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~AD HOC REPORT~
Maplewood Healthcare-Deferral of Assessment Increase
Tuesday, March 8, 2016

Chairman Irving Fox called the meeting to order at 7:07 p.m. on Tuesday, March 8, 2016, in the Caucus Room, 3rd Floor, Danbury City Hall, 155 Deer Hill Avenue. Present were Committee Members Joe Cavo and Fred Visconti. Also present were Ex-Officio Members Christina Chieffalo and Paul Rotello; and Sharon Calitro, Director of Planning; Les Pinter, Deputy Corporation Counsel; and Petitioner Andrew Deery, Maplewood Healthcare.

Mr. Fox stated the purpose of the meeting is to review Maplewood Healthcare deferral of assessment increase.

Ms. Calitro reviewed when the application was received and noted a letter was submitted to the Mayor and Council stating that this complies with Section 18-25 of the Code of Ordinance. The letter should be made an attachment to the application. The special exception was approved in October and met eligibility requirements for tax deferral consideration.

Mr. Deery reviewed the project for Maplewood Healthcare noting they do a lot of work in the region including acquisitions for Maplewood Senior Living and more. He noted utilization of Claris construction, and discussed timing, and other issues including topography, utilities, site work, previous fill work, and footings. Building is a 43,500 sq. foot medical office building off River View to be used primarily for orthopedics, some radiological services, and physical therapy. It sits on about 8 acres.

Mr. Deery responded to Mr. Cavo that they are the owners of the building. Long term tenants will be about 70% of the building, and there was discussion of the percentage that is local. Per Mr. Deery, the top floor's orthopedic tenant is in about 50% of the building space with about 60-70% of that being local tenants. He also responded to Mr. Visconti that the building is in Danbury and percentages that are used by particular tenants. Mr. Deery commented on the newspaper article regarding the Governor's potential funding cuts representing more of a Medicaid reimbursement problem.

Mr. Visconti expressed concern with getting tenants assigned and the number of orthopedic services already in the City. He discussed the costs and what the City will be getting. It represented estimated \$395,000 for land assessment and total constructions costs or improvements subject to deferral of about \$6,500,000.

Mr. Cavo stated he does not recall having given a deferral on a medical building and expressed concern with what the net gain would be. Especially if just moving employees within Danbury, Mr. Cavo did not see here intention of increasing the number of employees within Danbury, unless it's retention. Mr. Deery discussed the number of doctors (about 16) and the number of patients they see (about 30-50 patients daily per doctor), zoning, the top floor is leased, parking, utility tie-in costs, and rents. The project is expensive, but not large.

Mr. Pinter commented on Berkshire West LLC, with Mr. Deery clarifying that it would be contracted under one name, Maplewood Healthcare with the actual owner entity being the LLC. Mr. Pinter noted with Praxair, there was a need to clarify the contract of sale or lease and we will need to ensure the parties are aligned. He noted 5 acres were carved out with Mr. Deery noting that was related to access. Mr. Pinter noted Council may consider all issues pertaining to the economic value of the deferral tiers, what taxes would be, and there needs to be a timeframe stated for improvements. There would have to be approvals by Building and Planning Officials, and Council, and a clause in the event entities change structure to ensure City protection. He noted all this relates only to the issue of the tax deferral for the 7 year period requested.

Mr. Deery commented that they would like the maximum benefit, yet any assistance would help and be a good incentive to tenants. He responded to Mr. Rotello's questions regarding rents, ownership, deferral amount, and

the value of the land. Mr. Deery estimated the value of the land & building at about \$10,000,000 - \$12,000,000 with high end tax deferral estimate of \$160,000 for 7 years for real property, not contents. Mr. Rotello said tax deferral will not include land. Ms. Chieffalo inquired regarding the 30% that is not yet leased. Mr. Deery responded to Ms. Chieffalo that the doctors are in a group, Western Connecticut Orthopedics. Leases so far starting in early 2017.

Mr. Cavo inquired whether anything would preclude the Mr. Deery from returning with a different amount, or number of years.

A motion was made by Councilman Cavo, and seconded by Councilman Visconti, to recommend that the City Council take no action on this item.

Mr. Pinter responded to Mr. Cavo regarding the ability to return with a modified application.

A motion was made by Councilman Visconti to move the question. Motion carried 3-0.

The main motion passed 3-0.

A motion was made by Councilman Cavo, and seconded by Councilman Visconti, that the Ad Hoc Committee be adjourned. The motion passed unanimously at 8:00 p.m.

Respectfully Submitted,

Irving Fox, Chairman

Joe Cavo

Fred Visconti