

Discussions with BOF on July 12, 2022

Requested the Board of Finance provide targets for the FY2024 budget:

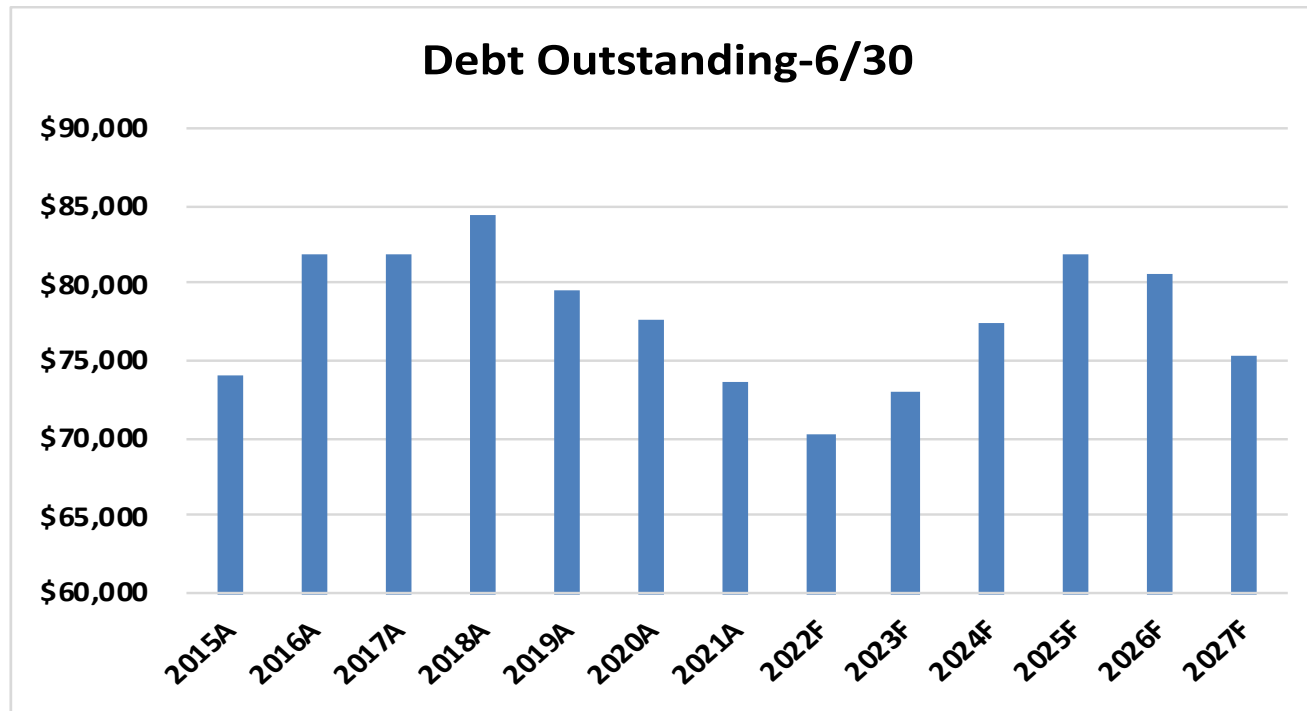
- ***Prior to the FY2021 budget, the Board of Finance provided the Board of Selectmen, the Board of Education and the public with budget guidance in advance of the development of the annual budget.***
 - Generally provided in October.
 - Guidance as to their mill rate target and required resulting operating expense targets.
- ***Allowed for early engagement of the three boards and the public in the budget process.***
- ***Managed expectations.***
- ***Generally eliminated situations like last year when members of the public were taken by surprise in April.***
- ***Particularly important if anticipating significant change in one or more to the mill rate components.***

Board members were generally favorable towards providing guidance and will discuss at their August meeting.

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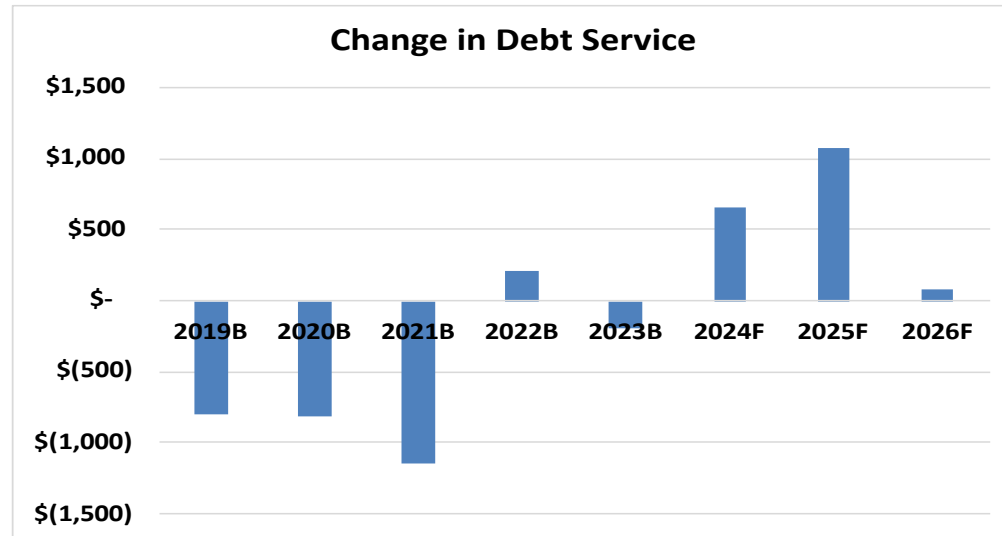
Reminded and reviewed with the Board that bonding and the resulting debt service will increase for FY2024 and is expected to increase over the following two years.

- *We have prepared for this increase in debt.*
- *Over the last seven budgets, we have managed down debt. At the end of FY2022, debt is at its lowest amount in eight years, reduced from over \$84 million at the end of FY2018 to \$70 million at the end of FY2022.*



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From FY2018 to FY2023, annual debt service declined by \$2.9 million from \$11.8 to \$9 million



helping to minimize mill rate increases:

	2021	2022	2023
Change in Debt Service	\$ (1,138,457)	\$ 208,984	\$ (198,814)
Mill Rate Change	-3.77%	1.48%	1.29%
Impact of Incr/(decrease) in debt	-0.94%	0.18%	-0.18%
Net all other	-2.83%	1.30%	1.48%

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Source of increase in bonding:

- ***\$19.4 million of bonded projects were approved at the May 2022 ATM.***
- ***\$25 million of additional bonded projects expected to be requested over the next three years.***
 - *As included in the 5-year plan, plus a third turf field, WHS and MB renovations and Ambler Farm Yellow House renovations.*
 - *Timing for WHS, MB and AFYH is based on schedule debt retirement in FY2025.*

	2023	2024	2025	2026
2023-2027 5-year Capital Plan	\$ 19,460,137	\$ 8,842,150	\$ 5,550,555	\$ 3,846,306
Turf Field		\$ 2,000,000		
Town Hall Elec & HVAC		\$ (1,500,000)	\$ 1,500,000	
WHS and MB Renovations			\$ 4,000,000	
Ambler Farm Yellow House			\$ 800,000	
Total	\$ 19,460,137	\$ 9,342,150	\$ 11,850,555	\$ 3,846,306

- ***During this same period, approximately \$25 million of additional bonding has been avoided because the Town secured state and federal grants for those projects. Securing grants in lieu of bonding or operating expenses continues as an area of focus for town departments.***

Addressed BOF member expressed concern that there should be more focus on revenue generation and less focus on expense reduction.

- ***Informed members of the projects and forecasted associated property taxes once complete.***
- ***Informed members of the permit pipeline.***
- ***Provided members with examples of project revenues versus expenses:***
 - To offset \$680,000 increase in debt service, require \$24 million of incremental assessed growth, or \$34 incremental market growth.
 - To offset \$1,100,000 increase in debt service, require \$39 million of incremental assessed growth or \$55 incremental market growth.
 - Conversely, the annual impact of the more than \$600,000 in savings from moving to the State's health plan was equivalent to an apartment complex similar to 116 Danbury Road.
 - The annual impact of \$250,000 in savings from combining the Town and BOE CFOs was equivalent to a new medical building similar to that as across from Town Hall.
 - The annual impact of avoiding \$25 million borrowings due to secured grants was equivalent to a larger apartment building than being built at 141 Danbury Road.

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FY2021 and FY2022 Permit Activity

Despite the decline in permit activity during the pandemic, activity is picking up:

- **Permits include, among others, 200 Danbury Road, ASML, Hartford Healthcare, 40/60 parking garage expansion, Ipark parking garage, Hollyhock retail/residential conversion and Cannonwoods residential subdivision.**
- **Some of those projects were reflected fully or partially in the October 1, 2021 grand list.**

Building Permits Issued-Construction Full Value				
	2021	Still Open	2022	Still Open
Residential, New	\$ 5,545,555	\$ 3,713,000	\$ 11,990,665	\$ 11,319,000
Residential, Alterations	\$ 14,182,838	\$ 7,480,000	\$ 13,180,992	\$ 12,040,000
Residential, Swimming Pool	\$ 2,681,059	\$ 1,490,000	\$ 2,440,700	\$ 2,370,000
Residential Solar	\$ 1,410,643	\$ 186,000	\$ 2,161,732	\$ 826,000
Commercial, New	\$ 625,000	\$ 625,000	\$ 8,142,880	\$ 8,142,880
Commercial, Alterations	\$ 16,563,500	\$ 1,602,000	\$ 17,911,318	\$ 14,135,000
Minor, Residential & Commercial	\$ 6,077,602.5	\$ 2,596,000	\$ 7,930,458	\$ 5,914,000
Total	\$ 47,086,197	\$ 17,692,000	\$ 63,758,744	\$ 54,746,880

- **Note: not all permitted projects will be started.**
- **Note: not all permitted projects will result in an increase in assessment.**

Possible Property Taxes from In-Process or Expected Projects

- ***New constructions projects include or may include:***
 - 200 Danbury Road, apartments and retail-+/- \$160,000.
 - FY2023 and FY2024 budgets-October 2021 and 2022 grand lists.
 - Near completion.
 - 141 Danbury Road, apartments-\$900,000.
 - FY2025 and FY2026 budgets-October 2022 and 2024 grand lists.
 - Site demolition occurred, new permits expected this month.
 - 12 Godfrey Place-+/- \$140,000.
 - Completed pre-app process, application expected this year.
 - SSND property-\$1.2 to \$1.9 million.
 - A buyer has not been confirmed, expected this year.

Note: the above amounts were not prepared by the Assessor and should not be considered as reflective of any future assessment.

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Examples of commercial real estate assessments and taxes

Address	Property Type	Approx Assessment	Approximate Taxes before exemptions
20 Westport Road	office	\$ 40,900,000	\$ 1,154,566
25 River Road	TH apartments	\$ 30,592,000	\$ 863,582
10 Westport Road	office	\$ 22,771,000	\$ 642,803
116 Danbury Road	TH apartments	\$ 21,316,000	\$ 601,729
50 Danbury Road	office	\$ 21,137,000	\$ 596,676
435 Danbury Road	retirement facility	\$ 16,228,000	\$ 458,100
5 River Road	retail/restaurants	\$ 16,792,000	\$ 474,021
15 River Road	retail/office	\$ 14,315,000	\$ 404,098
21 River Road	office	\$ 14,708,000	\$ 415,192
211 Danbury Road	retirement facility	\$ 14,272,000	\$ 402,884
249 Danbury Road	medical	\$ 8,017,000	\$ 226,312
31 Old Danbury Road	apartments	\$ 4,704,000	\$ 132,789
151 Old Ridgefield Road	retail/restaurants	\$ 2,740,290	\$ 77,356