



TOWN OF MONROE

BOARD OF FINANCE

SPECIAL MEETING MINUTES

Special Budget Workshop Meeting - Wednesday, April 9, 2025 – 6:00 P.M.
Meeting conducted in Conference Room 204 of Town Hall
& Remotely via Zoom

PRESENT: Chairperson Rebecca O'Donnell
Vice-Chairperson Katherine Stauffer
Board Member Steve Kirsch
Board Member Samantha Spino
Board Member Mark O'Donnell
Board Member Nick Sentementes

ALSO PRESENT: Finance Director Ron Bunovsky
Assistant Finance Director Heidi Meade
First Selectman Terry Rooney
Superintendent of Schools Joseph Kobza
Treasurer Frank Dutches
Tax Collector Deb Heim (remote)
Human Resource Director Craig Hirsch
Town Council Chairperson Jonathan Formichella
Monroe Sun Editor Bill Bittar

1. Call to Order & Roll Call

O'Donnell called the meeting to order at 6:01 p.m. and took roll call.

2. Budget Workshop

The Board of Finance discussed the various aspects of capital budget projects. The discussion included school upgrades from the Board of Education, portable radios for EMS, Fire Department trucks, a septic tank at the Senior Center, a pool shade structure for Parks and Recreation, an HVAC unit at the Library, body cameras for the Police, and a dump truck and paving request from the Public Works Department. There were additional discussions regarding the state of town roads and what could be done to update them in the future. *Dutches* asked the First Selectman if the work that needed to be done on the community center wall was in bonding? *Rooney* stated no, that money was already put aside. The Board discussed the new butler building for Public Works. The Board discussed the facilities study for the Board of Education and how that was not incorporated in this fiscal year's Capital Plan.

The Board reviewed revenue from the grand list and revaluation. The Tax Assessor responded to 3 questions attached hereto. Tax interest revenue was at \$300,000. Tax delinquents and real estate taxes were trending well. The Board discussed expecting \$30,000 in zoning permits and also revenue from the Town Clerk's Office, Health Department license renewals, Parks and Recreation, EMS and revenue from cell tower leases. The possibility of a new cell tower in the Fan Hill Road area was discussed. *Dutches*, the Town Treasurer, discussed interest in dividends, the STIF rate, and the great relationship the Town had with Newtown Savings Bank. The Board confirmed another budget workshop for April 15, 2025 and a budget vote on April 17, 2025 at their regular meeting.

The Board discussed ideas for how to handle the Board of Education budget, as well as the input received from the public. Community members expressed concern about what the Board of Education might cut if they didn't receive the full requested increase. They also questioned whether the Board would consider reallocating funds to help the Board of Education receive part of what it was requesting within the reduced budget. *Rooney* stated the Board of Education was 70% of the budget while municipal was 30%, and if the budget did not pass the mill rate would go back 38.27 instead of 28.61. *O'Donnell* said at the next meeting when there would be a spreadsheet up, it would be easier to see if they could shift funds.

3. Adjournment

MOTION FOR ADJOURMENT

Motion: (S. Spino)

To adjourn the meeting at 9.22p.m.

Second: (S. Kirsch)

Discussion: None.

MOTION PASSED: 6-0

*Minutes Respectfully Submitted by Board of Finance Clerk Megan Morley

From: Samantha Spino <sspino@monroect.gov>
Date: April 6, 2025 at 10:56:58 PM EDT
To: Rebecca O'Donnell <rodonnell@monroect.gov>
Cc: Steve Kirsch <skirsch@monroect.gov>
Subject: Revenue Question

Hi Rebecca -

I have been looking into the tax reassessment spread, and I want to know more about how the revaluations were determined. Here are some things I've noticed:

- With the commercial growth in town over the past year, why is the tax assessment lagging over residential in such a drastic way?
- Why are we shifting the value from residential to commercial in this fiscal year? What has changed so drastically from the prior revaluation period?
- Most importantly, how are commercial assessments determined? I saw a very low increase in existing commercial property assessments relative to the increase in new/renovated residential property assessments.

Thanks,

Sam

From: Rebecca O'Donnell <rodonnell@monroect.gov>
Sent: Monday, April 07, 2025 1:29 AM
To: Justin Feldman <jfeldman@monroect.gov>
Cc: Ron Bunovsky <RBunovsky@monroect.gov>; Heidi Meade <hmeade@monroect.gov>
Subject: Fwd: Revenue Question

Hi Justin,
Please see questions below from Samantha. Can you help with answers?
Thanks,
Rebecca

From: Justin Feldman <jfeldman@monroect.gov>
Sent: Monday, April 7, 2025 4:35 PM
To: Rebecca O'Donnell <rodonnell@monroect.gov>
Cc: Ron Bunovsky <RBunovsky@monroect.gov>; Heidi Meade <hmeade@monroect.gov>
Subject: RE: Revenue Question

Hi Rebecca,

Again – very good questions.

- 1) Unfortunately, commercial properties simply have not been demonstrating the same type of market appreciation that residential properties have since the last revaluation. While we have experienced some significant commercial development in recent years, which has certainly been helpful in generating grand list growth year over year, the totality of market appreciation experienced by commercial properties in contrast to residential properties is noticeable. This is not a unique experience to the Town of Monroe. I had inquired about

this to other municipalities on a similar revaluation schedule and was told that most were experiencing an 8-15% increase in their commercial grand lists. So relative to other municipalities, Monroe appears to have performed on the higher end. Please note that commercial projects that were completed prior to the 10/1/2024 assessment date were largely already included in the grand list.

- 2) The primary driver of the disparity you are noticing is that Monroe completed our previous revaluation in 2019, which was prior to the residential housing market exploding in 2020 and thereafter. The resulting and continued lack of housing supply has only continued to drive residential prices up through our 10/1/2024 date of value. I would suspect there are other structural forces that may be at play as well. Factors such as the dramatic shift to remote work that took place since the last revaluation and an increase in home-based businesses may also be playing a role. It's also worth noting that commercial property makes up a much smaller proportion of our total grand list. Out of 7,877 real estate parcels, only around 340 are zoned commercial or industrial. If residential values had stayed relatively flat as was the case during the 2019 revaluation, I suspect a 16% increase in commercial may be viewed a bit differently. However, even if commercial had performed on par percentage wise with residential (which of course would still be great), the dollar for dollar impact would still pale in comparison.
- 3) All real estate assessments, both commercial and residential, are based on a properties fair market value as of the 10/1/2024 assessment date. Prior to the revaluation, our valuation model was based on 10/1/2019 market conditions. There are 3 generally accepted approaches to value that we utilize, the cost approach (replacement cost new less depreciation), the sales comparison approach, and the income approach. For residential property, we primarily rely on the sales comparison approach to develop residential property values. For commercial properties, we rely primarily on both the income approach and the sales comparison approach. Generally there are fewer qualified sales of commercial properties to work with and they may also have a bit more variation in the characteristics that influence value.

The income approach is developed by aggregating lease rates, vacancy, and operating expense data for various commercial property subtypes through the confidential income and expense reports that we are provided. We use this data to generate base market lease rates and expense ratios for various property subtypes. These base market inputs can be further refined based on the specific characteristics or circumstances of any individual property. Once that has been worked out, an appropriate market capitalization rate is applied for that property type. Essentially, the net operating income divided by the "cap" rate is what ultimately gives us our fair market value indication. The driving theory is that any potential buyer of an income generating property is going to be looking at it from an investment standpoint and would be taking the potential income stream into consideration. This methodology has been repeatedly substantiated by the Courts.

It may also be worth mentioning that in order to ensure equity, we have to meet certain statistical standards that measure both the level and uniformity of all our assessments against our qualified sales data, in order for the revaluation to be certified by the State. We are well within all of those parameters.

Hopefully some of this information is helpful. If you have any additional questions or would like any more information, please let me know.

Thank you,
Justin
Justin R. Feldman CCMA II
Monroe Assessor
203.452.2800, x1010
jfeldman@monroect.gov