



MINUTES

January 16, 2018

Meeting Room 3 - 7:00pm

Present:

Wes Thompson, Cramer Owen, Bob Rau, Matthew Mihalcik, Dana Trado, Nick Roussas, Steve Gogliettino, Amy Dent, Scott Orlando, Christal Preszler – Deputy Director Economic and Community Development, Kim Chiappetta – Economic and Community Development & Fairfield Hills Coordinator (clerk).

Public Participation:

Bill Donahue – Teton Capital, Frank Scinto - Gager, Emerson, Rickart, Bower & Scalzo, LLP

Absent:

Al Roznicki

The meeting was called to order at 7:00 p.m.

Matt Mihalcik motioned to amend the minutes from November 21, 2017 under the section Public Participation to correct the business name from “Educational Daycare” to “Educational Playcare”. Amy seconded the motion. Motion passed with all in favor.

Business Incentive Program – Application for 37 Church Hill Rd:

Bill Donahue of Teton Capital met with First Selectman Dan Rosenthal in reference to a Business Incentive application for the assisted living facility Church Hill Village. The First Selectman contacted Wes Thompson, EDC Chairman, informing Wes of his support of this incentive. Mr. Donahue began by first informing Commission members that this business incentive request is something different from the standard plan, and that Wes invited him to present in tonight’s meeting.

Mr. Donahue handed out a bulleted document regarding the incentive request. (See attached.) He explained that Senior Lifestyle Corp does not yet own the property at 37 Church Hill Rd as the capital has not yet been raised. This tax incentive is a critical part of the budget. The group then discussed traffic impacts to the area. Mr. Donahue explained that a traffic study had been done during the zoning approval process. There will be a total of 60 parking spaces, most of which will be for staff and guests. Most residents will not be driving, and working shifts will be spread throughout the day. With all of this said, the traffic impact will be minimal. He also informed the group that during the zoning approval process concerns were raised with ambulance calls. After extensive discussions with the facility operator it was clarified that there will be a minimal impact on the ambulance service as the facility will



contain registered nurses, equipment and other healthcare staff in operation 24/7. The impact on a net basis would be less than if these people were staying in their homes.

Mr. Donahue then highlighted the high impact to grand list with the investment of \$15 million in hard costs and an estimated \$1 million in personal property. The overall investment will be over \$16 million. He further added that employees and guests will be using local services resulting in a high impact to the local economy. This determination was based upon other existing facilities owned by Senior Lifestyle Corp.

He then explained that operating losses which will be incurred during lease up are higher than other facilities such as shopping centers and office buildings. With shopping centers and office buildings there is an anchor tenant who will pay rent which will help defray costs. In the case of an assisted living facility, it is need driven property so they are not able to pre-lease units, and they have estimated that it will take between 18 – 24 months to lease out the entire community. In addition, high labor costs will result in a big economic loss incurred. The number of staff has increased from 50 to 64 full-time employees and as a result the total labor and benefits will be \$3 million annually. To provide an order of magnitude, Mr. Donahue informed the group they will probably incur losses close to \$1 million - \$2 million dollars.

The property tax has greater impact as the facility will be relatively small. This is partly due to restrictive zoning in the Borough which restricts the square footage and structural coverage. The Borough approved the facility for 69 units, whereas other communities range from 91 to 256 units. Church Hill Village will be considerably smaller than the other communities. The 2017 mill rate in Newtown is 33.6 which is relatively high. Other towns that are in consideration for this new facility are New Milford which has a mill rate is 26.7, Madison which has a mill rate of 26.5 and Stamford which has a mill rate of 26. In addition, Mr. Donahue looked at the 8 towns surrounding Newtown and found all have a lower mill rate with the exception of Monroe which has a mill rate of 35.

Mr. Donahue then referred to the handout which compares existing incentives to the proposed incentive. (See attached.) Based upon the investment of \$3 million in real property the result is 45% abatement for 3 years, and the investment of personal property over \$500,000 results in a multiplier of 1.25. The first column shows the existing schedule with the multiplier and investment, and the second column shows the proposed incentive at 80% and slides down over a period of 5 years instead of the standard 3 years. Year 0 (zero) on the chart accounts for the construction period which will take 12 – 13 months. At this time the property taxes on the vacant land are \$9,120. Based upon Tax Assessor's initial analysis there will be an assessed value of \$10 million. Mr. Donahue provided an example that if construction begins in April of 2018 and at the time of assessment in October the construction was 50% completed, it would be assessed at \$5 million and based upon the mill rate of 33.87, the property tax for year 0 would be about \$169,000. This tax would be paid regardless of incentives as the incentive would not begin until there is a certificate of occupancy.



Wes noted the importance of the increase from \$9,120 to \$169,000. Mr. Donahue continued to explain to the group that upon completion if the assessment is \$10 million then the full assessment would be \$338,700. Using the existing schedule at 56.25% the tax would be around \$153,000 for 3 years. Under the proposed schedule taxes would be \$75,000 in year 1, \$108,000 in year 2, \$141,000 in year 3, \$174,000 in year 4 and \$207,000 in year 5, for a total taxes of \$875,000. The delta is about roughly \$432,000. When \$875,000 is divided by the 6 years (including year 0), the result is \$146,000 per year on average, which is 16 times what the property is currently paying. Mr. Donahue recognized that allot is being asked of the town, but also emphasized that allot will be given in return via the project's low impact, and benefits to the residents of the community who need this type of care now or in the future, and through hosting educational events. Church Hill Village is expected to be a good corporate citizen and feels this is a win/win.

Amy asked that if this project is so much smaller than what is typically built, why Newtown was selected with this smaller sight. Mr. Donahue explained that they liked that this parcel was in the center of the community and feel that it's important for the residents, family members, and employees feel they are part of the community. As the baby boomers are becoming consumers they will be more discerning and want to be in the middle of things. There will be 4 neighborhoods each containing 16 – 20 residents, and will feel more like a home which is different to other facilities out there right now.

Amy then mentioned that she sees a political problem as the first year will be reduced from \$169,000 in year 0 to \$153,000 the following year (year 1). The concern is that this may be viewed as a reduction in taxes. The town will not recoup until year 4. She then asked if the program could be modified so that the CO (Certificate of Occupancy) is not required to begin the incentive so that there is not a tax decrease from year 0 to year 1. She then asked if the CO requirement was established by the EDC or by the Legislative Council. Wes explained that the EDC does have the leeway to make the change suggested by Amy. The group then discussed the need to think about this further.

Bob Rao asked if curb cut has been approved on Church Hill. Mr. Donahue said it has not yet been approved, and the application is with the CT DOT. The sited entrance is at the appropriate number of feet from intersection and the site lines. Wes added that EDC approval is contingent upon all other necessary approvals being obtained. Wes then reminded members of the positive feedback from home owners neighboring the development site at a Borough meeting. Amy said another question that will have to be addressed is that this change will set a precedence. Wes answered that incentives have gone through with higher percentages, and that the concern is not necessarily a percentage precedence. He gave the example of Lexington Village being a larger investment with the potential to bring more business into town. Mr. Donahue confirmed for Wes that other towns such as New Milford are still in consideration.



Dana asked if the project schedule was ambitious. Mr. Donahue replied that it is a standard schedule. The group then discussed the schedule for Church Hill Village and the current state of other communities in Newtown.

After much discussion the group agreed that it would be beneficial to table the conversation to discuss further in a special meeting. The group agreed to hold a special meeting on Wednesday, January 24th at 7:00 p.m.

Bob Rau motioned to table the conversation until Wednesday, January 24th at 7 p.m. Amy seconded. Motion passed with all in favor.

Wes thanked Mr. Donahue for attending the meeting and Mr. Donahue thanked the group for their time.

Church Hill Village Business Incentive: This item was tabled until the meeting of 01/24/2018.

Chairman's Report:

Wes Thompson mentioned that he did not want to extend the discussions due to impending snow.

Business District Review:

Due to the impending snow storm, the Business District Review was not discussed.

Deputy Director Economic and Community Development:

Due to the impending snow storm, the Deputy Director did not present.

Member Comments:

In regards to marketing, Amy asked if the EDC has subscriptions to the Fairfield County and Westchester County Business Journals. The cost is believed to be \$60 per quarter for weekly journals. Amy explained that the benefits of these journals are that they identify names of people involved in the deals and inform of trends. With the subscription is a daily email update. Wes then informed the group of the EDC budget request, and that this may be an option based upon what is approved. Nick Roussas mentioned that he had subscription in the past and found it beneficial.

Adjournment:

Amy moved at 8:12 p.m. that the meeting be suspended to reconvene on Wednesday, January 24th meeting to discuss tabled topic of the Church Hill Business Incentive. Matt seconded. All members in favor.

Respectfully Submitted, Kimberly Chiappetta, Clerk



CHURCH HILL VILLAGE Business Incentive Application

- Property is under contract; not yet purchased
- All required investment capital not yet secured
- Proposed development will have relatively low impact on traffic and other municipal services, but relatively high impact to Grand List and local economic activity
- Operating losses during lease up greater for assisted living than other property uses because of high fixed labor costs
- Property tax, a fixed expense, has a greater impact on relatively small project
- Newtown mill rate (FY2017 – 33.60) is relatively high (top quartile in state)
- >\$3MM Assessed Value Increase in Real Property = 45% fixed for 3 years
- >\$500K Assessed Value of Personal Property = 1.25 multiplier for 3 years

Existing and Proposed Business Incentive Schedule

Year	Existing Max. %	Proposed Max. %
0	0%	0%
1	56.25%	80.0%
2	56.25%	70.0%
3	56.25%	60.0%
4	0%	50.0%
5	0%	40.0%