

FEATURE

OVTD: ITS HISTORY, PURPOSE AND RELATIONSHIP TO OVCA



**By Ray Vermette,
Former OVTD President**

Condominium owners, perhaps at the time of moving into their units, learn that there are two organizations -- Oronoque Village Community Association (OVCA) and Oronoque Village Tax District (OVTD)

-- involved with the functions of the Village.

Each organization, OVCA and OVTD, collects its operating revenue by either assessing or taxing the unit owner. The purpose of a community association, such as OVCA, is likely familiar to the members of this community.

However, there are long-term and new residents who may wonder why Oronoque Village needs a special tax district, such as OVTD, what purpose it serves and how it relates to OVCA. The following information is intended to provide an overview of OVTD, an organization that has saved unit owners millions of dollars since its formation in 1979.

OVTD was organized on Oct. 29, 1979, under Chapter 105 of the Connecticut General Statutes by a vote of the taxpayers of the Town of Stratford who lived in Oronoque Village. The Tax District encompasses the same boundaries as Oronoque Village and was formed through the foresight of the unit owners at that time to take advantage of tax benefits and the special authority accorded to municipal governments by the State. Special tax districts have existed in Connecticut since the late 1800s. There are more than 300 districts like ours in the 169 towns and cities that make up Connecticut.

Each tax district is a political subdivision of the State, a special-purpose government that is independent of the local town or city within which it is organized. The tax districts can be considered towns within towns. Tax districts are created under state law when residents want more or better services in their neighborhood than the town or city provides and are willing to pay for them with additional property taxes. For example, some of these services permitted in the law may be to light streets, plant and care for trees, maintain and regulate the use of recreational facilities and maintain and construct roads, water systems and sewers.

Most of the property in Oronoque Village -- such as land, buildings, roads, recreational facilities and infrastructure -- is privately owned by OVCA, excepting the 929 units whose deeds describe the respective owners' units within

a building. Residents in Connecticut may also form for themselves a special tax district to provide permitted services to "improvement associations," like OVCA, which are private development corporations.

Since Jan. 1, 1980, when activities of our tax district started, OVTD's role in supporting and maintaining OVCA's specific property needs permitted in Chapter 105 have been defined in various legal agreements signed between OVCA and OVTD.

Today, OVTD serves OVCA by maintaining and improving roads, walkways, underground water, sewer and drainage pipes and other utilities, as well as snow removal, pest control, trees, street lighting, security services, maintaining OVCA's property for 10 feet on both sides of roads and at both ends of each drainage channel and acquiring and maintaining capital equipment and vehicles. Because OVTD is a municipality of Connecticut, all purchases made by OVTD are exempt from state sales and use taxes.

In a 1989 Villager article reviewing the first 10 years of OVTD's operations, an additional benefit mentioned was "to provide its taxpayers a real estate deduction for federal income tax purposes for the municipal services included in the Tax District annual budget." Federal income tax laws have changed since the 1980s, and a qualified tax adviser should be consulted to determine if this remains a benefit.

The state of Connecticut grants to special tax districts many of the same powers granted to towns and cities. The districts have the power to levy and collect taxes, impose finance charges on delinquent payers, file liens of equal priority with the local town, initiate foreclosure procedures, establish ordinances, issue bonds and elect officers. Each tax district should have a charter that incorporates the provisions from applicable state municipal laws, including Chapter 105, which define the district's powers, voter eligibility, its organization with four officers and either a five- or nine-member board of directors, the procedures for how meetings are to be held and how taxes are to be levied and collected, among other considerations.

OVTD's board of directors is the governing body and manages the district's affairs. Our nine-member board consists of a president, vice president, treasurer, clerk and five additional directors, as it did in the 1980s. All nine members are directors elected to staggered three-year terms. The four officers are elected to one-year terms and serve as officers of the district and the board. The board prepares its own budgets, establishes the district's priorities, levies the required tax revenues, maintains its own financial accounts, provides oversight for programs and projects under its re-

sponsibility, and follows a meeting agenda and discussion decorum like that observed at any town or city council meeting in Connecticut.

To retain our benefits and status as a special municipality, the OVTD board members and its various appointed committees must maintain an independent, arm's-length working relationship with OVCA, which is a private corporation. OVTD's financial accounts are separately audited by a certified public accountant, who also submits appropriate reports required by the state. The OVTD board also contracts for its own legal counsel to advise it on related matters.

The annual costs to operate and support all the projects and activities of Oronoque Village are defined in OVCA's and OVTD's respective budgets. In 1989, OVTD's budget amounted to more than 55 percent of the two combined budgets. But in 2014, OVCA purchased the North and South Clubhouses, which formerly were leased by OVTD from the original developer. OVTD's total budget now is approximately 30 percent of the two combined budgets.

OVCA raises its required revenue through an assessment on the unit owners. However, OVTD, being a special municipal government, raises its revenues through a property tax mill rate applied to the assessed value of each condo unit. The Town of Stratford Assessor's Office provides the OVTD board members with the most recent property assessments for each of the 929 condo units and the total of all units combined. Our Village mill rate is determined by dividing the annual OVTD budget by the total assessed values of all the units in the Village.

The annual budgets for OVTD and OVCA are developed as separate entities. OVTD has no employees. Those who work for the Village, including the executive director, are employees of OVCA. In its annual budget, approved in May 2020 by a vote of the residents, OVTD shares a proportional cost of OVCA's employee salaries, benefits, insurance, pen-

sion and other expenses for the services OVTD will provide OVCA in the fiscal year utilizing OVCA's employees. For certain other expenses -- like road maintenance and resurfacing, infrastructure repairs, snow removal, pest control, electricity for outside lighting, security services, gas, oil, vehicular acquisition and repair -- OVTD is responsible for 100 percent of these expenses. Whenever services are provided for OVTD by the executive director and the Maintenance and Business Office employees, they are considered contract employees.

The voting requirements for OVTD and OVCA also differ for Village residents. Because OVTD is a municipal government, by law, any resident who is 18 years or older, a citizen of the United States, registered to vote in Stratford's elections and a bona fide resident of the OV Tax District, or any person who owns real property in the tax district that is assessed for at least \$1,000, even though not residing in the district, is qualified to vote in electing officers and board members, approving the budget and for any other matter requiring a decision of the residents. All voters must appear in-person, and no absentee or proxy voting is permitted. OVCA, however, is a nonstock, not-for-profit private condominium corporation. According to Connecticut condominium law, each unit owner, by virtue of possessing a deed, has an undivided interest in OVCA and financially supports OVCA's activities through a proportional assessment based on the area size of the unit. Therefore, only unit owners are eligible to vote on OVCA issues.

At the present time, OVTD is financially sound and has adequate reserves. If OVTD ceases to exist as a municipal entity, then all its responsibilities and its expenses would be assumed by OVCA. All revenues would then be raised through OVCA's assessment procedure. Any tax-saving benefits arising from being a special tax district would be lost to the Village's unit owners and taxpayers. **OV**