

BLOOMFIELD TOWN COUNCIL

**JOINT MEETING OF THE
LAND USE & ECONOMIC DEVELOPMENT SUBCOMMITTEE
AND
FINANCE SUBCOMMITTEE**

There was a special joint meeting of the above referenced subcommittee held on Tuesday, December 20, 2016 at 7:00 p.m. in Conference Room #5, Bloomfield Town Hall, 800 Bloomfield Avenue, Bloomfield, CT.

Land Use & Economic Development/Finance Committee members present were: Deputy Mayor Schulman, Councilors Hypolite, Washington, Rivers, Merritt, Seldon, Neuwirth and DeLorenzo

Also present were: Mayor Gamble, Philip K. Schenck, Jr., Town Manager, India Rodgers, Clerk of Council, Jose Giner, Director of Planning & Economic Development, James Wren, Director of Finance, Todd Helms, Town Assessor and India Rodgers, Clerk of Council

Guest were: Mr. Michael Goman and Mr. David Driver – Goman & York, Economic Development Consultants

The meeting was called to order at 7:05 p.m.

Old Business

Review and Discussion regarding the Tax Abatement Policy

This item will continue to be reviewed by both Land Use & Economic Development and Finance Subcommittee for recommendations and improvements.

New Business – Referral Request for Tax Incentives

Butler Construction Inc. Presentation

This applicant will make a presentation to this joint subcommittee at a meeting scheduled towards the end of January 2017.

Council Referred – FY 16/17-28: Discussion and Possible Action (Trader Joe's)

Deputy Mayor Schulman gave a brief description on the process in determining whether to approve a tax incentive for Trader Joe's. The Council will accept valued public input and advice from the Economic Development Commission (EDC).

Councilor Hypolite gave a brief description of the purpose of tax abatements, in general.

Deputy Mayor Schulman inquired about the traffic study and the benefits to north end of town.

Mr. Philip K. Schenck, Jr., informed the Council and public of the initial request for a tax abatement from Trader Joe's. They approached the town approached last spring 2016 in the name of: Project Woodlands

(Trader Joe's) and expressed interest in a 56 acre lot near Amazon Distribution owned by Griffin Land. The Town of Bloomfield is one of two industrial sites in consideration for a \$78.5 million dollar investment for a 690,000 warehouse distribution and production facility. The anticipated new jobs created by this operation would total approximately 675.

Mr. Schenck, Jr. also indicated that a formal letter was sent on November 29, 2016 expressing interest for tax incentives. This company has hired two firms to represent their interest. The IDS Group is responsible for the physical site location-fact finding and zoning regulations. The KPMG firm is responsible for the accounting and tax incentives for upcoming projects.

Trader Joe's have requested a full 100% tax abatement for this project. The Town's existing abatement policy is not being used. However, a new draft of the tax abatement policy will be used as a general model guide.

Mr. Jose Giner, Director of Planning and Economic Development presented the current assessed value of the property at \$2.4 million – fair market value. At present, the town receives \$3600 in taxes, due to the Public Action 490 for farmland provisions on current acreage. The value of land once approved will increase taxes to \$143,668 yearly, \$66,000 in personal property and approximately \$600,000 in building permit fees.

Mr. Schenck stated that the tax revenue to be generated would be approximately \$1,200,000 at current value of 36.65 mils. This project would be a positive tax benefit for the Town of Bloomfield.

There some brief discussion regarding personal property taxes of the interior structure as well as the possibility of having a retail outlet in the town center.

Councilor Merritt inquired about the amount of trucks stored in Bloomfield. The company has plans to contract out, however 150 transportation jobs would be provided by the trucking firm. He also inquired whether they would come to Bloomfield without a tax abatement. The town would consider a risk and gamble to lose, how much to give and it is overall risky to abandon abatements all together. This new tax revenue could be potential funding for a new library,

Councilor Hypolite inquired about a guarantee for the town to receive \$2.6 million in taxes from Trader Joe's. This figure is an estimated value of personal property for the project – computer, desks, etc.

Councilor Rivers stated that this project is a win/win for the town, regarding personal property and real estate taxes.

Councilor Seldon inquired about clarifying start date of 2.6 million in personal property.

Councilor DeLorenzo expressed several concerns regarding the following:

- Personal property - \$2.6 questionable from Day 1 or 1st year
- 675 employees hired
- Debt service reduction if abatement given would be effective FY 2018
- Structuring abatement for FY 2021 and FY 2022, start with lesser in higher percentage of debt service
- Permit fees- obtained within same year?
- Results of a traffic study
- Rudimentary cost benefit analysis
- Environmental study necessary as a contingency

Councilor Hypolite requested the opinion of Goman & York on the type of company is Trader Joe's.

Mr. Mike Goman and Mr. Dave Driver of Goman & York gave a brief overview of preliminary information regarding Trader Joe's and their operations. Mr. Driver visited their Pennsylvania operation on December 8, 2016 and shared his observations during the meeting.

Councilor Hypolite inquired about MDC/sewer discounts for this project. It was noted that MDC water will only be used for connections.

Public Comments

1. **Tim Wolf, 4 Guernsey Road**, commented on the draft tax abatement guidelines, decision to give anything to Trader Joe's, ?gross assessed value, ?table up to 50-60% for four years, set of four incentives, minority hiring goals in guidelines, 5% green renewal energy efficiency
2. **Linda Pagani, 4 Guernsey Road** want company to present to public and Council prior to Council vote
3. **Kevin Gough, 5 Bear Ridge Drive**, reiterated the need for an accurate cost benefit analysis. The cost methodology needs to be refined for improvement, commercial industries and the 12% of the non-educational budget for commercial businesses. He also inquired about the possibility to have back taxes paid in lieu of PA 490 – Farmland provisions. The draft policy could be applied to this scenario and to understand why abatements are given, the true benefits to Bloomfield. What is the company providing to Bloomfield – retail store?
4. **Kevin Hussein, 95 Woodland Avenue**, commended the Council, staff and citizens for their hard work in transparency efforts. He also wanted to ensure that the town don't discriminate and accept all businesses, incorporate incentives for existing businesses and be sure to follow up with company on agreed incentives. Local contractors should be include for DBE construction and sustainable design – LEED accreditation. He also inquired about Trader Joe's community involvement, potential small retail outlet in the town Center and requested Goman & York to follow up with their intentions and efforts in coming to Bloomfield.
5. **Paul Butler, 679 Bloomfield Avenue** advocated for the Council to approve the warehouse distribution center request from Trader Joe's. Some of the key benefits include: \$40 million to build, 675 local hiring – 25% town residents, support of the local economy, tax revenues for over 30 years.
6. **David Mann, 1 Adams Road** stated that he was glad to have an open discussion to offer suggestions regarding tax abatement for prospective applicant. He also reiterated the need to have transparency between government and the public.

Deputy Mayor Schulman referenced the four tax incentives guidelines. The Council would like to implement a contract compliance function as a recommendation for the new policy. They would also emphasize minority hiring goals.

Land Use & Economic Development Subcommittee

It was moved by Councilor DeLorenzo, seconded by Councilor Washington and voted unanimously to authorize the Town Manager, Town Attorney and Director of Planning and Economic Development to proceed with negotiations for a tax abatement agreement with Trader Joe's.

Finance Subcommittee

It was moved by Councilor DeLorenzo, seconded by Deputy Mayor Schulman and voted unanimously to authorize the Town Manager, Director of Planning and Economic Development, Goman & York, Economic Development consultants to enter into negotiations for tax incentives with Trader Joe's.

Councilor Hypolite stated that this project is a great opportunity overall. The draft tax abatement policy will incorporate incentive areas, in addition to maximums, hiring a minority population – not great creative to offer in a minority community

Councilor Seldon want to make sure there is a procedure in place to ensure incentives are met.

Councilor Washington recommended to include in negotiations with Trader Joe's, minority compensation within draft tax abatement policy.

Approval of Minutes

It was moved by Councilor DeLorenzo, seconded by Councilor Neuwirth and voted unanimously to approve the minutes of November 15, 2016.

Adjournment

It was moved by Councilor DeLorenzo, seconded by Councilor Neuwirth and voted unanimously to adjourn the meeting at 9:50 p.m.