



**COMMON COUNCIL
MIDDLETOWN, CONNECTICUT**

**SPECIAL MEETING
QUESTIONS TO DIRECTORS
AND
TAX ORDINANCE WORKSHOP**

**MONDAY, JANUARY 3, 2022
6:00 PM**

MINUTES

A Special Meeting of the Common Council of the City of Middletown, Questions to Directors, was held as a hybrid meeting on Monday, January 3, 2022, beginning at 6:00 PM. This meeting was held remotely via WebEx. The meeting was also livestreamed on the City's Facebook page.

Present:

Councilwoman Jeanette Blackwell	Councilman Vincent Loffredo
Councilwoman Meghan Carta	Councilman Edward McKeon
Councilman Grady Faulkner, Jr.	Councilman Eugene Nocera
Councilman Darnell Ford	Councilman Philip Pessina
Councilman Edward Ford, Jr. (arrived 6:05 PM)	Councilwoman Linda Salafia
Councilman Anthony Gennaro, Sr.	

Mayor Benjamin D. Florsheim, Chair
Daniel Ryan, Esq. Corporation Counsel
Linda Reed, Clerk of the Common Council

Absent: Councilman Anthony Mangiafico

Also Present:

Arts Coordinator – Kisha Michael
Assessor – Damon Braasch, CCMA II
City & Town Clerk – Ashley Flynn-Natale, CCTC
Communications – Robert Grauer, Deputy Director
Economic & Community Development – Joseph Samolis, Director
Equal Opportunity & Diversity Management – Faith Jackson, Director
Finance & Revenue Services – Carl Erlacher, CPA, Director
Fire Department – Jay Woron, Fire Chief
General Counsel – Brig Smith, Esq.
Health Department – Kevin Elak, Acting Director
Land Use – Marek Kozikowski, Director
Library – Ramona Burkey, Director
Mayor's Chief of Staff – Barbara Knoll Peterson
Police Department – Chief Erik Costa and Capt. John Lozefski
Public Works – Christopher Holden, PE, Acting Director
Recreation & Community Services – Catherine Lechowicz, Director
Water & Sewer Department -- Joseph Fazzino, Director
Youth Services – Justin Carbonella, MPA, Coordinator

Absent: Human Resources – Justin Richardson, Director

Public: on: unknown WebEx: 1 Facebook: unknown

1. Call to Order

Mayor Benjamin Florsheim calls the meeting to order at 6:03 PM. He welcomes everyone to the Special Meeting of the Common Council, Questions to Directors and a Special Workshop on the City's Tax Ordinance. The Chair asks Councilman Philip Pessina to lead the Common Council in the Pledge of Allegiance.

The Clerk of the Common Council reads the Call of the Meeting and the Chair declares the call a legal call and the meeting a legal meeting.

2. Questions to Directors Opens

The Chair opens Questions to Directors at 6:05 PM.

The Chair states that this meeting is for the purpose of asking directors questions for items on the agenda. The second half of this special meeting will focus on the workshop for the City's tax abatement ordinance. If there are questions on other subjects for any Directors, please frontload these in this meeting. In addition, the Chair explains that the Common Council is meeting remotely this evening via WebEx. To be fair to all, the Chair will call on people, asking that they use the hand raise function. Speakers will be called in that order, reiterating that Councilmembers should use the hand raise function. They will try to continue with the practice of having all questions for a specific Director asked before calling on another Director, all in an effort to be efficient.

The Chair calls on Councilman Eugene Nocera to be followed by Councilman Vincent Loffredo and Councilman Grady Faulkner, Jr. The Chair reminds Councilmembers to activate their hand raise feature, if they are looking to speak.

Councilman Eugene Nocera states that his questions are for the Acting Health Director. We are all concerned about what is now happening in our State. We are also concerned about citizens, who walk into businesses with or without masks and how to enforce this so everyone feels safe. There is so much going on and everyone is concerned about its dramatic spread.

Acting Health Director Kevin Elak states that we are not hitting that perfect storm that we have been told was coming. There has been a vast increase in Covid cases. We are shifting away from contact tracing, but taking away as cases are in abundance. We are shifting things so people have access to the three (3) big tools. We know that vaccination, being vaccination during this Omicron wave, does not provide an invisible shield so you can contract this even if vaccinated and boosted. It will help protect people against serious illness from getting infected. We see this in State Health Department report. Director Elak states that, in his weekly report, they now include inpatient hospitalization data for unvaccinated or partially vaccinated persons. That figure is 71 percent of those in the hospital are unvaccinated. This is a striking number, showing that being vaccinated, especially having the booster, will protect from serious illness, hospitalization, or worse. This is still the best toll. He encourages everyone, adding it is not too late even if not vaccinated. You can get a vaccine. If fully vaccinated and if it has been at least six (6) months since having had the Pfizer or Moderna vaccine, this people are eligible for a booster. The protection is significant between having the two (2) doses and the booster, the booster offers significant additional protection. If someone has had the Johnson & Johnson vaccine, that person need wait only two (2) months to get the booster., There are several providers in Town that offer the vaccine. There are several clinics held weekly at the high school and at AME Zion Church. People can visit the City website to see all vaccination locations. Another hot topic is testing is another strongpoint in Middletown, We have a lot of test sites in town, including pharmacies, AME Zion Church. Unfortunately, with the holidays, many places are seeing a surge in traffic, which are people coming from other town that don't have much testing and are overwhelming out sites. He reiterates that we are fortunate to have so much testing compared to others. There is another slide in his report, showing that Middletown does more testing than other towns. They are also looking how to improve that as well. They are waiting to hear from the State Department of Public Health about the test site at Cross Street Church. They are planning to expand the hours of that site, making it an all-day site, or making it a morning and afternoon or morning and evening clinic rather than just three (3) hours a day. We are waiting to hear when that will be approved, which will significantly increase testing capacity. There is a lot of talk about the at-home test. There is a bottleneck now, but it can be an effective tool when available there are currently not enough test kits to make a significant impact. If can find a kit, it allows people to test at home to determine if they have been infected or not and take action for the time period, avoiding the public. We have been working hard to increase testing capacity. We have received a shipment, less than what we expected, a shipment of at-home test kits from the State of Connecticut. We are working hard to get them to people, who need them the most. We are focusing on people, who are underserved or at risk or to providers in town. We work with great providers, who get the kits into the hands of those, who need them most. As time goes on, we hope that the kits will be more abundant and widely available to the public. The last tool is masking. This is something we also received in abundance: N95 masks. We are setting up distribution sites to get them to the public. Something that we have mentioned for some two years now is that masking is the most effective way to protect yourself and those around you. Especially good is the N95 mask, which is a high quality mask. Surgical masks are fine if you do not have access to an N95. You can still wear a surgical mark or cloth mark. The N95 is a better mask as it is tighter fitting. We are getting those out to the public as soon as we can. He will answer any other questions.

The Chair calls on Councilman Edward McKeon followed by Councilwoman Salafia.

Councilman Edward McKeon thanks Acting Director Elak for the work that he and his staff have been doing for the past (2) two years. It is much appreciated. He has questions about the masks, adding that he knows that a full report will be given during the regular meeting. There are about a dozen towns with a mask mandate, including Hartford. It seems to be a short-term mandate, but it is a way to get people, who would not otherwise wear one, to wear a mask. It is hard to enforce, but gives to these with offices and businesses the ability to say to staff and customers, "Please wear your mask." He asks Director Elak what his thoughts are, what the City's thoughts are on establishing a short-term mask mandate.

Acting Director Elak states that he has always been a supporter of a statewide mask mandate, but he is not sure that we will see that. He does support a citywide mask mandate, especially to help our businesses. They need the voice of the City to make sure that we provide maximum protection to the community, to the people, who work in the City, and to business owners. It is a good idea to consider a mask mandate in the City. The second part is enforcement adding that it's the toughest part. We hope that we don't have to lean on people and they will do the right thing, if a mandate is implements.

Councilman McKeon replies that, he knows that is is Questions to Directors, but since the Mayor is here, he asks if this mandate is something that is being considered by the Mayor's Office.

The Chair replies that he and the Acting Health Director talked about this before the meeting and over the past couple of weeks. It is similar to what concerns have been stated: the limits that local policy can set as well as recognizing the symbolic value. They have also received feedback from businesses. The businesses that he has spoken with say that they wish that the State would do this because it gives it more strength and enforceability and less questions from one district to the next. In the absence of that, adding that the signal has been sent, we can expect to see something from the City in the next few days.

The Chair calls on Councilwoman Linda Salafia.

Councilwoman Linda Salafia states that she understands that each test kit comes with two (2) tests. She asks, when Acting Director Elak talks about this, is he talking about per box or per test. When they are given to the public, are they going to give them the box or split the box?

Acting Director Elak replies that distribution will be per box, adding that they have been instructed by the State not to split the boxes. They cannot increase capacity by splitting the boxes.

Councilwoman Salafia asks, in terms of capacity, Acting Director Elak mentioned 3,000 tests. Does this mean that there are 1,500 boxes?

Acting Director Elak clarifies, replying that there are 3,000 boxes.

Councilwoman Salafia notes that this means that there are 3,000 boxes or 6,000 tests. Her other question is, at the AME test site, how many tests do they have. She notes that she went there to test and waited over 1 ½ hours and was told that she had the last test. She said that she truly felt bad for the people doing the testing because there were only two (2) people handling the whole crowd. Finally, another person showed up. It was clear that there was no communication. She asks Acting Director Elak how many tests they have per day. Is there any way to share that information to people who are waiting in line to test?

Acting Director Elak replies that he does not have that information, adding that he knows that it changes daily. One thing that they have shared is that they projected doing 400 tests per week, but, in the past two (2) weeks, it has exceeded 700 tests per week. They had a meeting last Friday with the lab, a productive meeting, including extended hours. Some good news is that the National Guard will start assisting at the testing site with at least two (2) guard members helping out with traffic control, directing people, which should be a significant help. Acting Director Elak remarks that he, too, feels sorry for the people working there, who should be focusing on distributing test kits and not on traffic parts. That should help. They will also be starting appointments. That is still being determined. We had recommended that half a day be appointment only and the other half of the day walkup or drive-up. It would be clearly marked with better signage so that when people pull up, and it's appointment only, they will be directed not to wait in line. They are hoping to do that with the National Guard so that, when capacity is reached, they can go out and count as so that, say there are 200 tests, after the 200th car, everybody would be notified that they would not be tested that day.

Councilwoman Salafia asks if someone has tested three (3) days in a row, she asks why. She explains that she has heard of people going to the AME test site, waiting in line, and testing on three (3) consecutive days. She does not know what the purpose is. If someone was positive and had no symptoms, you stay away. If you are negative and have no symptoms, she asks why are people going back to retest.

Acting Director Elak replies that, in an ideal world, if there were enough test kits, someone can do serial testing, testing multiple days in a row or every other other day or every two (2) days. We know that outcomes can change rapidly: someone can test negative in the morning and positive in the afternoon. He notes that we are not there yet. He does not know why someone would test that many times, He cannot answer that question.

The Chair calls on Councilwoman Jeanette Blackwell.

Councilwoman Blackwell replies that she believes that Councilman Faulkner's hand was raised first. She yields to Councilman Faulkner.

The Chair asks Councilman Faulkner if he has a question for Acting Director Elak.

Councilman Faulkner has a question for a different Director.

The Chair calls on Councilwoman Blackwell.

Councilwoman Blackwell states that she echoes Councilman McKeon's comments the Acting Director Elak and his core team have been impeccable. She thanks them and the Mayor. She asks about the home tests, asking how he gets that data.

Acting Director Elak replies that is a downside of the home tests. That data, that information are not collected by the State or local Health Department. The tradeoff is that we are getting tests into the hands of people so they can know if they are positive or negative. We are, however, losing out on case information.

Councilwoman Blackwell replies that is what she is talking about. The data that we have is really skewed because we don't have home test result information.

Acting Director Elak replies, “Yes,” noting that it will be two (2) weeks. The positivity rate will no longer be an effective measure; rather, we will be focusing on hospitalization.

In the interest of time, the Chair states that they will move on to the next Director, adding that, if it is the Council’s preference, they can over time. He will be quick with his presentation. The Chair calls on Councilman Vincent Loffredo unless there are any additional questions for Acting Director Elak. The Chair calls on Councilman Philip Pessina

Councilman Pessina asks that the Mayor update the Council on Hartford and the effort to get more kits.

The Chair asks Acting Health Director Elak to speak to this question.

Acting Director Elak replies that Harford has just been in the news as one of the first municipalities in the State to do a testing distribution because they purchased kits on their own. They found a vendor for the purchase and got that order in full. He has reached out to the Director of the City of Hartford. Acting Director Remarks that the Hartford Health Director reached to him as they are getting ready to place another order. The more test kits you buy, the lower the unit price. They are looking to try to get a group of municipalities together to do a power purchase and get more test kits, He has reached out to Harford, saying that Middletown is ready to go. They are now just waiting for a couple of other towns to jump on board and get that order moving.

The Chair calls on Councilman Vincent Loffredo.

Councilman Loffredo states that his question has to do with the CNR and the Police Department purchase that is reported. He asks for someone from Police or Finance available to address.

The Chair notes that both Police Chief Costa and Captain Lozefski are here.

Councilman Loffredo states that the report is \$400K for CNR and vehicles and the like. He asks the status of that purchase. Is money being transferred? He asks for the status of their CNR after this purchase.

Police Chief Costa replies that the CNR purchase is for four (4) patrol cars, which are soft cars -- administrative cars -- that go to detectives in the administrative units.

Councilman: Loffredo asks if they are yet to be purchased or will be purchased. He notes that they are talking about eight (8) vehicle and \$400K, which is a \$50K vehicle, he reiterates asking if they have been purchased.

Chief Cost replies that there are seven (7) vehicles: four (4) patrol cars and three (3) administrative vehicles. The amount for the patrol vehicles are in the range of \$34K, not including the electronics and (*inaudible*), which about another \$10K. That is times four. The administrative cars are in the \$34K range. After they are purchased, there will be about \$1K left, which we are using to purchase new chairs for inside the building, for administrative and clerical units.

Councilman Loffredo asks if they will be maxed out in terms of their CNR or if they plan to purchase more.

Chief Costa replies that they plan on more purchases.

Councilman Loffredo interjects, adding, “In the next fiscal year.”

Chief Costa continues, explaining that their vehicles are in poor shape (*inaudible*).

Councilman Loffredo asks what the status is of the vehicles in the department

Chief Costa replies that there are 76 vehicles. Twenty-six (26) are what they call “on the line” for patrol staffing, they are in the area of 16 at over 100,000 miles, adding that seven (7) to nine (9) vehicles are over 150,000 miles. They have vehicles that are used as detail cars for part-time officers. There are about seven (7) cars that the roofs are rusted. They are trying to keep them as long as they can, noting that they will become parts cars. Some of those vehicles will not, adding that they will go to auction or fleet will take care of them.

Councilman Loffredo asks if, in terms of purchasing, they bid out to qualified vendors

Chief Costa replies, “No,” adding that it a State bid and they have already ordered the cruisers and are in the process of ordering the administrative cars.

The Chair calls on Councilman Grady Faulkner, Jr.

Councilman Faulkner notes that the City will be getting \$25K for violent crime. He asks if there are priorities.

Chief Costa replies that the \$25K under the grant confirmation portion of tonight’s agenda will be used for cell bright program and the (*inaudible*) program, which are used to get data off of cells phones during major investigations. That is going to take up three-quarters of that \$25K. The remaining \$9K is going to the drone program to purchase the software, increasing speed of accident reconstruction and allowing us to do search over open water. It works out well as a rescue tool.

3. Questions to Directors Workshop Closes

There being no additional questions, the Chair closes the Questions to Directors at 6:36 PM.

4. Workshop on Taxation Ordinance: Chapter 272, Article I -- Hon Benjamin Florsheim, Mayor, Joseph Samolis, Economic & Community Development, and Brig Smith, Esq., General Counsel

The Chair states that he will share some slides in connection with his presentation. He thanks the Council for the time. This is a preview of a workshop to be held on January 13th following the Community meeting. This workshop was originally planned for tight with General Counsels Brig Smith and Economic & Community Development Director Joseph Sailors. The Chair states that he has asked these directors to do some additional research and to reach out to partner organizations and partner communities to be sure that that presentation makes good use of everyone’s time and that we get as much information at the front end so that, at the back end, a decision can come out of that workshop. He adds that Attorney Smith and Director Somalis are being put in the position to answer for policy questions that, in their role, of explaining process and the law form an administrative standpoint, The Chair states that he wanted to take this time tonight to talk about his approach, his thinking, about economic development and tax stabilization in general. He adds that this has been on Councilmembers’ minds and that Councilmembers have been asking for this workshop in light of some ongoing negotiations that are now happening as well as anticipated projects where this will be really, really important and really relevant. He wants to talk about his thinking and how the Ordinance is applied so that, in the future, at the next workshop, we can get more in-depth, including talking about what some of our neighboring communities do and changes that we might be interested in making



They will be covering the tax stabilization ordinance itself and, in greater detail on January 13th. His administration has a general philosophy on tax stabilization and their approach to economic development. That is a hard thing to cover in just a few minutes, so he will stay at the 30,000 foot level and try to give an overview. He knows that folks were curious largely just about process and how the tax stabilization application works right now in light of these big projects, then they can just talk about next steps, moving forward.

Topics Covered

- Middletown’s tax stabilization ordinance (to be covered in greater detail on Jan. 13)
- Florsheim administration’s philosophy on tax stabilization and approach to economic development
- Next steps moving forward

First, “What is a tax stabilization ordinance?’ It is not unique to Middletown. It is authorized by the State like all powers that we have as a town. It is granted by State to allow us to stabilize or abate or reduce property taxes for up to 10 years on project that, among other things, are new development projects of \$25K or more. Middletown has adopted an Ordinance, as have other towns and cities, to make effective, at the local level powers authorized by the State and most recently updated by this Common Council in 2016. The tax stabilization or tax abatement -- whatever you want to call it – tax fixing, is one of the only policy tools that a local municipality has available to it to incentivize economic development. He notes that there are obviously other things that we have like a great Chamber of Commerce and great geographic location, and so forth. We have a lot of great assets that make businesses want to come to Middletown, that make Middletown a vibrant business environment, but the City government itself – you and I – as representatives, do not have a lot of active tools at our disposal that are leverage for government to help spur economic development. The tax stabilization tool is one of those. It is important and has to be used thoughtfully, but can be important in making

things work, especially the bigger projects that they have historically been used on, This is what he will talk a little about – the scopes of project - - in just a moment.

What is a tax stabilization ordinance?

- Power granted by the state to municipalities to stabilize (set) and/or abate (reduce) property taxes for up to ten years (C.G.S. 12-65b)
- Middletown has adopted an ordinance, most recently updated in 2016
- One of the limited municipal policy tools available to incentivize development
- Must be thoughtfully applied

First, as an overview, this is how we approach economic development, again from a 30,000 foot view. When he says “we,” e means the team at City Hall. It includes the Economic Development Committee, who are members of this Council. It include himself, his Chief of Staff Barbara Knoll Peterson, Economic & Community Development Director Joseph Samolis, Economic Development Specialist Thomas Marano, General Counsel Brig Smith and his team Attorney Kori Wisneski and Attorney Christopher Forte, who are very actively involved, as well as folks from our Land Use Department and Public Works Department. There are slots of collaboration in City government. Generally, we are speaking about the Mayor’s Office, The Office of Economic & Community Development, and the Office of General Counsel. That group meets weekly to discuss ongoing projects and development. They meet with ongoing project partners to try to keep those things going forward. That is a weekly ongoing thing. The meeting happens on Tuesdays Often, when talking individually, or when talking to Economic Development, you will hear from me and I will get back to you after the Tuesday meeting. That meeting is check in and look at all of our priorities to make sure that they ate moving along. Monthly and quarterly, he and staff attend all district meetings for the Chamber of Commerce to try to stay in touch with the business community itself and to make sure that they are able to keep tabs on what the City is working on. We report out to the Economic Development Committee on economic activity and have inter-departmental meetings where Economic development meets with and works with other departments in City Hall to make sure that we are all collaborating around the big picture and economic development goals, Annually, we analyze the Grand List and we have been fortunate to have experienced Grant List growth every one of the last several years. That has helped up lower taxes the past couple of years and keep the budget stable for incentivizing economic development. This is something that we can use more effectively in the future, making sure that we are drilling down. Many of you are familiar with the riverfront project with Cooper Robertson, with whom we are working on it, our consultant, and Harp Strategies, the sub- consultant, is our economic development partner for the riverfront project. They have taken a deep dive to what the Grand List actually looks like - what kind of housing stock, businesses, industries – what Middletown’s economy and population really look like in terms of where the money is, where the dollars are, and where trends are heading. That is going to be a really long-term usable tool for us, on a year by year basis to look to see where out Grand List is heading, where we need to focus on recruiting to fix any gaps. On an ongoing basis, we are constantly reaching out to development partners, trying to build relations with local businesses, as well as around that State and region, as well as long-term planning for the development, the “big picture” projects like the riverfront, the arcade site that we know are essential for the City’s future.

Our approach to economic development

- Weekly: review all ongoing projects, meet with project partners
- Monthly/Quarterly: attend Chamber district meetings, report to EDC, interdepartmental meetings
- Annually: grand list analysis
- Ongoing: outreach to development partners, relationship-building, long-term planning

There are three (3) basic types of economic development deals that the City does, in increasing order of complexity.

Three basic types of deals...



Three basic types of deals... in increasing order of complexity



The first one that you hear most often is the most straightforward: there is no tax adjustment, no tax stabilization. The most common type of economic development in the City is where there is no difference between what the developer is saying in terms of their tax rate and the rate that other taxpayers pay. The City tries to provide assistance in a variety of ways for all local businesses coming into town. Whenever we are asked, we try to help, seek out ways to try to help. People know where to reach us, he notes that he tries to attend and tries to attend every ribbon cutting for new businesses in town, adding that we are lucky to have so many. He notes that Tom Marano (Economic Development Specialist) or Joseph Samolis (Economic & Community Development Director) -- one of the other is always with him to be sure that there is a staff person for that business owner to follow up. Before that process, we also try to help them move through the regulatory process of zoning; making sure that permits are readily accessible; to be sure that questions are answered and that people have the assistance that they need. They provide rental assistance for small businesses. They provide space to businesses in the Keating Building, which is the City's incubator space. The tenants at the Police Station and 80 Harbor Drive that they are now working in, They try to work with tenants on reasonable lease rate, often below market value so that they compete in the environment, they work with private companies on energy agreements. They have offered, and continue, to offer free energy audits to businesses and homeowners. They are looking, especially going forward, to partner around sustainability and energy usages. They City can be helpful. They also try to be helpful with grants, adding that we are the first City in the State and one of the only the states to provide direct grants to businesses with our CARES Act dollars. We will continue to do that with our American Rescue Plan dollars. It won't be in the exact same form, but will continue the commitment to local businesses and economic development. They try to assist, however they can, calling it the "bread and butter" that drive economic development in the City.

Type #1: No Tax Adjustment

- Most common type of economic development activity
- Business pays standard city + fire rate
- City assists:
 - Zoning
 - Permitting
 - Rent
 - Energy
 - Grants

Type number two is when there is a tax fixing agreement, when there is a tax stabilization, a tax abatement, or whatever you want to call it. They tax different forms and that is what the negotiations are all about: determining what form they are going to take. When there is an interest in a tax agreement with the City, this is the form it takes. It starts with an application by the developer or the business. The negotiations start with the administration, a team made up of himself (the Mayor) and his staff, Economic & Community Development, and the Office of General Counsel. Once an agreement has been reached by the administration, it is presented to the Council, starting first with the Economic Development Commission (EDC). When the EDC votes something favorably out, it goes to the full Council, The Council has the opportunity to approve, modify, or reject the agreement that has been presented after having been negotiated. There are two (2) different ways to structure there tax fixing agreement. There are basic subtypes. First, fixed assessment where the City has seen in the past, so that for a period of time, say 10 years, the maximum allowed by State statute. The tax rate will be fixed at a certain rate, usually what the given rate is when the deal is signed. That stabilizes over a period of time so that the developer knows that the taxes will only go up by a certain amount. The mill rate rise over time, gradually over time, but stabilized over 10 years. The other type is a gradated or phased in assessment. It will start in Year 1 with a lower tax rate, often zero in the first year. It will go to a low rate for a couple of years followed by a moderate rate for a couple of years. It gradually works its way up and, at year 22, reaches the standard rate just as it would with a full assessment.

Type #2: Tax Fixing Agreement

- Business applies for consideration
- Negotiations with administration
- Administration presents completed application to EDC
- EDC refers to Common Council
- Common Council approves
- Two sub-types:
 - Fixed assessment
 - Ex.: 35 mill rate fixed for ten years
 - Gradated or phased-in assessment
 - 0 mills in Year 1, 10 mills in Year 2, 15 mills in Year 3, etc. ...
 - Revert to standard mill rate in Year 11

The City has granted a few of those in recent years.

The third type is tax stabilization or abatement or fixing, plus a request for additional public support. This starts with the same process as the second type: the same application, the same voting process, the same final approval or modification opportunity afforded to Council. There are higher expectations for public benefit for projects with a higher “ask” in terms of public investment. This would be looking at public use of some of the amenities, permanent long-term job creation – construction jobs are the asset. Long-term job creation is what we are looking for in terms of the additional public support. FedEx is an example of this, adding that there were some additional public support requests there for capping the building fees as that project was creating long term economic benefits and jobs. And community investment, programs that give back to the City, partnerships that can be held over the long term. Some of the things that we – the City – have been granted, for which we have been approached about in terms of additional public support: capping & and waiving fees as they did for FedEx, building and maintaining facilities – park facilities, parking facilities – a new road that the City would maintain, or direct investment by the City beyond a tax abatement or tax fixing agreement. That would be an additional subsidy, an additional tax break of City resources or grants that come through the City to support a project.

Type #3: Tax Stabilization/Abatement, Plus Additional Public Support

- Same process as Type #2
- Higher expectation for public benefit
 - Public use
 - Permanent job creation
 - Community reinvestment
- Capping/waiving fees
 - Ex. FedEx
- Building/maintaining new infrastructure
- Direct investment from city beyond tax abatement

This last type is the most complicated as it is the biggest in terms of what being requested by the City.

What we generally look for in all development, these are categories that, all the more important, the more complicated the deal is and the more is being asked of the City, the public, and the taxpayers. First is \$25,000 or more in renovated facilities, that covers most new development crosses that threshold. Is it consistent with the Plan of Conservation & Development, which was recently updated and adopted by the Planning & Zoning Commission and the Council and filed with the State? Is it consistent with our long-term economic development, the goals and plans for our City? Does it have a solid financial base with growth potential? Is there extent and secure investment that will allow the project to happen? We don't want to put the City in the position where we are bridge financing a project and it is not for an element of the City's financing. We definitely want to make it more stable, more predictable, more affordable, but if we are investing in a project we need to be investors. It is difficult in a project where we are helping to make up the difference between a financially viable project and a non-financially viable project. We want to play that role when we can, but we are limited to the tools in our toolbox with our ability to play that role. Clear benefits to the City of Middletown – this can take many forms, but it is self-explanatory. We want there to be a benefit to all businesses and a benefit from all of our businesses. We work well without Chamber (of Commerce) and business community, in general. Long-term commitment and stability – again, the larger the development, we want to know up front the long term prospects for that investment, what the long term plan for the project is. We want to protect the City's assets and the taxpayers' money, in regards to that. Then also strong credentials and good business practices by those we are going into business with, especially in the large deals. We will try to research if there have been past projects in town, projects in neighboring towns and try to make sure that we are working, not just with projects, but project managers and operators that can successfully do work.

What we look for in new development

- \$25,000+ in new or renovated facilities
- Consistent with POCD
- Solid financial base and growth potential
- Clear benefit to the City of Middletown
- Long-term commitment and stability
- Strong credentials + good business practices

The City's tax abatement ordinance essentially allows the administration to negotiate and the Council to approve tax abatement agreements. It is Section 272-9, most recently modified in 2016 by the Common Council. The first paragraph, which summarizes the purpose he just described

Purpose. The purpose of the tax incentive program is to attract new firms to the City of Middletown and to promote expansion of existing businesses and industry and enhance the quality of life of the citizens of the City of Middletown. It is the intent of the City to assist companies in creating jobs for local and area residents; create long-term tax base growth through the replacement, reconstruction, expansion and remodeling of existing business and industrial facilities, where appropriate and environmentally sound; encourage the construction of new facilities, when necessary; and generating new demand for existing local businesses goods and services through a "spinoff" effect of employers' decisions to either expand or locate in Middletown.

What the ordinance is for – the State has already granted us the ability the reason why we have a local ordinance. It gives the City the ability to negotiate in in our best interest within the boundaries of the State statute.

Tax abatement ordinance

- Allows administration to negotiate, and Council to approve, abatement/stabilization agreements
- § 272-9 Tax and business incentive program, modified 2016 by Common Council
- The purpose of the tax incentive program is to attract new firms to the City of Middletown and to promote expansion of existing businesses and industry and enhance the quality of life of the citizens of the City of Middletown. It is the intent of the City to assist companies in creating jobs for local and area residents; create long-term tax base growth through the replacement, reconstruction, expansion and remodeling of existing business and industrial facilities, where appropriate and environmentally sound; encourage the construction of new facilities, when necessary; and generating new demand for existing local businesses goods and services through a "spinoff" effect of employers' decisions to either expand or locate in Middletown.

We know that every deal is going to be different. We know we are governed by that statute, but within that, case by case is negotiations are within the boundaries of that statute to take advantage of those opportunities. Then we can reach mutual best interest for all of the parties. It ensure that all projects may considered fairly on their individual merits, It ensures that we can have a process in place to evaluate and process and consider everything that comes before us, to do our due diligence to not have the City or Council be put in the position that they are making decisions with limited information. The very goal is to protect the taxpayers; investment and get the best bang for our when it comes to the taxpayers' dollars, balancing the developer's interest with the interests of the City to maximize both of those best interests.

What the ordinance IS for

- Giving the city the ability to negotiate within the boundaries of the state statute
- Ensuring that all projects can be considered fairly on their individual merits
- Overall goal: best bang for the taxpayers' buck, balancing the interests of the developer with the interests of the city to maximize both

It is also important to know what the ordinance is not for. It is not for finding tax avoidance or loopholes around the State statute. It bears repeating: this is not a power that the City invented. It is a limited power granted to us by the State. The statute is very clear that can be a 10-year period, about what is eligible, which the statute makes clear in various ways. The ordinance tries to be clear as well. The ordinance is not there to try to go beyond what the State allows us to do. Things that have come up that fit this description are an extended build period. For instance, a developer might say, "This is a really good project and it will take 10 years to build it. How about I don't pay any taxes until that 10th year and the will start the abatement at Year 1 and go ten years from there." That would effectively be a 20-year abatement or a 30 year, or depending however long a build period is advocated for. Another would be to have a base basement that does not reflect the value of the property. The property could get developed, but the City could be asked to agree to assess it at undeveloped value in order to provide a power assessment, the ordinance does not exist for that purpose. It does not exist to ensure that certain developers get favorable treatment. It does not there to make it easier for politically connected businesses or developers to move things through as quickly as possible. It really is there to make sure that there is a local process in place on top of what the State allows us to do to ensure that there is fairness and objectivity for everything. It does not, importantly, give developers a system to dictate their own terms, A dangerous precedent set would be to have a system where for every other type of business, for every other type of constituency or resident, tax rates start at the mil rate of 35.7 and we would work downwards from there based on the quality of the project. We don't want to set a precedent that for a certain type of project or certain type of developer the effective tax rate starts at zero and we negotiate up from there, he thinks it is important that we start on a level playing frilled and evaluate projects on their merits.

What the ordinance IS NOT for

- Finding tax-avoidance “loopholes” or getting around state statute
 - Long build periods
 - Manipulated base assessments
- Giving favorable treatment to preferred developers
- Giving big developers a system of their own

Can we improve our process?

Can we improve?



He believes that, “Yes,” we can always improve and we want to be sure that we do that on an ongoing, yearly basis. The Chair notes that they are short on time. He will quickly run through.

Can we improve?
YES!



Staff can always be helpful. It will allow us to advance the department. We can always be reviewing our ordinances and annual basis on a more proactive basis. Having benchmarks always helps for longer-term planning. We can utilize our existing partnerships. For instance we are having the Connecticut Conference of Municipalities take a look at what our neighboring town do and whether can have a competitive advantage by trying to learn from those. The, making language changes to the ordinance, if we need to. Tonight we have something on the Council agenda, a brand new use of the restoration tax credit. There are things within our power that e can do, get creative about and those are things that we should talk about.

How can we improve?

- Additional staff
 - Outreach to businesses + entrepreneurs
 - Find and apply for grants
 - Move projects faster
- Review ordinances and annual progress
- Establishing benchmarks to foster long-term planning
- Better utilize existing memberships and partnerships (Chamber, CCM)
- Thoughtful ordinance updates/changes (ex. historic restoration tax credit)

There are things that we should avoid and be cautious about. For example, spending resources not on advancing economic development, but on second guessing ourselves, one part of the City investigating another for how it is performing. We should be holding each other accountable for our performance, for sure, but we should be sure, when it comes to spending resources, that we do it effectively. We should avoid giving favoritism to politically or financially connected development. That is something that he thinks they have done successfully over the last few years and they need to continue to do if they expect to have high quality investment and have to have high-quality developers seek us out. We want to be sure that we are not assuming unreasonable risk, share it among the investment partners, and not confusing process with outcome. We need to make sure that we are setting, on the front end, mutual understanding of what outcome we want for economic development and developing processes to come to that outcome, not changing processes or manipulating processes to get to less than ideal outcomes.

What should we avoid?

- Pitting the city against itself
- Favoring politically- or financially-connected development
- Assuming unreasonable risk
- Confusing process with outcome

Coming up on January 13th, the Council will hear more about multi-town panels for competing communities, neighboring communities, communities similar to Middletown, how they handle strategies, things that we can learn and things that we might be doing better or worse than others. A more in depth discussion of the abatement ordinance and its history, which dates back to 1994, why it has been change, especially most recently in 2016., when a number of members of this Council were not yet seated, prior to his tenure as well, a breakdown of recent tax stabilization agreements, including where and what the additional public support looked like, where that is applicable, and the details on that. They will break that down. Any responses that come up this evening.

Coming up on January 13

- Multi-town analysis of tax abatement programs and strategies that compare and compete with Middletown
- In-depth discussion of Middletown's abatement ordinance and its history
- Detailed breakdown of recent tax abatement/stabilization agreements, including additional public support where applicable
- Responses to your questions

The Chair notes that they are over time and he appreciates the Council's indulgence. If there are any quick questions he will gladly answer them.

Thank you!



Councilman Philip Pessina asks if the Chair will share this with the Councilmembers.

The Chair will send this presentation after this meeting.

Councilman Eugen Nocera states, as a housekeeping item, the community comments on January 13th are set for 6:30 PM and, because they cannot just run into the workshop, they will adjourn the Community meeting and move into the workshop, which will probably be about 7:00 PM.

The Chair states that is good to know. He reiterates that the Community Meeting will precede the workshop and be followed by the workshop. He confirms that the Community Meeting is scheduled for 6:30 PM.

Councilman Nocera reiterates that he expects that the Community Meeting will likely adjourn about 7:00 PM at which time they will adjourn and log back into the workshop.

The Chair reiterates that he will email the presentation and that he and his staff will be available for questions that come up. He thanks the Council. For their attention.

5. Meeting adjourned

Councilman Philip Pessina moves to adjourn. Councilman Grady Faulkner, Jr. seconds the motion. There being no discussion, the Chair calls for a voice vote. The motion is approved unanimously by a vote of 11-0 (AYE: Councilmembers Blackwell, Carta, Faulkner, D. Ford, E. Ford, Gennaro, Loffredo, McKeon, Nocera, Pessina, and Salafia; ABSENT: Councilman Mangiafico). The matter is approved

The meeting is adjourned at 7:02 PM.

ATTEST:
LINDA S.K. REED,
COMMON COUNCIL CLERK