

North End Industrial Area

- **Revenue Generation Analysis**
- **Remington Rand Pro Forma**
- **Sources and Uses of Funds**
- **First Year Action Plan**

REVENUE GENERATION MODEL PROJECT: REHABILITATION & BUILD OUT OF STUDY AREA Page 1

SHORT TERM JOBS & INCOME

New Building Development (s.f.) @ \$55/s.f. 70000
 Building Rehabilitation (s.f.) @ \$20/s.f. 42500
 Estimated Construction Cost \$4,700,000

Jobs Created -- Construction full-time equivalents 103
 Average Annual Income (1993 estimate) [1] \$27,360

Estimated Gross Personal Income -- Construction \$2,820,000

assumes 4 new 15,000 sf industrial bldgs. & 1 10,000 sf expansion
 assumes small business incubator at Remington bldg.

Stabilized
 Year

YEAR	1	2	3	4	5	6	7
	1994	1995	1996	1997	1998	1999	2000

LONG TERM JOBS & INCOME

Small Business Incubator @ 500 sf/job 20
 Distribution Space @ 2000 sf/job 15
 New Industrial Bldgs. @ 500 sf/job 30
 Existing Business Expansion @ 600 sf/job 10

Jobs Created -- Full Time: 75

Part Time: 30

New Jobs @ 45% of Jobs Created [2] 34

Average Annual Income [1] -- Full Time: \$24,056

Part Time: \$8,200

Estimated New Gross Personal Income \$2,862,090

TOTAL NEW PERSONAL INCOME

	\$5,682,090	\$5,754,709	\$10,896,641	\$11,461,285	\$12,276,882	\$13,139,389	\$14,051,253
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SOURCE: [1] Connecticut Department of Labor
 [2] Center for Urban Policy Research, Rutgers University

PREPARED BY: HARRALL -- MICHALOWSKI ASSOCIATES, INC.

REVENUE GENERATION ANALYSIS - NORTH END INDUSTRIAL AREA, MIDDLETOWN, CT.

REVENUE GENERATION MODEL	PROJECT: REHABILITATION & BUILD OUT OF STUDY AREA							Page 2
	YEAR 1 1994	2 1995	3 1996	4 1997	5 1998	6 1999	7 2000	
SPIN-OFF ECONOMIC BENEFITS FROM INCOMES OF NEW EMPLOYEES	\$2,272,836	\$2,301,884	\$4,358,656	\$4,584,514	\$4,910,753	\$5,255,755	\$5,620,501	
Retail Sales @ 40% of Personal Income [1]								
Durable Goods [2]								
Building Materials @ 5.9%	\$134,097	\$184,151	\$348,693	\$366,761	\$392,860	\$420,460	\$449,640	
Automobile Dealers @ 28.5%	\$647,758	\$580,075	\$1,098,381	\$1,155,298	\$1,237,510	\$1,324,450	\$1,416,366	
Furniture & Home Equipment @ 4.4%	\$100,005	\$103,585	\$196,140	\$206,303	\$220,984	\$236,509	\$252,923	
Non-Durable Goods [2]								
Food Stores @ 17.9%	\$406,838	\$414,339	\$784,558	\$825,213	\$883,935	\$946,036	\$1,011,690	
General Merchandise @ 8.1%	\$184,100	\$237,094	\$448,942	\$472,205	\$505,808	\$541,343	\$578,912	
Eating & Drinking Establishments @ 8.4%	\$190,918	\$204,868	\$387,920	\$408,022	\$437,057	\$467,762	\$500,225	
Gasoline Service Stations @ 6.8%	\$154,553	\$145,019	\$274,595	\$288,824	\$309,377	\$331,113	\$354,092	
Apparel & Accessories @ 3.9%	\$88,641	\$124,302	\$235,367	\$247,564	\$265,181	\$283,811	\$303,507	
Drug & Proprietary @ 3.4%	\$77,276	\$57,547	\$108,966	\$114,613	\$122,769	\$131,394	\$140,513	
Miscellaneous Retail @ 12.6%	\$286,377	\$244,000	\$462,018	\$485,958	\$520,540	\$557,110	\$595,773	
SPIN-OFF ECONOMIC BENEFITS BASED UPON SALES WITHIN PROJECT AREA								
Durable Goods								
Miscellaneous Retail/Services	\$900,000	\$2,000,000	\$4,500,000	\$4,950,000	\$5,445,000	\$5,989,500	\$6,588,450	
Total Project Area Sales	\$900,000	\$2,000,000	\$4,500,000	\$4,950,000	\$5,445,000	\$5,989,500	\$6,588,450	
TOTAL RETAIL SALES	\$3,172,836	\$4,301,884	\$8,858,656	\$9,534,514	\$10,355,753	\$11,245,255	\$12,208,951	

SOURCE: [1] U.S. Department of Commerce

[2] Percentages derived from Middlesex County sales as reported in 1987 Census Of Retail Trade.

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REVENUE GENERATION ANALYSIS - NORTH END INDUSTRIAL AREA, MIDDLETOWN, CT.

May 10, 1993

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REVENUE GENERATION MODEL PROJECT: REHABILITATION & BUILD OUT OF STUDY AREA

MUNICIPAL FEES AND USER CHARGES

Building Permit Fee:	\$6/\$1,000	Estimated Construction Cost: \$4,700,000					Est. Municipal Property Tax Rate	20.70
Site Plan Review Fee:	\$200						Est. Fire District Tax Rate:	4.20
Sewer Connection Charge:	\$15,000						Total	24.90
Water Main Connect Charge:	\$3,600							

YEAR 1
1994

2
1995

3
1996

4
1997

5
1998

Building Permit Fees	\$9,450	\$6,150	\$15,000	\$2,500	\$2,500
Zoning Permit Fee:	\$400	\$200	\$400	\$200	\$200
Water Main Connection Charges	\$3,600	\$3,600	\$7,200	\$0	\$0
Sewer Connection Charges	\$15,000	\$15,000	\$30,000	\$0	\$0

MUNICIPAL FEES \$28,450 \$24,950 \$52,600 \$2,700 \$2,700

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REVENUE GENERATION MODEL

PROJECT: REHABILITATION & BUILD OUT OF STUDY AREA

TAXES GENERATED BY DEVELOPMENT	YEAR 1 1994	2 1995	3 1996	4 1997	5 1998	6 1999	7 2000	8 2001
Real Property Tax	15000 \$1.00	30000 \$1.04	60000 \$1.08	60000 \$1.12	60000 \$1.17	60000 \$1.22	60000 \$1.27	60000 \$1.32
New Industrial Buildings								
Total s.f. -	10000	20000	42500	42500	42500	42500	42500	42500
Tax (\$1.00 per s.f.)	\$0.40	\$0.42	\$0.43	\$0.45	\$0.47	\$0.49	\$0.51	\$0.53
Rehabilitated Buildings								
Total s.f. -	\$19,000	\$39,520	\$83,283	\$86,615	\$90,079	\$93,682	\$97,430	\$101,327
Tax (\$.40 per s.f.)								
Real Property Tax Revenues:	\$18,750	\$37,500	\$76,875	\$79,950	\$83,148	\$86,474	\$89,933	\$93,530

Personal Property @ \$.75 per s.f. includes
 machinery & equipment
 furniture & fixtures
 electronic data processing

Personal Property Tax Revenue	\$18,750	\$37,500	\$76,875	\$79,950	\$83,148	\$86,474	\$89,933	\$93,530
TOTAL PROPERTY TAX REVENUES	\$37,750	\$77,020	\$160,158	\$166,565	\$173,227	\$180,156	\$187,362	\$194,857

NOTE: ENTERPRISE ZONE PROVIDES 5 & 7 YEAR GRADUATED ABATEMENTS FOR REAL & PERSONAL PROPERTY
 STATE REIMBURSEMENT FOR UP TO 75% OF ABATED TAXES AVAILABLE

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REVENUE GENERATION ANALYSIS -- NORTH END INDUSTRIAL AREA, MIDDLETOWN, CT.

REVENUE GENERATION MODEL

PROJECT: REHABILITATION & BUILD OUT OF STUDY AREA

STATE REVENUES	YEAR 1 1994	2 1995	3 1996	4 1997	5 1998	6 1999	7 2000	8 2001
State Personal Income Taxes								
Total New Personal Income Tax Rate*	\$5,682,090 3.00%	\$5,754,709 3.00%	\$10,896,641 3.00%	\$11,461,285 3.00%	\$12,276,882 3.00%	\$13,139,389 3.00%	\$14,051,253 3.00%	\$15,175,353 3.00%
Total Personal Income Tax	\$170,463	\$172,641	\$326,899	\$343,839	\$368,306	\$394,182	\$421,538	\$455,261
State Sales Tax Revenues								
Estimated Retail Sales Tax Rate	\$3,172,836 6.00%	\$4,301,884 6.00%	\$8,858,656 6.00%	\$9,534,514 6.00%	\$10,355,753 6.00%	\$11,245,255 6.00%	\$12,208,951 6.00%	\$13,185,667 6.00%
Total Sales Tax Revenues	\$360,833	\$258,113	\$531,519	\$572,071	\$621,345	\$674,715	\$732,537	\$791,140
TOTAL STATE REVENUE	\$531,296	\$430,754	\$858,419	\$915,909	\$989,652	\$1,068,897	\$1,154,075	\$1,246,401

* blended rate with single filer/family exemptions

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REMINGTON RAND BUILDING

Assumptions:

187,027 s.f. bldg. area - 170,500 net rentable

Stone container remains prime tenant for next 3 years with distribution use

Three year phase-in to stabilized occupancy

Non-profit staff Small Business Incubator support office

Environmental remediation costs resolved in property transfer activity

Investments to stabilize property: \$1,000,000

Bldg. Improvements:

Small bus. Incubator 42,500 s.f. - minor rehab. @ 20/s.f. = \$850,000

Site Improvements:

Landscaping, site amenities, site lighting, gravel parking,
roadway repair Lump Sum \$150,000
Three new loading docks shared tenant cost
Rail siding - east face of bldg. RR cost

NORTH END INDUSTRIAL AREA
 PROJECT: REMINGTON RAND BUILDING - SMALL BUSINESS INCUBATOR & DISTRIBUTION CENTER
 LOCATION: MIDDLETOWN, CONNECTICUT

OPERATING INCOME/EXPENSE PRO-FORMA

May 10, 1983

	YEAR		
	1994	1995	1996
GROSS INCOME:			
Primary Tenant	\$100,000	\$105,000	\$110,250
Small Business Incubator	\$0	\$0	\$0
500 s.f. users - 10 businesses	\$25,000	\$26,250	\$27,563
1000 s.f. users - 10 businesses	\$30,000	\$31,500	\$33,075
2500 s.f. users - 5 businesses	\$31,250	\$32,813	\$34,453
second floor	\$30,000	\$31,500	\$33,075
Other Distribution Users	\$195,000	\$204,750	\$214,988
Vacancy & Collection Factor @ 20%	(\$82,250)	(\$86,363)	(\$90,681)
Total Potential Income	\$329,000	\$345,450	\$362,723
Phase-In To Stabilized Year	65%	80%	100%
Total Gross Income	\$213,850	\$276,360	\$362,723
OPERATING EXPENSES:			
Taxes (currently \$24,501)	\$28,500	\$33,840	\$42,500
Repairs & Maintenance	\$60,000	\$50,000	\$40,000
Common Area Utilities	\$5,000	\$5,200	\$5,408
Common Area Security & Expenses	\$40,000	\$41,600	\$43,264
Management Fee @ 5%	\$10,693	\$11,120	\$11,565
Reserve Account	\$12,000	\$12,480	\$12,979
Insurance	\$15,000	\$15,600	\$16,224
Marketing	\$25,000	\$10,000	\$10,400
	\$0	\$0	\$0
	\$0	\$0	\$0
	\$0	\$0	\$0
Total Operating Expenses	\$196,193	\$179,840	\$182,340
NET INCOME (LOSS)	\$17,658	\$96,520	\$180,382

**NORTH END INDUSTRIAL AREA
PROJECT: INDUSTRIAL PARKS PROGRAM
LOCATION: MIDDLETOWN, CONNECTICUT**

PROJECTED STATEMENT OF SOURCES AND USES OF FUNDS

SOURCES:

State DED Project Grant (50%)	\$490,000
City Project Contribution	\$490,000
Land Sales	\$60,000
Traffic Improvements Funding (ISTEA thru RPA)	\$448,500
Sewer Separation	\$2,003,000
Surface Improvements (sewer project)	\$930,000
Other Proceeds	\$49,000

Total Sources	\$4,470,500
	=====

USES:

Sewer Separation	\$2,003,000
Surface Improvements (roads, etc.)	\$930,000
Acquisition:	
North Main St. - 2 parcels	\$300,000
Assembly Factor @ 15%	\$45,000
Environmental Remediation:	
Phase II - Remington Rand	\$25,000
Contaminated Soils Removal Fund	\$200,000
Other Phase I studies	\$8,000
Demolition & Disposal:	
misc. buildings	\$75,000
Relocation Costs	\$15,000
St. John's Sq. Traffic Improvements	\$448,500
Misc. roadway improvements	\$79,000
Project Landscaping & Signage	\$25,000
Small Bus. Incubator Start-Up Contribution	\$100,000
Marketing Program	\$40,000
General Administrative Expenditures	\$40,000
Engineering Services - Traffic/Landscaping	\$67,000
Other Professional Services	\$25,000
Legal Services	\$20,000
Other	\$25,000

Total Uses	\$4,470,500
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North End Industrial Area
Revitalization Program
First Year Action Plan & Estimated Budget

<u>ACTION</u>	<u>ALLOCATION</u>	<u>ACTOR/SOURCE</u>	<u>COMMENTS</u>
PROJECT DESIGNATION			
o Adopt Plan & Strategy	None	P&Z Comm./City Council	
o Application for DED Industrial Project	None	MDO	
o Application for Enterprise Zone	\$2,500	MDO/Operating Budget	Zone District mapping & demographics
o Create Community Board	None	City Council	
ENVIRONMENTAL REMEDIATION			
o Phase II Remington Bldg.	\$25,000	MDO/DED Planning Grant	
o Phase I reports	\$8,000	MDO/DED Planning Grant	as needed
o FEMA Map Amendment	\$500	MDO/DED Planning Grant	
SITE IMPROVEMENTS			
o St. John Sq. Traffic Design	\$60,000	Eng. Dept/Project Budget	
o Project Landscaping & Signage Design	\$7,000	Eng. Dept/Project Budget	at St. John's Square
o District Gateway & Signage	\$7,000	Eng. Dept/Project Budget	
o Landscaping Plan for Municipal Landfill	to be determined	Eng. Dept/Project Budget	
SITE ASSEMBLY:			
o Acquire Development Site	to be determined	MDO/Project Budget	
MARKETING PROGRAM			
o Prepare Available Bldg. & Site Inventory, Sale & Lease Info.	None	MDO/Operating Budget	
o Refine Market Strategy	\$2,500	MDO/DED Planning Grant	Major emphasis on Enterprise Zone if selected
o Create Project/Graphic Identity	\$1,500	MDO/DED Planning Grant	
o Develop Initial Project Area package	\$5,000	MDO/DED Planning Grant	
o Identify & Solicit Users through Direct Mail program	\$2,000	MDO/DED Planning Grant	
o Identify PR opportunities	None	MDO/Chamber	
INCENTIVE PROGRAMS			
o Explore tax assessment deferral for renovation projects Section 12-65-c-f CGS	None	City Council	10 year phase-in of rehabilitation value
o Loan Pool for Small Business Investment	to be determined	City/CDBG	
o Target local programs	None	MDO	
SMALL BUSINESS INCUBATOR			
o Identify Operating Entity	None	City Council	

MDO - Municipal Development Office, City of Middletown
DED - Ct. Department of Economic Development