

ECONOMIC DEVELOPMENT COMMITTEE

Minutes: March 9, 1992

Present

S. Shapiro, Chairman
E. Pattavina
W. Corvo
N. Conaway-Raczka (until 7:34)
S. Gionfriddo (arrived 7:17)

Also Present

M. Stronz
E. Roberts
W. Kuehn, Staff
C. Wilcox, Staff
G. Souto
G. Weitzman
C. Caprioglio, Press
M. Daly, Courant
J. Milardo (8:00)

Chairman S. Shapiro called the meeting to order at 7:04 in Room B20 of the Municipal Building.

Minutes: Minutes of the February meeting were considered for acceptance. N. Conaway-Raczka asked that abbreviations be spelled out as much as possible and asked that EDTF on p. 4. be so corrected. She also pointed out on p. 3. that there was a question about one of S. Gionfriddo's comments; however, since he was not present at that time, acceptance of the minutes was deferred until after his arrival.

North End Industrial Area: W. Kuehn discussed the work program and indicated that several batches of "Requests for Proposals" needed to be released. Proposals were needed for Mapping; Environmental Services and Planning. Mapping would include A-2 boundary surveys and Class D maps; Environmental services include flood plain and wetland determinations, soils analysis and general environmental study; and the Planning efforts include a traffic plan and general project plan. Marketing studies would come along at the end. E. Pattavina questioned the wisdom of advertising the budgeted amounts for these services, and suggested not including any dollar-amounts in the RFPs. S. Shapiro asked about the timeline, and what would be the fastest track. He felt a lot of the services would could be advertised with "boiler plate" materials adapted to the boundaries of the area. W. Kuehn thought it may take a month, and that a lot of the material would have to be tailored especially to the North End. Drafts would be available at the next meeting. W. Corvo questioned delaying the Marketing study until the end - after the infrastructure was planned. He pointed out that there was a sewer separation project going on in the area, and that by the time it was done, the mapping might be obsolete. The roads, curbs and sidewalks are all going to be redone, and a traffic study could only be hypothetical. He felt there should be a preliminary marketing study done before the planning studies, and before the Public Works construction projects. It is possible that, if the Marketing Study ascertains a demand, the infrastructure can be form-fitted to accommodate it. W. Kuehn will raise this issue with DED, and get an answer from them to see if this would be acceptable. He also pointed out that the Rte. 9 interchange would be a major infrastructure change in the area and that DOT would be holding a hearing on March 31. (S. Gionfriddo arrives, 7:17)

W. Kuehn commented that there had been some discussion about modifying the project budget to reflect in-kind services.

A motion was made by S. Gionfriddo, seconded by W. Corvo and voted unanimously to reduce the cash outlay by the City by \$24,000 for Staff services and \$9,500 for clerical services, to reflect a total in-kind contribution by the City of \$33,500.

Regarding MIDC Ltd. and the EIS Building, M. Stronz reported that their uniform scope of services and specifications for each line item would be completed by the end of March. S. Shapiro asked about their time frame and asked that copies of it be submitted to the Municipal Development Office in time to be included in the packets. S. Gionfriddo commented on the bidding procedures and thought that, since the City was the principal recipient of the DED grant, that the MIDC bids would need to go through the City purchasing agent. M. Stronz said it was her understanding that there were several acceptable bidding processes, according to her information from DED. W. Corvo felt that there was going to be such a large amount of work to oversee on this project, that the Committee should meet twice a month, with one meeting dedicated solely to the North End Industrial Area Project. The Committee agreed; and

upon a motion by S. Gionfriddo, seconded by E. Pattavina, it was voted unanimously to tentatively agree to meet on the fourth Tuesday of each month at 7:00 p.m., starting this month (March 1992).

W. Kuehn asked the Committee for a sense of direction with the RFPs and reminded them that they were in three basic categories: Planning, Environmental Studies and Mapping. The question was whether to do a preliminary marketing study first, even though the DED marketing study is for "End Product" marketing. Staff was urged to do as many RFPs as possible before the next meeting.

Minutes (cont.) The minutes were corrected on p. 3., line 15 to read "...caucus had discussed, but not reached a decision, whether or not...", and the abbreviation for Economic Development Task Force on p. 4. was spelled out.

Upon a motion by S. Gionfriddo, and seconded by E. Pattavina, the minutes of February 10, 1992 were unanimously accepted, as corrected.

REINVEST: N. Conaway-Raczka commented on her support of retaining both the program and its community advisory board, of Vincent Amato, Jeff Bianco and Bill Mann. She felt that new businesses and retention of old businesses were two different programs with different needs. The latter should be based on the Martin Belair Job Retention Study, which was just authorized. She discussed a variable rate scenario ranging from 0% to 5-7% over five years, encouraging the borrowers to pay the loan off quickly. (N. Conaway-Raczka left 7:34) S. Shapiro commented on the goals and objectives of the project, noting that new businesses were the most vulnerable, many failed in the first three years, and that Middletown was losing established businesses as well. He felt both had a right to help from the City. There also was no incentive to pay the loan back quickly under the current 0% scenario; and since the Municipal Development Office has

difficulty in administering loans, the program should go out to bid to financial institutions for administration. He further commented that, perhaps the loan should be limited to five years, and that he had received many phone calls asking why the area was limited to downtown.

S. Gionfriddo made, and W. Corvo seconded a motion that the Economic Development Committee put out a Request-For-Proposals to banks and other qualified institutions to act as the agent for the City for REINVEST loans; to handle and service those loans, using the City funds as collateral.

Based on the outline for REINVEST Program Guidelines furnished to the Committee by L. Ozga, suggested terms for the REINVEST loans are proposed to be as follows:

- * Interest Rate/Term: 2% for five years
- * Eligible Businesses: any new or existing retail or commercial business, excluding professional offices.
- * Eligible expenses: Same as before (Interior and exterior physical non-movable improvements)
- * Geographical Area: Citywide
- * Amount of Loan: 50% of eligible costs, up to \$25,000 - matching funds required
- * Name of Program: same (REINVEST)
- * Program Goals: to be tailored to attract new and retain old businesses
- * Administration: same (Staff, M.D. Asst. Dir.; EDC review for initial approval/denial; Common Council: final approval)
- * Payment of Loan: Payment to be made to the servicing Bank starting 30 days after loan approval; Bills to be verified by the Economic Development Committee
- * Other Eligibility Requirements:
 - Business tenants, same: (3 year minimum lease plus owner's permission)
 - "Applicant" may not be in arrears, etc.
 - Property must be free of major structural problems & code violations (End of Motion)

Discussion ensued on the motion, and E. Pattavina expressed concern that with funds of only \$61,000, the \$25,000 loan limit was too high. He felt that loans this large might get political; and that the smaller ones were less controversial. However W. Corvo claimed that the proposal was creditable, fair and non-political. He noted that the public had been suspicious of the program in the past because it was a grant give-away. S. Shapiro also supported the proposal, noting that it broadened the scope, added controls, and the increase to \$25,000 may make the difference which would create more jobs. "Mom & Pop" shops support families, but do not create jobs.

E. Pattavina moved to amend the motion to bring the loan limit back to \$10,000. The amendment was seconded by S. Gionfriddo and then defeated by a vote of 3-1 (E. Pattavina in favor, S. Shapiro, W. Corvo, and S. Gionfriddo against). The main motion was unanimously passed.

Business Retention Survey: W. Kuehn reported that the appropriation had not cleared as yet; and that the survey would begin as soon as it does.


Main Street Planters C. Wilcox reported that design for the spring planting had been submitted by Debbie Shapiro on behalf of the Junior Women's Club who would be supplying the personnel to do the replanting. Funds would be needed for the plants. Upon a motion by S. Gionfriddo, seconded by E. Pattavina it was voted to appropriate \$1,000 from the Economic Development Fund for the spring planting of the Main Street Planters. All voted in favor except S. Shapiro who abstained. The committee suggested that the Chamber and CBB participate in the plantings in the future.

Other E. Pattavina suggested that the Committee urge the City to come up with a package of business incentives including a 50% tax abatement for existing or new businesses expanding their tax base through new construction or additional personal property. The abatement could be scaled according to the numbers employed, how much local business is generated etc.. It could be quite complicated, but he would like to see the EDC bring it to the Council floor as a committee. There was some discussion about whether personal property taxes can be abated; and W. Corvo suggested getting a legal opinion on the parameters of abatement requirements. He felt no one was opposed to considering abatements.

W. Kuehn reported to the committee that the Office's typing equipment was starting to go. The word processors are used more heavily than any in the City, and there is currently no way the office can tie into the Main computer system. He also indicated the need for more sophisticated equipment for the new focus on Economic Development, and was looking into computers rather than just replacing word processors.

J. Wietzman spoke on his interest in REINVEST and asked to be informed of any low interest loans for his proposed business expansion.

There being no further business, the meeting adjourned at 8:12.


Cynthia G. Wilcox, Project Officer