



**TOWN OF WINDSOR
FINANCE COMMITTEE
SEPTEMBER 14, 2022
HYBRID MEETING**

APPROVED MINUTES

1. CALL TO ORDER

Councilor Jody Terranova, Chair of the Finance Committee, called the meeting to order at 7:00 p.m. with Deputy Mayor Lisa Bress and Councilor Ken Smith present.

Staff Present: Peter Souza, Town Manager; Jim Bourke, Finance Director; Patrick McMahon, Director of Economic Development

2. PUBLIC COMMENT

Brian Bosch, 34 Buckland Way, stated he is very curious about the Tax Increment Financing (TIF) plan but doesn't understand how the TIF works. He mentioned there is a lot of goods and services available in the Town of Windsor that would benefit from TIF money. One of two fire districts is pulling in \$1.75 million and he doesn't know where that money is going. Mr. Bosch also stated that TIF seems like it's an insider trade. If you know how to get it, its available, if you don't, it's not.

William Pelkey, 133 Portland Street, stated he doesn't know what the benefit is for establishing a TIF plan. He understands that it goes to certain areas but wants to know why we are stock piling money over time. This money could be put to use if we need it for certain plans. Mr. Pelkey wondered if we get any state benefits or if we are eligible for grants?

3. REVIEW OF PROPOSED TOWN CENTER TIF DISTRICT MASTER PLAN

MOVED by Deputy Mayor Bress, seconded by Councilor Smith to recommend that the Town Council refer the proposed Windsor Center Tax Increment Financing District Master Plan to the Town Planning and Zoning Commission for an advisory opinion and that the Town Council set a public hearing on the proposed plan for October 17, 2022 at 7:20 p.m.

Patrick McMahon gave an overview of the master plan. A consideration in the creation of Tax Increment Financing (TIF) Districts is what percentage of Incremental Revenue will be captured for use within the TIF district. The draft District Master plan calls for 75 percent capture rate. This means 75% of revenue generated from increased assessed values in the district will be designated for reinvestment through a designated TIF fund or account and 25% of the increased revenues would go to the general fund.

Mr. McMahon stated the TIFs are designed to induce new development in priority areas of the community and should have an overall beneficial effect on the grand list. A 20-year forecast, developed utilizing a number of assumptions, shows a total incremental tax revenue of \$16,443,987 of which \$12,332,990 would be designated to the District for use in CEAs, capital projects or economic development programs and \$4,110,997 to the general fund. After the 20 year term expires, unless extended by the Town Council, 100% of tax revenue from the district would go to the general fund. Once TIF revenues are generated, they will go through the same annual budget process and audit as other town funds.

Should the Finance Committee recommend moving forward with the process and the Town Council concurs, then the Town Council would refer the District Master Plan to the Planning and Zoning Commission for a written advisory opinion. The TPZC would determine whether the District and Master Plan are in keeping with the Town's Plan of Conservation and Development. The Town Council would also hold a public hearing before considering the adoption of the District.

Deputy Mayor Bress stated that the TIF process becomes part of the budget process, but Council will still have the final say on which projects are adopted.

Patrick McMahon stated each year the Assessor will let us know if there is an increased value. The Finance Department will then determine what goes into separate TIF accounts. Accounting of this money will be like "Pay As You Go" programs and projects. Credit enhancement agreements will be separately accounted for.

Deputy Mayor Bress asked for some "Pay As You Go" clarification. Who would make these recommendations? Town Manager Souza stated it would come from Economic Development, TIF advisory group, staff, Capital Improvement Program, and Boards and Commission.

Deputy Mayor Bress stated that the bottom line is that everyone still has an opportunity to make a suggestion and bring something forward in which TIF money could be used for.

Deputy Mayor Bress asked what if money was needed for education that particular year? Patrick McMahon stated the purpose is to have a designated plan to stick to. If at some point there was money available and there was a critical need, there is the potential of using these funds. Town Manager Souza stated from a financial point, it would need to be a dire need for the community.

Councilor Smith asked if the Center District's 1.6% of the 10% is allowed by state statute and is Great Pond Village figured into the 10%. Town Manager Souza stated it was created as a special act of general assembly from the state. There was different legislation created for Great Pond that is different from the TIF. The overall assessed value gets included in the grant list, but does not go against the 10%.

Deputy Mayor Bress asked if CEA's are available for those properties included on our property list? Patrick McMahon stated yes they are.

Deputy Mayor Bress asked how does the TIF interact or impact the fire district? Town Manager Souza stated the fire district is a separate entity. Both are created by acts of general assembly. They have their own governance structure.

Deputy Mayor Bress commented if this were adopted and we have an increase in development in the town center, there would be an increase in education costs. As we continue to develop the community, we should be thinking about the impact and other aspects of the community.

Councilor Smith stated transit orientated metrics and dynamics have changed since COVID. With work at home options, our industrial park has several vacant buildings. Placing a lot of money into transit development is premature at this point. Buses and trains are also vacant at rush hours. We need to put lots of consideration into this. A 20 year window is way too long. 10 years would be five council terms and stay at 75% over a 10 year period.

Deputy Mayor Bress stated her only concern with a 10 year window is if it takes a while for the TIF to bring us some reward, then we will have a short time to utilize the TIF money. I see a 20 year window as an opportunity to give it time to develop and mature.

Councilor Smith stated if it's not as good as predicted, maybe another councilor would look at the TIF. Did we have another TIF? Town Manager Souza stated that he is not aware of one to his knowledge.

Town Manager Souza stated within our tax abatement policy we had a 3 to 4 year window where residential development was eligible but that was sunset, so there was a fixed assessment or tax agreement.

Councilor Smith's last question for Patrick was if he is familiar with business enhancement groups as opposed to TIF? Mr. McMahon stated there's several communities across the state such as New Britain and Hartford which has a business improvement district. It's the property owners that run the show. More than 50% of the property owners and assessed value needs to be captured in order for a bid to be created under state statute. Then they will determine how much they want the additional assessment for marketing and beatification, this is totally driven by property owners. Town Manager Souza added they create a budget and assess themselves. It was popular two decades ago across the states but fell out of favor.

Deputy Mayor Bress stated if we have a 20 year TIF district but after 10 years it's not generating what it should, does the Council still have purview to change that? My understanding is that it would. Mr. McMahon stated the Council would, however any of the credit enhancement agreements would have to commit to fulfilling their obligations under that. The Council, at some point, could revise the district master plan from 20 to 15 years.

Deputy Mayor Bress stated she still thinks a 20 year commitment is better and to use it as a marketing and financial tool. We still want to make sure that the public and potential developers know that we have a 20 year commitment. But if it doesn't work out then we will review the agreement and change it to a 15 or 10 year commitment.

Patrick McMahon stated all of the communities that have adopted it so far have gone with 20 or 30 year periods. It's really important for the public to know that you're really trying to include some new development to make the town center more attractive.

Councilor Terranova asked Mr. McMahon how did you determine the map? Mr. McMahon stated we tried to essentially stick to the commercial spines such as Broad Street, Palisado Avenue, Poquonock Avenue, places that still have shops or mixed use. It doesn't mean that it can't be expanded, but we figured let's do a limited list to start.

Town Manager Souza stated the funds can be used outside of the district as well. Washington Park for example is an amenity for the town center. This master plan allows these TIF funds to be used in that area.

Motion Passed 3-0-0

4. STAFF REPORTS

Town Manager Souza stated that the external audit is on the way next week. Per state law the audit needs to be complete by the end of the year. The Finance Committee will get together mid-October to provide a quick overview of where we are for the first quarter.

5. APPROVAL OF MINUTES

MOVED by Deputy Mayor Bress, seconded by Councilor Smith, to approve the unapproved minutes of the May 23, 2022 meeting as presented.

Motion Passed 3-0-0

6. ADJOURNMENT

MOVED by Councilor Smith, seconded by Deputy Mayor Bress, to adjourn the meeting at 7:34 p.m.

Motion Passed 3-0-0

Respectfully submitted by,

Peter Souza
Town Manager