

City of Middletown, CT

Economic Development Committee

Minutes from the Economic Development Committee Meeting of February 11, 2008

<u>Present</u>	<u>Absent</u>	<u>Also Present</u>
G. Daley, Chair	J. Bibisi	Mayor Sebastian N. Giuliano
R. Santangelo		W. Warner
H. Kasper		R. Kearney
D. Bauer		
Public: M. Stone, J. Pugliese, G. Frick, D. Giordano, J. Nealon		

- A **Call to Order:** Santangelo called the meeting to order at 6:08 PM
- B **Public Session:** none
- C **Minutes:** Bauer made a motion seconded by Kasper to approve the December 10, 2007 minutes. The committee voted unanimously to approve the motion.
- D **Communications:** none
- E **Old Business**
 - 1) **CBD Parking**
 - 2) **DCF Properties: 131 & 155 Wadsworth Street**
 - 3) **Remington Rand**
 - a) **Property Management**
 - b) **Sewer Connections:** Bauer stated he discussed the project at the Water Pollution Control Authority (WPCA) meeting and questioned why staff had not contacted the WPCA to discuss a payment plan for sewer hook up as requested by the EDC and noted in the December 10, 2007 minutes. Warner stated there was a misunderstanding of who would be contacting the WPCA. Bauer stated he received a positive response on the payment plan idea.

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Warner stated EDC requested information on the sewer project. 200 ft of sewer line to get the sewer on the property cost \$52,000. Additional 250 feet cost \$70,000 at \$2.80 per foot. The ideal design of 250 ft plus 750 ft = 1030 ft would cost \$215,000 to \$288,000 plus interior plumbing of \$50,000 (est.). Bauer asked if Warner could supply a thumbnail copy of the plan. Warner stated it is a simple concept explained with a chart. Santangelo asked about depths. Warner stated the design plan has this information.

- 4) **Property Acquisition: City Hall block: EXECUTIVE SESSION: Sec. 1-200 (6)(D)** discussion of the selection of a site or the lease, sale or purchase of real estate by a political subdivision of the state when publicity regarding such site, lease, sale, purchase or construction would cause a likelihood of increased price until such time as all of the property has been acquired or all proceedings or transactions concerning same have been terminated or abandoned. No discussion

F New Business

- 1) **Request for refund of Performance Bond: 500 Ballfall Road:** Warner stated Savini posted an erosion bond which the city deposited into the General Fund rather than the escrow account. Savini requested refund of the bond funds. Bauer made a motion seconded by Kasper to refund the bond funds. The committee voted unanimously to approve the motion.

2) **Remington Rand**

- a) **Air Care tenancy:** Warner stated Air Care has been a tenant since the city acquired the building. There is a change of ownership and the new owners will operate the same use and are requesting the same terms. Daley questioned whether there is a lease term or month to month. Warner stated the terms are month to month and the company did not want to move out and move back in. Daley suggested a new lease to assume the tenancy. Bauer noted the history of the tenant and recommended staff to discuss the terms and lease with the City Attorney. Warner stated he would talk to the City Attorney about assuming the lease terms. Bauer recommended waiting to see the results and the lease. Warner agreed. Santangelo made a motion seconded by Kasper to request a draft lease to be reviewed at the March EDC meeting. The committee voted to approve the motion.
- b) **Second Floor warehouse tenant:** Warner stated a film storage company wants to lease 15,000 sf of second floor space for \$1.50/psf. The original request was for \$1.00/psf but research of comparable cold storage ranged to \$3.00 depending on quality of the building. Bauer stated concern for the tenant as the building is not the best place to store film. Santangelo noted the city did not intend to use the building as a warehouse. Bauer noted the lease

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should be short term and the use would not overload the sewer system. The tenant should be aware that the city would not be liable for water damage, etc. Warner noted the second floor is not ADA accessible and there would probably not be a manufacturer looking for second floor space. Daley noted the need for a short term and no liability. Bauer made a motion seconded by Kasper to explore a short term lease for a non conforming use. The committee voted to approve the motion.

- c) **RFP:** Warner stated the property has a value in the \$2 million range. The professional services agreement has the broker working for the city and was discussed with the Mayor and Director of Finance. If the Common Council approves a sale procured by the broker, the broker would earn a 5% commission per the agreement. Bauer stated he was not in favor when he saw the agreement. The ordinance passed at the October 2007 Common Council meeting outlined the sale of city property. By doing this it is not creating a level playing field. The contract with Midfield has a window for certain fees for Midfield if the property is sold. Has Midfield given up its rights? Warner stated rights were relevant when the sale occurs. Bauer stated the contract allows for a commission within 6 months after the dissolution of the contract. Daley asked the city attorney to review the contract. Daley asked where in the RFP does commission compete with any others and questioned any exclusive rights for Midfield. The Mayor noted that it is customary if during a listing agreement period the broker showed the buyer saw the property and the listing expired the broker who showed the property would be presumed to procure the buyer. Bauer stated he is disappointed that this is not a careful fair process when someone gets a head start –he wants a fair process. Warner stated the RFP has not gone to anyone. The Mayor stated the broker is at a disadvantage since the agreement is subject to FOI. Santangelo stated not solicited the RFP which rewards is a level playing field. Warner stated this is a public offering and a buyer will be represented by a broker. Bauer stated that in this town preferential treatment. Daley stated he did not know the broker McCaulley. Bauer questioned the list price and how it was arrived at. Warner stated the price reflects the appraisal, rents, income and a cap rate which does not bind the city into a price. Daley questioned what the position of DECD is. Warner stated DECD would be comfortable with an experienced buyer. Bauer stated the building's liability will affect the value. Daley stated the city should pursue any avenue and should not be in the landlord business. Warner noted the recent emergency service when lightning hit the building. Daley recommended pursuing the RFP and see what it yields. If it's too good to be true, bring it on. Bauer referred to the new ordinance. Daley stated let the two processes run in tandem and results reviewed at EDC. Bauer asked the city attorney to review the RFP. Kasper made a motion seconded by Santangelo

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to approve the RFP with the city attorney to review for no conflicts with the rights of the contract. The committee voted to approve the motion.

- 3) **Panuzio and Giordano:** Giordano discussed the company and introduced J. P. Nealon. The company worked with the city when the Goodspeed Opera House was considering moving to the city resulting in \$19 million in garnering the city Federal Transportation funds. The company has worked to bring information from the state capitol regarding the Army and DOD on sites. Daley noted the article in the Courant yesterday and other issues with the state. CCIM deals with larger issues and the state legislative delegation works on legislative issues. The company would work for the city on state agency issues for a modest expense adding eyes and ears so that when the Mayor or Board of Education attends the legislature their time is effective. Panuzio stated they would carry initiatives that the city might not be aware of. Daley noted the federal representation for the earmark transportation funds. Bauer questioned if the fee is for representation at both the state and the federal governments. Daley noted the \$2,000/month is for federal representation and \$1,000 is for the state representation. Bauer noted the need to collaborate with the Chamber of Commerce. Bauer made a motion seconded by Santangelo to recommend the contract. The committee voted unanimously to approve the motion. The Mayor stated he agreed with the issues and that legislation is complicated and it is difficult to know every bill and initiative. This would allow the city to know at an early stage and put the city in a better position. Bauer asked the company to provide quarterly reports. Panuzio stated they would inform the city in the early stage of issues and monitoring what's relevant to the city. Federal earmarks update will be available at the next EDC meeting. Warner questioned if this year the funds need to be tied up with the FHT. Panuzio stated Federal Highway needs to come to the city to discuss the city plans for the earmarks. The committee voted unanimously to approve the motion.
- 4) **Lighting of the Arrigoni Bridge-engineering costs:** Warner requested the committee to fund \$6,600 from the EDF to fund the 20% match of the \$33,000 engineering costs for design of the lighting. Santangelo questioned the amount of \$6,600 from the EDF. Warner affirmed. Bauer stated he opposed the lighting when people are having a difficult time paying their electric bills and this is ridiculous. Santangelo stated he would hold his comments for the Common Council meeting. Kasper questioned the funding of the project. Warner stated 80% would be federally funded. Daley questioned where the \$100,000 city cost would come from. Warner stated it would be budgeted in 2 years. Warner noted Memphis, TN did a similar project resulting in a strong economic stimulus. Warner stated the technology has changed with bulb life at 27 years and electric costs at \$2,000/year. Bauer stated he would save his comments for the Common Council meeting. Santangelo made a motion seconded by Kasper to recommend to

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the Common Council the expenditure of \$6,600 from the EDF for the engineering costs of designing lighting for the Arrigoni Bridge. The committee voted to approve the motion with Bauer voting nay.

G Status Reports

- 1) **Economic Development Fund, monthly report**
- 2) **Economic Development Specialist Report**
- 3) **REINVEST Loan Program, monthly summary report**
- 4) **JOBS Loan Program, monthly summary report**

H Other

I Adjournment: The committee adjourned at 6:58 PM