodgers and Mr. Rosenthal,

We are all thankful that the referendum items passed last week's test. As you know, because of the uncertainty of the state budget, Newtown is still left open to circumstances which could require Special Appropriations to be made. In looking at these scenarios, I am left wondering if, by sending lower cost Capital Improvement Projects (CIP) to referendum, the Legislative Council's authority has been unintentionally limited more than required by the Charter. Specifically:

Why are any CIP items that are under \$1.5M going to referendum?  
And why is the Legislative Council limiting itself to \$3M in appropriations for CIP items?

If my understanding of the Town Charter is correct, CIP items up to \$1.5M should be approved or rejected by the Legislative Council, regardless of the cumulative amount of the items.

Specifically, the language of the Charter indicates the following:

Special Appropriations are separate from CIP items:

6-35 (a) A "Special Appropriation" is any appropriation of additional funds made during a fiscal year that is supplemental to an adopted **Town Budget** or capital project. An "Emergency Appropriation" is an appropriation required for an unforeseen or extraordinary event or threat to public health, safety, or welfare. The Board of Finance shall make a recommendation regarding a proposed **Special Appropriation**, but such a recommendation is not required for an **Emergency Appropriation**.

Section 6-20(e), "Preparation of the Proposed Town Budget by the Legislative Council," refers to individual CIP projects:

6-20 (e) If the Legislative Council approves a project in the Capital Improvement Plan for appropriation and funding for an amount that exceeds the Legislative Council's authority, as established in Subsection 6-35(e), the Legislative Council shall use its best

efforts to have the appropriation for the project added to the ballot for the **Annual Town Budget Referendum**.

Section 6-35(e), which is referenced in 6-20(e), limits the appropriation for any one purpose. The section goes on to describe a cumulative amount for a fiscal year, but this cumulative amount appears to be specific to Special and Emergency Appropriations, and does not include CIP items:

6-35 (e) The Legislative Council shall have the power to make **Special and Emergency Appropriations**, in an amount not in excess of \$1,500,000 for any one purpose during a fiscal year. Said amount shall be cumulative during the fiscal year as to all appropriations related to said purpose. The total of **Special and Emergency Appropriations** made by the Legislative Council for all purposes during a fiscal year shall not exceed an amount equal to one mil on the most recently completed Grand List.

Contrary to 6-35(e), by including CIP items as part of the Legislative Council's cumulative annual limit of one mil for appropriations, the Legislative Council's ability to make Special Appropriations or Emergency Appropriations is essentially hobbled. The annual CIP spending alone is consistently much more than one mil. Under the current practice, the Legislative Council will be left having to choose between using its authority to appropriate money for CIP items or maintaining its ability to deal with financial challenges such as the one we see from the State this year.

I hope that you will review our process for sending items to referendum to determine if it is consistent with the intent of the Charter.

Thank you for your consideration,



Michelle

Michelle Embree Ku  
28 Platts Hill Rd.  
Newtown, CT 06470

May 11, 2017

Newtown Board of Selectman  
3 Primrose St.  
Newtown, CT 06470

Dear Mrs. Llodra, Mr. Rodgers and Mr. Rosenthal,

Thank you for the opportunity to add to the conversation about the enactment of the Charter.

My understanding is that there is not yet a regulation, as outlined in Section 5-10(b) of the Charter, to direct the Capital Improvement Plan (CIP) process. I hope that the recent CIP process - because it occurred without the benefit of the Board of Finance having discussions and making a recommendation to the Legislative Council for a regulation - can be put aside and that the process can be examined anew, without the pressure of an imminent referendum.

I understand that CIP items are appropriations and subject to statute and Charter. I don't think that precludes CIP items from having a different process from Special Appropriations, Emergency Appropriations or Budget Appropriations, though. As I read it, the Charter defines CIP appropriations as being different from other appropriations and provides a different process.

In addition to the questions I outlined in a letter dated May 1, 2017, I ask the following:

1. What is the legal definition of "appropriation"?
2. Can a Charter legally provide for different processes depending on the type of appropriation?
3. If so, does our Charter provide for different processes dependent on the type of appropriation? Specifically, why does Section 6-35(a) define Special Appropriations, Town Budget and Emergency Appropriations as being distinct from CIP items? Why does 6-20(e) refer to singular CIP projects (and not make mention of cumulative CIP items)? And why doesn't 6-35(e) mention CIP projects as being included in the cumulative one mil limit to the Legislative Council's authority? (for more detailed explanation, please see my letter dated May 1, 2017)
4. Does Section 6-20(e) direct the Legislative Council to appropriate up to its authority (one mil), as established in subsection 6-35(e), **BEFORE** placing items on a referendum? That is, if the Legislative Council has not yet reached its one mil authority, can it place items on the referendum to "reserve" its authority?

5. Section 6-20(e) of the Charter indicates that if a project in the Capital Improvement Plan calls for an appropriation for an amount that exceeds the Legislative Council's authority, the project shall be added to the ballot for the Annual Town Budget Referendum.

AND Section 25-3(c) "When an appropriation of the proposed Town Budget is approved by referendum vote, the action is final and not subject to additional referenda. Similarly if one or both appropriations of the budget fail, Subsection 6-25(b) shall be repeated until both appropriations are approved by referendum vote."

Does Section 25-3(c) allow for CIP appropriations, which fail in a first pass budget referendum, to be revised/included in any subsequent budget referenda?

6. This seems self-evident, but wanting to make no assumptions and to clarify, given that the Legislative Council appropriates money for CIP projects that are over \$1.5M before sending them to referendum, do those that are passed by referendum count toward the cumulative limit of one mil? That is, is an appropriation by the Legislative Council an appropriation, regardless of whether it goes to referendum?
7. If a small project comes up, such as cemetery cleanup for \$1,380 or \$15,765 from Sandy Hook Donations, in the middle of the year and the LC had already reached its appropriating authority limit, would these relatively small items be sent to referendum?
8. Of note: the language about appropriations for property acquisition is similar to the language about the CIP appropriations process in that it references 6-35(e) for a per project limit without any mention of a cumulative limit:

8-05(e) "As provided in Subsection 6-35(e), if the real property proposed to be acquired requires an appropriation of \$1,500,000 or more, said Acquisition shall require approval of a referendum."

It is unfortunate that a more clear process for the approval of capital improvement projects was not defined earlier. The predicament of having to postpone CIP items to the end of the year in order for the Legislative Council to "reserve" appropriating authority for unforeseen events seems cumbersome, yet if this year's process is followed, it will be an annual occurrence, because the CIP generally represents a value equivalent to almost four mils, and it would be imprudent to use the one mil cumulative appropriating authority before the year plays out. Putting aside this year's process, I think that there is good reason, based on the Charter, to exclude CIP items that are under \$1.5M from the Legislative Council's cumulative appropriating authority, and I hope that this will be open to discussion.

Thank you for your consideration,



Michelle (representing my own opinion only)

To the Board of Finance

Re: Tax Abatements

I would like to commend the board for its recent comprehensive review of the Senior Tax abatement program. Your diligence in understanding the issues, exploring alternatives and understanding the impact on seniors and all Newtown taxpayers is very much a credit to your dedication to the BOF and community needs.

Next week you will be asked again to consider tax abatement/incentives, this time for residential communities. I encourage you apply the same rigorous approach to this request. My research and reading the minutes of both the BOS and EDC suggest that a rushed recommendation and decision to approve the incentive has left behind much needed due diligence. Your comprehensive approach to reviewing the senior abatement is now needed to review this request for tax incentives. This will be a precedent setting decision. The issue is significant enough that voters deserve the time to also digest the issue and making a recommendation during the summer vacation months may not provide that.

Many questions either have not been asked or have been addresses with unconvincing statement and little data.

The underlying concept of incentives is to reduce developers operating expenses and thus increase their profits. The belief is that this can encourage development which might not be possible otherwise. This should be the key criteria for considering incentives. Incentives should not be an unearned award. When this is true and the development is strategic to Newtown's Long range plans tax incentive may make good business sense. Next, since the incentives reduce future tax revenue and you must decide whether the costs associated with the development to the town taxpayers out weight the benefits.

Incentives for residential units is not an easy sell to the taxpayers. Most own homes and do not get a similar benefit. Developers of residential developments have not received incentives. It appears that this incentive is based on the Incentive Housing Zone. This argument bear examination as only 20% of the home are for moderate income, yet all the request for the incentive is based on 100% of the development. In addition according to the Land Use Director the

sewer authority ( see EDC minutes Feb 21<sup>st</sup>, 2017) has already given the developer a significant benefit by setting their assessment to connect at ½ the normal rate. It is also hard to see the economic argument that incentive would reduce the rental charges for only the moderate income apartments rather than the reduction of operating costs over the entire development and thus possibly the reduction of rentals across the board. It is also unlikely that the developer would have any reason to change rents less than what the market would bear over the incentive period being proposed.

Some communities, although not many, have offered incentives to residential development, but these have been within a strategy of urban development such as downtown Danbury and the new four corners in Brookfield. Is it Newtown financial strategy to subsidize residential rental units? Is this incentive request really about encouraging development of residential apartment properties in Newtown? And do they in fact need incentives to do that? Rentals are a highly profitable segment of the commercial real estate segment. Zoning can do much to encourage apartment and moderate housing than simply focusing on new development. I hope this will be well researched.

The case is being made that in all cases the incentives still result in higher taxes being paid than before development. This argument does not appear to take into account general community support costs and certainly not education costs. The land use director has argued that these units would not increase the education expenses at all as he believe we have excess capacity. The concept that the last units of production have little or no production costs and do not have to absorb fixed operating costs is not accepted economic theory for long term development. The EDC accepted the developers provided estimate that only 26 children would reside in the entire development. The accuracy of that number is critical to the financial analysis of the benefits of the incentive to the taxpayers of Newtown.

Finally one wonders why there are not more formal parameters as to how tax incentive proposals are made by the EDC, and how the Three Boards evaluate these request. Significant money is involved, millions, with little structure or guidance around the basis for a decision. .

Well wished for your deliberation.

Bruce Walczak



12 Glover Ave, Newtown CT.

Attachment 1D

FOR DISCUSSION PURPOSES ONLY

TOWN OF NEWTOWN												
TEN YEAR (WHAT IF?) BUDGET FORECAST												
	CURRENT YEAR		FORECAST (WHAT IF?)									
	2017 - 2018		2018 - 19	2019 - 20	2020 - 21	2021 - 22	2022 - 23	2023 - 24	2024 - 25	2025 - 26	2026 - 27	2027 - 28
REVENUES:												
CURRENT TAXES	103,010,767		108,955,213	113,314,292	117,256,635	121,179,015	124,449,705	127,203,307	130,378,404	133,653,574	137,032,083	140,517,307
			5.8%	4.0%	3.5%	3.3%	2.7%	2.2%	2.5%	2.5%	2.5%	2.5%
OTHER REVENUES	10,384,765		7,850,192	6,555,239	6,080,543	5,861,431	5,825,076	5,872,495	5,920,863	5,970,199	6,020,521	6,071,849
			-24.4%	-15.2%	-8.6%	-3.6%	-0.6%	0.8%	0.8%	0.8%	0.8%	0.9%
TOTAL REVENUES	113,395,532		116,805,405	119,869,531	123,337,178	127,040,446	130,274,780	133,075,802	136,299,267	139,623,773	143,052,604	146,589,156
			3.0%	2.7%	2.8%	3.0%	2.5%	2.2%	2.4%	2.4%	2.5%	2.5%
EXPENDITURES:												
BOARD OF SELECTMEN BUDGET												
MUNICIPAL OPERATIONS	31,462,507		32,273,924	32,941,835	33,660,390	34,471,507	35,305,696	36,176,731	37,072,937	37,995,096	38,944,017	39,920,537
% Increase			2.6%	2.1%	2.2%	2.4%	2.4%	2.5%	2.5%	2.5%	2.5%	2.5%
CAPITAL FINANCING - DEBT SERVICE	8,937,068		9,611,133	10,121,121	10,720,119	11,496,212	11,712,166	11,387,585	11,387,585	11,387,585	11,387,585	11,387,585
% Increase			7.5%	5.3%	5.9%	7.2%	1.9%	-2.8%	0.0%	0.0%	0.0%	0.0%
TOTAL BOS BUDGET	40,399,575		41,885,057	43,062,956	44,380,509	45,967,719	47,017,862	47,564,316	48,460,522	49,382,681	50,331,602	51,308,123
% Increase			3.7%	2.8%	3.1%	3.6%	2.3%	1.2%	1.9%	1.9%	1.9%	1.9%
BOARD OF EDUCATION BUDGET	72,995,957		74,920,348	76,906,575	78,956,669	81,072,727	83,256,919	85,511,486	87,838,745	90,241,092	92,721,002	95,281,034
% Increase			2.6%	2.7%	2.7%	2.7%	2.7%	2.7%	2.7%	2.7%	2.7%	2.8%
TOTAL EXPENDITURES	113,395,532		116,805,405	119,969,531	123,337,178	127,040,446	130,274,780	133,075,802	136,299,267	139,623,773	143,052,604	146,589,156
% Increase			3.0%	2.7%	2.8%	3.0%	2.5%	2.2%	2.4%	2.4%	2.5%	2.5%
FUND BALANCE:												
ESTIMATED FUND BALANCE INCREASE			400,000	400,000	400,000	400,000	400,000	400,000	400,000	400,000	400,000	400,000
ESTIMATED UNASSIGNED FUND BALANCE	11,600,000		12,000,000	12,400,000	12,800,000	13,200,000	13,600,000	14,000,000	14,400,000	14,800,000	15,200,000	15,600,000
UNASSIGNED FUND BALANCE AS A PERCENT OF TOTAL EXPENDITURES	10.2%		10.3%	10.3%	10.4%	10.4%	10.4%	10.5%	10.6%	10.6%	10.6%	10.6%
MILL RATE:												
MILL RATE	33.87		35.45	36.49	37.46	38.41	39.14	39.8	40.6	41.4	42.2	43.1
EFFECTIVE TAX INCREASE	0.82%		4.66%	2.91%	2.66%	2.53%	1.90%	1.80%	1.95%	1.97%	1.99%	2.00%

FOR DISCUSSION PURPOSES ONLY

**ASSUMPTIONS USED**

**REVENUE ASSUMPTIONS:**

	2018 - 19	2019 - 20	2020 - 21	2021 - 22	2022 - 23	2023 - 24	2024 - 25	2025 - 26	2026 - 27	2027 - 28
OTHER PROPERTY TAXES (NOT CURRENT)	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
INTERGOVERNMENTAL	-50.00%	-50.00%	-50.00%	-50.00%	-50.00%	0.00%	0.00%	0.00%	0.00%	0.00%
CHARGES FOR SERVICES	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%
INVESTMENT INCOME	1	0	0	0	0	-	-	-	-	-
OTHER REVENUES	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
OTHER FINANCING SOURCES	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%

**EXPENDITURE ASSUMPTIONS:**

	2018 - 19	2019 - 20	2020 - 21	2021 - 22	2022 - 23	2023 - 24	2024 - 25	2025 - 26	2026 - 27	2027 - 28
MUNICIPAL SERVICES										
WAGES & SALARIES	2.25%	2.25%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%
FRINGE BENEFITS	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%
INSURANCE	4.00%	2.00%	2.00%	2.00%	2.00%	3.00%	3.00%	3.00%	3.00%	3.00%
OPERATING EXPENSES	0.00%	1.00%	1.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%
CAPITAL	8.50%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
CONTINGENCY	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
CONTRIBUTIONS TO OUTSIDE AGENCIES:										
TOWN AGENCIES	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%
OTHER AGENCIES	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%

**CAPITAL FINANCING - DEBT SERVICE**

AMOUNT FROM DEBT	9,611,133	10,121,121	10,720,119	11,496,212	11,712,166	11,387,585	11,387,585	11,387,585	11,387,585	11,387,585
FORCAST SCHEDULE										

**BOARD OF EDUCATION**

SALARIES	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%
EMPLOYEE BENEFITS	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%
PROFESSIONAL SERVICES	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%
PURCHASED PROPERTY SERVICES	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%
OTHER PURCHASED SERVICES	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
SUPPLIES	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
PROPERTY	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
MISC	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%

### TAX LEVY ASSUMPTIONS

[illegible][illegible][illegible][illegible]

# FOR DISCUSSION PURPOSES ONLY

## TOWN OF NEWTOWN TEN YEAR BUDGET FORECAST - SUMMARY DATA

SUMMARY OF REVENUES										
	BUDGET 2017 - 2018	FORECAST								
		2018 - 19	2019 - 20	2020 - 21	2021 - 22	2022 - 23				
CURRENT PROPERTY TAXES	103,010,767	108,955,213	113,314,292	4.0%	117,256,635	3.5%	121,179,015	3.3%	124,449,705	2.7%
OTHER PROPERTY TAXES	1,890,000	1,890,000	1,890,000	0.0%	1,890,000	0.0%	1,890,000	0.0%	1,890,000	0.0%
INTERGOVERNMENTAL	5,555,045	2,777,523	1,388,761	-50.0%	694,381	-50.0%	347,190	-50.0%	173,595	-50.0%
CHARGES FOR SERVICES	2,147,470	2,190,419	2,234,228	2.0%	2,278,912	2.0%	2,324,491	2.0%	2,370,980	2.0%
INVESTMENT INCOME	400,000	600,000	750,000	50.0%	825,000	10.0%	907,500	10.0%	998,250	10.0%
OTHER REVENUES	217,250	217,250	217,250	0.0%	217,250	0.0%	217,250	0.0%	217,250	0.0%
OTHER FINANCING SOURCES	175,000	175,000	175,000	0.0%	175,000	0.0%	175,000	0.0%	175,000	0.0%
TOTAL REVENUES		116,805,405	119,969,531	2.7%	123,337,178	2.8%	127,040,446	3.0%	130,274,780	2.5%
SUMMARY OF EXPENDITURES										
	BUDGET 2017 - 2018	FORECAST								
		2018 - 19	2019 - 20	2020 - 21	2021 - 22	2022 - 23				
BOARD OF SELECTMEN BUDGET										
MUNICIPAL SERVICES										
WAGES & SALARIES	12,428,713	12,708,359	12,994,297	2.2%	13,319,155	2.5%	13,652,133	2.5%	13,993,437	2.5%
EMPLOYEE BENEFITS	5,761,907	5,992,383	6,232,079	4.0%	6,481,362	4.0%	6,740,616	4.0%	7,010,241	4.0%
INSURANCE	1,160,500	1,206,920	1,231,058	2.0%	1,255,680	2.0%	1,280,793	2.0%	1,306,409	2.0%
OPERATING EXPENSES	7,087,159	7,087,159	7,158,031	1.0%	7,229,611	1.0%	7,374,203	2.0%	7,521,687	2.0%
CAPITAL	2,453,342	2,661,876	2,661,876	0.0%	2,661,876	0.0%	2,661,876	0.0%	2,661,876	0.0%
CONTINGENCY	200,000	200,000	200,000	0.0%	200,000	0.0%	200,000	0.0%	200,000	0.0%
CONTRIBUTIONS TO OUTSIDE AGENCIES:										
TOWN AGENCIES	2,317,044	2,363,385	2,410,653	2.0%	2,458,866	2.0%	2,508,043	2.0%	2,558,204	2.0%
OTHER AGENCIES	53,842	53,842	53,842	0.0%	53,842	0.0%	53,842	0.0%	53,842	0.0%
TOTAL MUNICIPAL SERVICES	31,462,507	32,273,924	32,941,835	2.1%	33,660,390	2.2%	34,471,507	2.4%	35,305,696	2.4%
CAPITAL FINANCING - DEBT SERVICE										
	8,937,068	9,611,133	10,121,121	5.3%	10,720,119	5.9%	11,496,212	7.2%	11,712,166	1.9%
TOTAL BOARD OF SELECTMEN BUDGET	40,399,575	41,885,057	43,062,956	2.8%	44,380,509	3.1%	45,967,719	3.6%	47,017,862	2.3%

FOR DISCUSSION PURPOSES ONLY

SUMMARY OF EXPENDITURES

BUDGET  
2017 - 2018

FORECAST  
2020 - 21

2021 - 22

2022 - 23

BOARD OF EDUCATION BUDGET

	2018 - 19	2019 - 20	2020 - 21	2021 - 22	2022 - 23
SALARIES	48,218,049	49,664,591	51,154,528	52,689,164	54,269,839
EMPLOYEE BENEFITS	12,095,535	12,579,356	13,082,531	13,605,832	14,150,065
PROFESSIONAL SERVICES	871,713	889,148	906,931	925,069	943,571
PURCHASED PROPERTY SERVICES	1,921,498	1,959,928	1,999,127	2,039,110	2,079,892
OTHER PURCHASED SERVICES	7,619,370	7,619,370	7,619,370	7,619,370	7,619,370
SUPPLIES	3,569,062	3,569,062	3,569,062	3,569,062	3,569,062
PROPERTY	556,850	556,850	556,850	556,850	556,850
MISC	68,270	68,270	68,270	68,270	68,270
TOTAL BOARD OF EDUCATION BUDGET	74,920,348	76,906,575	78,956,669	81,072,727	83,256,919

TOTAL TOWN BUDGET

113,395,532	116,805,405	119,969,531	123,337,178	127,040,446	130,274,780
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CONTRIBUTION TO FUND BALANCE

400,000	400,000	400,000	400,000	400,000	400,000
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# FOR DISCUSSION PURPOSES ONLY

## TOWN OF NEWTOWN TEN YEAR BUDGET FORECAST - SUMMARY DATA

### SUMMARY OF REVENUES

	FORECAST									
	2023 - 24		2024 - 25		2025 - 26		2026 - 27		2027 - 28	
CURRENT PROPERTY TAXES	127,203,307	2.2%	130,378,404	2.5%	133,653,574	2.5%	137,032,083	2.5%	140,517,307	2.5%
OTHER PROPERTY TAXES	1,890,000	0.0%	1,890,000	0.0%	1,890,000	0.0%	1,890,000	0.0%	1,890,000	0.0%
INTERGOVERNMENTAL	173,595	0.0%	173,595	0.0%	173,595	0.0%	173,595	0.0%	173,595	0.0%
CHARGES FOR SERVICES	2,418,400	2.0%	2,466,768	2.0%	2,516,103	2.0%	2,566,425	2.0%	2,617,754	2.0%
INVESTMENT INCOME	998,250	0.0%	998,250	0.0%	998,250	0.0%	998,250	0.0%	998,250	0.0%
OTHER REVENUES	217,250	0.0%	217,250	0.0%	217,250	0.0%	217,250	0.0%	217,250	0.0%
OTHER FINANCING SOURCES	175,000	0.0%	175,000	0.0%	175,000	0.0%	175,000	0.0%	175,000	0.0%
TOTAL REVENUES	133,075,802	2.2%	136,299,267	2.4%	139,623,773	2.4%	143,052,604	2.5%	146,589,156	2.5%

### SUMMARY OF EXPENDITURES

#### BOARD OF SELECTMEN BUDGET

BOARD OF SELECTMEN BUDGET	FORECAST									
	2023 - 24	2024 - 25	2025 - 26	2026 - 27	2027 - 28					
MUNICIPAL SERVICES										
WAGES & SALARIES	14,343,273	2.5%	14,701,854	2.5%	15,069,401	2.5%	15,446,136	2.5%	15,832,289	2.5%
EMPLOYEE BENEFITS	7,290,651	4.0%	7,582,277	4.0%	7,885,568	4.0%	8,200,990	4.0%	8,529,030	4.0%
INSURANCE	1,345,601	3.0%	1,385,969	3.0%	1,427,548	3.0%	1,470,375	3.0%	1,514,486	3.0%
OPERATING EXPENSES	7,672,121	2.0%	7,825,563	2.0%	7,982,075	2.0%	8,141,716	2.0%	8,304,550	2.0%
CAPITAL	2,661,876	0.0%	2,661,876	0.0%	2,661,876	0.0%	2,661,876	0.0%	2,661,876	0.0%
CONTINGENCY	200,000	0.0%	200,000	0.0%	200,000	0.0%	200,000	0.0%	200,000	0.0%
CONTRIBUTIONS TO OUTSIDE AGENCIES:										
TOWN AGENCIES	2,609,368	2.0%	2,661,555	2.0%	2,714,786	2.0%	2,769,082	2.0%	2,824,464	2.0%
OTHER AGENCIES	53,842	0.0%	53,842	0.0%	53,842	0.0%	53,842	0.0%	53,842	0.0%
TOTAL MUNICIPAL SERVICES	36,176,731	2.5%	37,072,937	2.5%	37,995,096	2.5%	38,944,017	2.5%	39,920,537	2.5%
CAPITAL FINANCING - DEBT SERVICE	11,387,585	-2.8%	11,387,585	0.0%	11,387,585	0.0%	11,387,585	0.0%	11,387,585	0.0%
TOTAL BOARD OF SELECTMEN BUDGET	47,564,316	1.2%	48,460,522	1.9%	49,382,681	1.9%	50,331,602	1.9%	51,308,122	1.9%

FOR DISCUSSION PURPOSES ONLY

SUMMARY OF EXPENDITURES

	FORECAST				
	2023 - 24	2024 - 25	2025 - 26	2026 - 27	2027 - 28
BOARD OF EDUCATION BUDGET					
SALARIES	55,897,934	57,574,872	59,302,119	61,081,182	62,913,618
EMPLOYEE BENEFITS	14,716,068	15,304,710	15,916,899	16,553,575	17,215,718
PROFESSIONAL SERVICES	962,442	981,691	1,001,325	1,021,351	1,041,778
PURCHASED PROPERTY SERVICES	2,121,490	2,163,919	2,207,198	2,251,342	2,296,369
OTHER PURCHASED SERVICES	7,619,370	7,619,370	7,619,370	7,619,370	7,619,370
SUPPLIES	3,569,062	3,569,062	3,569,062	3,569,062	3,569,062
PROPERTY	556,850	556,850	556,850	556,850	556,850
MISC	68,270	68,270	68,270	68,270	68,270
TOTAL BOARD OF EDUCATION BUDGET	85,511,486	87,838,745	90,241,092	92,721,002	95,281,034
TOTAL TOWN BUDGET	133,075,802	136,299,267	139,623,773	143,052,604	146,589,156
CONTRIBUTION TO FUND BALANCE	400,000	400,000	400,000	400,000	400,000



# Attachment C

## Chapter 310 Capital Improvement Plan

### Section 310-1 Goal:

#### A.

The goal of the Board of Finance in adopting this regulation is to:

(1)

Prioritize on a Town-wide basis, proposed major capital projects. The term 'Town-wide' shall include both the Town-side and Education side budgetary needs;

(2)

Establish a financially prudent and affordable level of debt service spending for such capital projects;

(3)

Integrate financial planning, budgeting and debt issuance for Town-wide spending.

(4)

Encourage thoughtful, economical and prudent project design.

#### B.

This Capital Improvement Plan (CIP) regulation hereby:

(1)

Creates a process by which the Board of Finance adopts a proactive position regarding the Town-wide capital expenditures;

(2)

Creates a process by which the Board of Finance identifies, prioritizes, evaluates, justifies, monitors, postpones or eliminates proposed capital expenditures;

(3)

Creates a process by which the Board of Finance and Legislative Council work compatibly in enacting **Subsections 310-1A and B.**

#### Section 310-2 Description: Annual Review

The Capital Improvement Plan is Newtown's **Town-wide** five-year program of major capital purchases of a non-recurring nature. The CIP is based on assigned priorities which consider Town needs, desires and mandates for various improvements and coincides with Newtown's current and anticipated financial capabilities to finance such improvements. The CIP shall be reviewed at least annually by the Board of Finance. The Board of Finance shall amend the CIP as required to address changing priorities and maintain the CIP at a five-year projection time frame.

#### Section 310-3 Implementation and Amendment

The Board of Finance **and Legislative Council, in accordance to the methods and procedures contained herein,** are hereby charged with the responsibility of implementing the goals expressed above in Section 310-1 and all changes, additions and deletions to the CIP. In addition, the Town Financial Director, First Selectman, Chairperson of the Board of Education, Superintendent of Schools, **Board of Selectmen, Board of Education, Building and Site Committee, Parks and Recreation Commission, Land Use representatives, Department of Public Works representatives, Fire Commission and/or Company representatives, among others up request,** may advise the Board of Finance and Legislative Council, but do not have voting privileges.

#### Section 310-4 Presentation of Proposed Purchases to Board of Finance

Proposed **capital projects** may be brought to the Board of Finance at any time; however, except for exigent circumstances, proposed **capital projects shall not presented in the Board of Selectmen or Board of Education annual five-year CIP proposal to the Board of Finance by the first Board of Finance regularly scheduled meeting in September shall not be considered by the Board of Finance until the next cut-off period (first Board of Finance regularly scheduled meeting in September.)** The Board of Selectmen shall submit its five-year projected CIP proposal at the first regularly scheduled Board of Finance meeting in **September. The Board of Finance shall hold its review period from September through November.**

#### Section 310-5 Eligible Capital Projects

To be eligible for inclusion in the CIP, a proposed **capital project** shall have an estimated cost that is at least 0.25% of the **Town-wide** budget for the year in which the request is made. (LoCip language redacted.) Listed below are some of the guidelines which would make a request eligible for inclusion in the CIP, assuming the proposed capital project meets the 0.25% requirement set forth above:

A.

Capital projects requiring debt obligations;

B.

Acquisition or lease of real property;

C.

Purchase of major equipment and vehicles with life expectancy of five years or more;

D.

Construction of new building facilities, including engineering, design and other preconstruction costs;

E.

Major building improvements that are not routine expenses, including those that substantially enhance the safety of the occupants of the building and/or the longevity of the building itself;

F.

Major equipment or furnishing required for new building or other project;

G.

Major studies requiring the employment of outside professional consultants;

H.

the conformity to the Town of Newtown Debt Management Policy parameters.

### Section 310-6 Process Overview

All requests for inclusion in the CIP **shall** adhere to the following process and shall be submitted on a form as prescribed by the Town Financial Director:

#### A.

Each Town department shall submit to the Board of Selectmen a prioritized list of proposed capital **projects**;

#### B.

The Board of Seletmen **shall** identify, prioritize and approve on a Town-wide basis capital projects it proposes to include in the CIP, excluding items requested by the the Board of Education. Likewise, the Board of Education shall identify, prioritize and approve capital projects it proposes to be considered for placement on the finally approved CIP.

#### C.

The Board of Selectmen and the Board of Education shall also include in the request(s):

(1)

The identification of any revenues, **grants** or reimbursements anticipating each year;

(2)

A financial impact statememt provided by the Town Finanical Dirrector;

(3)

**(LoCIP language removed)**

#### D.

The Town Financial Director will review and compile two lists **(Town-side and Board of Education)** to be presented to the Board of Finance.

#### E.

The Board of Selectmen and the Board of Education will then present their prioritized **capital project** requests to the Board of Finance.

#### F.

The Board of Finance will consider all capital project requests made through this process and determine those that will be recommended for inclusion in the CIP and those that are to be rejected or postponed. ~~If rejected, the proposed purchase can be resubmitted by the appropriate Board at the next annual CIP process initiation. If a proposed capital project is approved but postponed to a later date within the CIP five-year plan the request shall be reviewed by the Board of Finance with respect to its new priority level.~~

G.

The Board of Finance ~~shall~~ prioritize, on a Town-wide basis all requests it approves for inclusion in the CIP, and establish a time frame for proceeding with each capital project. ~~(Surplus language eliminated.)~~

H.

The Board of Finance ~~shall~~ forward its recommendation to the Legislative Council by the first regular meeting of the Legislative Council in December. The Legislative Council may accept the plan in its entirety, reject any item, ~~postpone any item~~, or reduce any item in capital costs, or ~~change any priority. Any increase in proposed capital expenditures for a capital project that would increase debt service costs shall be referred back to the Board of Finance for further review and recommendation and include written comment from the Legislative Council as to its reasoning and rationale. Within thirty days of receipt by the Board of Finance of said written comment, the Board of Finance will resubmit its recommended five-year CIP plan, noting any changes it has made. Except for referendum and outright approval of the capital projects first of five-year plan, the Board of Finance shall have no further involvement in that annual proposed CIP plan until passed by the Legislative Council.~~

I.

~~Included with the proposed CIP plan of the Board of Finance, it shall include in its recommendation to the Legislative Council which capital projects of the first of the five-year plan it recommends to go to referendum and which projects it recommends to be approved by the Legislative Council outright. Board of Finance and Legislative Council considerations relative to referendum and approval outright shall include those issues identified in Section 310-7. Should the Legislative Council not approve the referendum and outright approval of the first of the five-year plan recommended by the Board of Finance it return its recommendation to the Board of Finance with explanatory analysis. Upon said receipt by the Board of Finance it shall have thirty-days to make further reconsideration or recommendation to the Legislative Council. Thereafter, the Board of Finance shall have no further recommendations on the issue.~~

### Section 310-7 Prioritization

The Board of Finance and Legislative Council shall consider the following criteria during its prioritization, and rate each category -5 to 0 to 5, (-5 being most negative reason to support the project/referendum, 0 being of no significant issue or influence to oppose or support the project/referendum, and 5 being of most significant influence or reason for supporting the project/referendum.)

#### A.

The cost of the purchase;

#### B.

Safety and security issues;

#### C.

The start and completion timing of the capital project in terms of efficiencies, practicalities and/or coordination with other capital projects;

#### D.

The source of financing and/or Debt Service Policy parameters;

#### E.

The impact on future operating budgets

#### F.

The need of the capital project;

#### G.

the risks should the purchase not be made;

#### H.

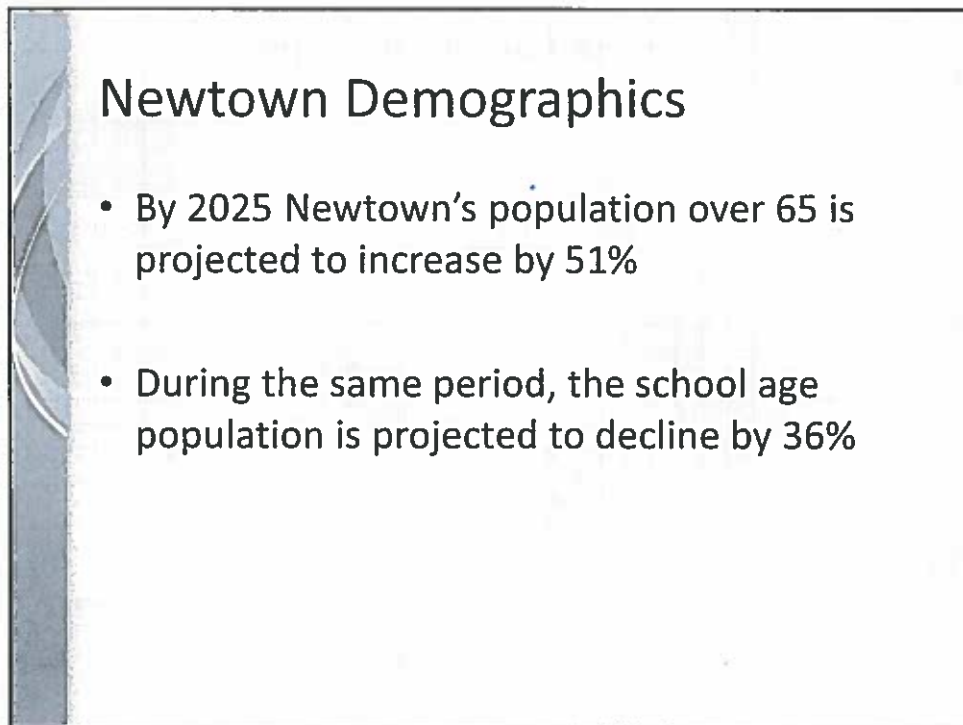
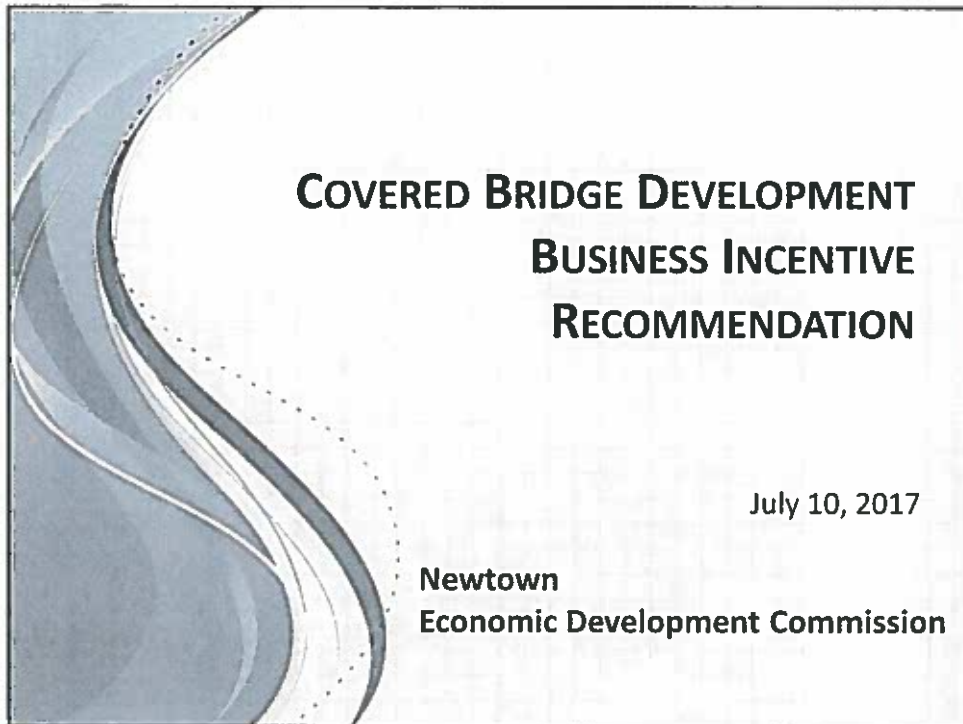
The financial coordination and timing with all Town-wide capital projects;

### Section 310-8 Legislative Council's Return of the Five-year CIP Plan to the Board of Finance

The CIP plan approved by the Legislative Council shall be the single and final adopted CIP plan for the Newtown Town-wide body; except should the Legislative Council not return a proposed plan by the Board of Finance for further review within sixty days of its submission, and not pass the final CIP plan, including referendum recommendations passed by the Board of Finance, then the CIP Plan and recommendations shall be the single and final adopted CIP Plan for Newtown Town-wide. Should the Board of Finance fail to act on the CIP Plan within the time frame expressed in Section 310. The Legislative Council shall act without input from the Board of Finance.

#### **Section 310-9**

All capital projects which are proposed for the ensuing fiscal year and included in the final CIP by the Legislative Council shall be included as proposed expenditures in the budget presented to the Board of Finance. Except for exigent circumstances, any capital improvement expenditure that falls within Section 310-5 of this plan regulation and is not contained in the CIP shall not be considered for implementation

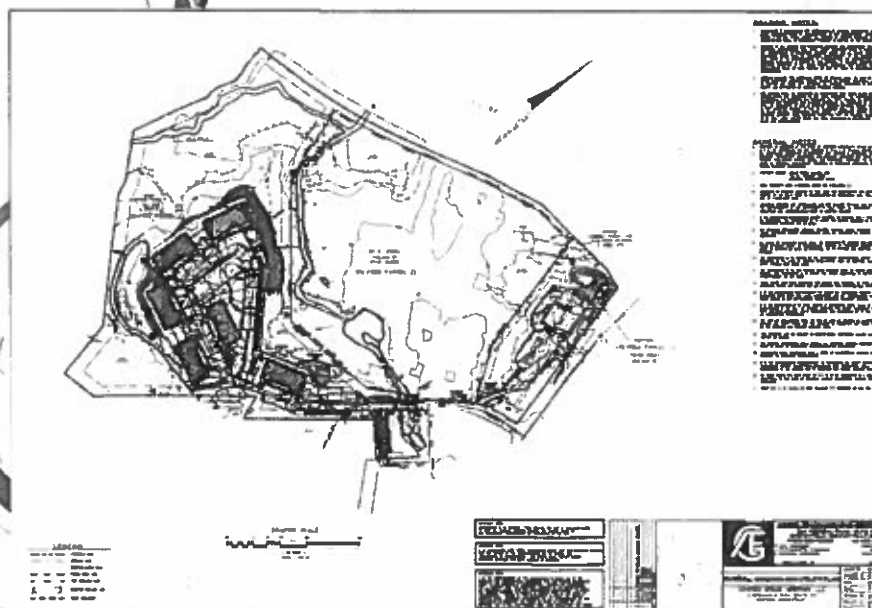




# **Commercial Apartment Development** **Covered Bridge, 13 Hawleyville Road** **(Adjacent to Exit 9 off of Hwy 84)**



## **Covered Bridge Site Plan**





### **Commercial Development Description:**

- **180 Units – 6 buildings, 30 apartments in each building**
- **Combination of 1, 2 and 3 bedrooms (monthly rents range from \$1,500 to \$2,500)**
- **Pool and Club House**
- **Covered parking**
- **New Restaurant to be built on adjacent property (no tax incentive)**
- **Project Investment of approximately \$32,000,000**
- **36 units qualify as affordable housing helping achieve state targets**



### **Project Status:**

- **Project has been approved by the Town (all permits, approvals and licenses have been issued)**
  - **Conforms to IHOZ-10 overlay zone**
- **Developer is commencing with site development & preparation**

### **Business Incentive Application**

Request for Tax Relief to support start-up marketing (move-in concessions) costs for ramp-up and property stabilization.  
Developer plans to use tax relief for such costs and not for increased profit margins

### **Economic Development Commission Recommendation:**

- Unanimous support for 5 year tax incentive, step down as follows:
  - Year 1 – 45%
  - Year 2 – 35%
  - Year 3 – 25%
  - Year 4 – 15%
  - Year 5 – 5%
- Based upon the commercial mill rate and the annual assessed value of improvements
- Timeline for development completion 5 years, with another year to reach property stabilization

## PROPOSED TAX INCENTIVE

### Covered Bridge Property Tax Forecast (in Thousands)

	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10	Total
Existing (unimproved)	\$11	\$11	\$11	\$11	\$11	\$11	\$11	\$11	\$11	\$11	\$110
With Incentive	\$79	\$187	\$324	\$489	\$684	\$741	\$763	\$787	\$810	\$834	\$5,698
Without Incentive	\$144	\$288	\$432	\$576	\$720	\$741	\$763	\$787	\$810	\$834	\$6,095
Tax Incentive	\$65	\$101	\$108	\$87	\$36	\$0	\$0	\$0	\$0	\$0	\$397

3% Escalator

## Economic & Community Benefits

Tax revenue \$740-830K

Indirect Rev. \$4-6 Million

Direct Expense \$0 - \$348K

- Annual property tax (After 5 years) > \$740,000 per year
- Expanded housing options for older residents (seeking to downsize) and young renters
- Estimated tenant population (full occupancy) of 270 people X per capita annual spending for goods and services of \$14,000 = aggregate, estimated incremental demand for goods and services - \$3,780,000, per year
- New Jobs:
  - Construction hires (20 - average over project life) - Average salary \$75,000 per year X 20 = \$1,500,000 per year
  - FTE Commercial complex - 13 X Average salary \$50,000 = \$650,000 per year
  - FTE Restaurant - 30 X Average salary \$30,000 = \$900,000 per year
- Indirect contribution from adjacent economic growth & benefits of increased population density
- Estimated number of incremental school age children is 26 (worse case scenario, \$13.4K cost per student) from 0 to \$348K school costs p.a.

## Summary Conclusions

- Providing an economic benefit to the developer during construction and start-up helps insure a successful project
- Structure of the tax benefit provides an incentive to rapidly build-out the project
- This is a highly desirable project for this location and will help anchor the Exit 9 Hawleyville Business District

**QUESTIONS?**

## Developer Background

1

- Longtime developer based in Danbury/Brookfield (since 1974)

2

- Anthony O. Lucera  
(Contracting Advisors Group, Ltd)

3

- Has completed over 6,000 multi-unit commercial and residential developments (CT, NY and MA)

### Crown Point Development

Pool area and clubhouse to have different layout



**Crown Point Development - Covered Bridge  
to be enhanced  
with multiple upgrades**



# Attachment E

**Town of Newtown**  
**Board of Finance - Capital Improvement Plan Calendar**  
**CIP 2018-19 through 2022-23**

August 24, 2017	Board of Education presents 2018-19 / 2022-23 Capital Improvement Plan (CIP)
September 11, 2017	Board of Selectmen presents 2018-19 / 2022-23 Capital Improvement Plan (CIP)
Sept thru Nov, 2017	Board of Finance Reviews 2018-19 / 2022-23 Capital Improvement Plan
November 13, 2017	Board of Finance completes recommended Capital Improvement Plan (CIP)
November 15, 2017	Board of Finance recommended CIP presented to The Legislative Council for its review and approval (due by November 30).
January 2018	Legislative Council approves the Capital Improvement Plan (within 60 days from receipt of BOF)