



**Town of Windsor
Finance Committee
January 10, 2022
HYBRID MEETING**

UNAPPROVED MINUTES

1. CALL TO ORDER

Councilor Jody Terranova, Chair of the Finance Committee, called the meeting to order at 7:01 p.m. with Deputy Mayor Lisa Bress and Councilor Ken Smith present.

Staff Present: Peter Souza, Town Manager; Scott Colby, Assistant Town Manager; and Jim Burke, Economic Development Director

2. PUBLIC COMMENT

Eric Weiner, 76 Palisado Avenue, spoke against a tax abatement for Chewy, Inc. He stated that a company of this size with a large revenue can make a decision without regards to a few million dollars. He recommended two contract changes if the town decides to move ahead. In section 4.1, he requested the town demand 1/3 of its employees are from Windsor and in section 5.1, he requested it should state a minimum of 10 years.

3. DISCUSSION OF ECONOMIC DEVELOPMENT INCENTIVES FOR CHEWY, INC.

Town Manager Souza stated that a presentation had been made to the Council on December 20, 2021. He recognized representatives from Chewy Inc., Brad Migdal and Ryan Reynolds.

Councilor Bress stated she read through the agreement and had questions regarding the wages. What is 'good faith efforts' and how do we as a town measure those efforts moving forward once the agreement has been signed? Economic Development Director, Jim Burke, responded that the company will be required to make an annual report to the town. The report will present the wages that are being paid for similar positions in the Hartford labor market area. They certify that they are paying wages for similar positions at or above the median for similar wages in the region. If the report comes back that the wages aren't keeping up with that, then the town will have a conversation with the company about why that is happening and what are they going to do to bring the wage up. He stated that we've never had a situation where the wages have been out of sync.

Town Manager Souza stated in terms of recruitment, what has been used as a benchmark is that these companies have been in regular contact with Mr. Burke to notify us of when they are looking to do a significant hiring. They have also included the Chamber of Commerce in those efforts to get the word out to the community. Generally it has been at the time of launching as they begin to gear up in opening the facilities. They've utilized school buildings and town facilities pre-Covid to host those events. It has been a little different in the last 18-24 months where a lot of recruiting is happening online. We are trying to get the word out in our recreation department and community centers and the Chamber of Commerce has their job postings.

Councilor Bress asked what the process is to ensure that they are following through on good faith efforts. Mr. Burke responded we've had a variety of experiences with companies. Typically we look for their employees to identify the focus for their activities. For example, Amazon has done a number of events for the schools. We recently reached out to Voya Financial Company regarding distributing Covid test kits and they agreed to help immediately.

Town Manager Souza added that the language seen in section 4.4 is new language that was inserted when the Town Council approved the Amazon agreement in 2020. Now it is better defined where there will be meetings with town staff and local representatives from the company. This is only the second time this has been written into an agreement.

Councilor Bress suggested that the town share a report or communicate with residents what is given back and state which companies have received abatements from us. She urged the town to consider this for the future so the public can be more aware about what we're receiving from these companies.

Councilor Smith asked why we are offering an incentive and have there been large companies in town that haven't asked for an abatement. Mr. Burke responded that providing incentives to companies is always a significant question. One thought is that this company is about to make a \$1 million plus investment in our community and they can always make that investment in some other community. We aren't the only available location. They have to rely on our investments and our work force. We can say that we won't provide an incentive, but then we have to be prepared when they locate in another community very close.

Town Manager Souza added that when a company is looking at different locations, they have various metrics and part of that comes down to costs on a per employee basis. That is part of what they are analyzing and they have a range they are looking for. There are different cost structures involved with each community. One cost is a Metropolitan District Commission (MDC) fee where they pay \$8,200 per acre as an impact fee to MDC for water and sewer connections. That is one example of a cost Windsor has that is different from others. We have some strong attributes in Windsor that are in our favor, but we also have some of the highest land costs within the north central part of the state. These are factors that are in consideration as part of the metrics.

Town Manager Souza responded to Councilor Smith's question regarding if there had been any larger companies that have not asked for an abatement. Hotels aren't eligible under our policy for tax abatement so they haven't requested any. There are certain facilities within the town of Windsor that are subject to another state tax incentive which is the Bradley incentive zone. The developments within that area aren't required to come before Town Council. Companies within that zone can apply to the state for an abatement and the town must abide.

Mr. Burke added the Griffin sites on Rainbow Road and International Drive didn't request any abatement. There are a few, but they're not the size of investment that we've been seeing of \$16 million plus projects.

Councilor Smith stated the town negotiated a pretty good deal as we could have done as much as 70% over five years as the policy allows, but the town will do 45% over three years. He stated what makes Windsor so desirable is the tax rate, so the cost per employee drops with the tax rate.

Councilor Bress reported that there has been concern about increased truck traffic and environmental impacts of having warehouses. In particular, there have been some concerns that transportation companies not using commercial Global Positioning Systems (GPS) are cutting through neighborhoods. Is there any information on how Chewy, Inc. does its trucking? Can we know if they will use commercial routes available? Brad Migdal from Chewy, Inc. responded that Chewy's process is quite unique. They will only be receiving product and then delivering it to a common carrier that will then deliver it to their customer. They don't send a multitude of product. They also don't receive any returns. They are working diligently to develop truck routes that abide by the code. Commercial trucks from their facility will go to another common carrier that will then deliver their blue box to the customer's front doorstep.

Town Manager Souza added for clarification that products come in and products get repackaged and placed onto a tractor trailer truck. They then go to the last mile of delivery like a Fed Ex or UPS truck. Mr. Migdal responded yes, that is correct. Chewy will never be delivering parcels from the facility. The only action that they will take is doing quality control on the inbound and quality control on the outbound. The product will come in on large commercial vehicles and go out on large commercial vehicles.

Town Manager Souza stated that we stress to other facilities within town the preferred routes which are Day Hill Road back to I-91 northbound or southbound to avoid using Poquonock Avenue and Bloomfield Avenue. Even though they are state routes, they are essentially local roads. That is the challenge that most contractors have. We will continue to follow up and ask Chewy, Inc. to use these preferred truck routes.

Councilor Terranova stated that she doesn't have any specific questions about the application. She commented that the town has a policy in place and as good business people Chewy, Inc. applied for it. It is a separate policy question for the Council if we want to continue to offer fixed assessment agreements. She is happy to support this application.

Councilor Terranova asked if the reduction in taxes is only for the real estate portion, whereas the personal property they still pay 100% and then they get a reduction of the building permit of 30% and that we don't have to share. Is that correct? Town Manager Souza stated that is correct and the building permit revenue is not shared with the improvement district. That is a 30% proposed reduction which is lower than other large fiscal impact projects which have received 50%.

Town Manager Souza asked is the company currently or in the near future planning to include any type of solar or solar arrays either on the building or ground mounted? Mr. Migdal stated they will be leasing the outside so that would come from the developer, but they currently don't have that right now.

Councilor Smith stated that he would like to see more of a green initiative even on the outside of the building to cut down on noise pollution and energy use.

MOVED by Councilor Bress, seconded by Councilor Smith that the Finance Committee recommend to the Town Council that the Town Manager be authorized to execute on behalf of the Town of Windsor a fixed assessment agreement and a building permit fee reduction agreement between the Town of Windsor and Chewy, Inc. which is generally consistent with the attached draft form of the agreements.

Motion Passed 2-1-0 (Councilor Smith opposed)

4. STAFF REPORTS

Town Manager Souza stated we are looking at possible dates for the Finance Committee to meet with our auditor for an audit report. The Finance Director and I would like to talk to the committee about looking at our general unassigned fund balance prior to going deeper into the budget season. We'd like to have that conversation to provide some guidance and framework given our cash position at this point. We'd like to do that in the February or early March, but we can start that conversation whenever the committee would like to.

Town Manager Souza added the Council will have a special meeting this Wednesday, January 12, 2022 to talk about the American Rescue Plan money. The Treasury Department did issue their final rule last Friday. They have made some changes and some to the good in terms of flexibility for local communities. Jim Bourke, Finance Director, and I are reviewing that and will be able to provide an overview of the changes and how it might impact us.

5. APPROVAL OF MINUTES

MOVED by Councilor Bress, seconded by Councilor Smith, to approve the unapproved minutes of the December 13, 2021 meeting as presented.

Motion Passed 3-0-0

6. ADJOURNMENT

MOVED by Councilor Smith, seconded by Councilor Bress, to adjourn the meeting at 7:41 p.m.

Motion Passed 3-0-0

Respectfully submitted by,

Scott Colby
Assistant Town Manager