

ECONOMIC DEVELOPMENT COMMITTEE
Minutes: April 12, 1993

PRESENT

S. Shapiro, Chair
S. Gionfriddo
W. Corvo
N. Conaway-Raczka

ABSENT

E. Pattavina

ALSO PRESENT

P. Michalowski, HMA
J. Thompson, Milone &
MacBroom
V. McDermott, Milone &
MacBroom
L. Giannotti, Milone &
MacBroom
L. Kenney, Scott/Fitton
& Co.
K. Stevens
S. Stevens
G. Souto
Rev. P. Franco
G. Berube
D. Strohm
E. Roberts
R. St. John
T. Markoski
M. Brown, Courant
T. Stein, Press
P. Simmons
G. Rustek
G. Nichols, WCNX
S. Libby
J. Barton
J. Belair
L. Ozga
W. Kuehn

Chairman S. Shapiro called the meeting to order at 7:00 p.m. in Room B-20 of the Municipal Building and moved to Item 3 on the agenda.

North End Industrial Area

P. Michalowski, with the aid of an overhead projector, presented the consultants' preliminary findings based upon incomplete information. He noted that no cost estimates are yet available, but will be next month. The consultant distributed copies of information as shown on the overhead projector.

In discussing the strengths and weaknesses of the North End, he noted that zoning is flexible. Reference was made to an "Existing Land Use" map and a map entitled "Dominant Factors" which showed primary physical features including wetlands, flood boundaries, railroads, access and image problems due to location at the City's edge, and properties presently positioned for change of ownership. Also, two other properties were identified where businesses indicated desire to expand.

L. Kenney of Scott/Fitton & Co., reported that his company prepared an imperial market analysis to establish a benchmark. An inventory was conducted of seven towns involving 122 buildings, including numerous stand-alone, vacant buildings. He noted that the Olin Ski facility in Middletown is available and that the price had recently been dropped. In Middletown, there are over 1 million square feet of industrial space, half of which is Class A. Most space is fairly new. Of the Middletown space, 40% is warehousing, 30% manufacturing and 30% flex office space. There has been no new construction in the past three years.

Concerning lease rates, L. Kenney said flex office space has dropped to \$9 to \$10 per square foot. Class C space commands "whatever you can get". There is an extraordinary amount of vacant industrial space; but, prices seem to be stabilizing now. Concerning land transactions, the most recent area sale has been to the Loctite Corporation which he described as a "huge sale" not indicative of the market. Concerning building transactions, the range seems to be \$40 to \$60 per square foot.

In terms of building absorption, Kenney reported a negative trend. The downsizing of Pratt & Whitney will continue to have a negative impact upon absorption rates; however, beginning in 1995, there should be a more positive trend. He reported that Middletown's primary competition is Meriden. Financing is difficult since there is virtually none available for business start-ups. Inter-regional leasing activity seems to be within a 25 mile radius. The most persistent demand seems to be for space in the 3000 square foot range, which brokers find hard to fill. Middletown will require an aggressive marketing effort to lease North End space. The designation of the area as an enterprise zone is very important since it can create identity and incentives.

P. Michalowski then discussed some of the marketing options available. Even though there are no cost estimates yet prepared, he saw a measured public involvement in the area. He said Middletown needs to find the niche to make the area viable. High intensity manufacturing is not viable in the near term; there are too many newer buildings on the market and a limited ability in the North End to create larger sites. There also needs to be a defensive strategy to keep the area from further disinvestment. The enterprise zone legislation is important for incentives and might be used to induce smaller parcels for 10-15,000 square foot users. Incubator space normally relates to something else, such as a research university. High tech relates to higher cost space of which there is an abundance in the market place. On the other hand, low tech refers to traditional business types.

Michalowski continued by noting that the Remington Rand Building built in 1897, is constructed with regular column spaces of "sheer simplicity". The current basis of cash flow is through a lease with Stone Container. He suggested the City play a role in transferring ownership and cited the need to document and quantify any environmental remediation costs. He suggested the ground floor on the northern end as ideal for incubator space which could generate 75 - 100 jobs. He also thought that the Chamber of Commerce could play a role in the management of the facility.

Turning to the "Potential Development Sites" map, Michalowski said the trend is toward developing a Chapter 132 project. He suggested adding or appending the St. John's Square area to the southern end of the project in order that the access and image issues be dealt with. The Meech & Stoddard building and railroad (DOT) sites could be combined to create a 3 acre site for new development. Additionally, the Red Wing lot, now vacant, is 3 acres in size; however, it possesses some environmental issues which are manageable. Concerning the EIS building, they have "seen it before"; it represents the type of facility in almost every urban community in Connecticut. It is therefore difficult to market. Finally, he noted there are parking areas on the east side of North Main Street which if parking is resolved at the EIS site, could be used for several development parcels.

V. McDermott of Milone & MacBroom presented the environmental findings. He reported that the wetlands inventory is completed but not yet mapped. The biological inventory has to be conducted. Concerning floodplains, the consultants compared the City's more accurate mapping of the area with the FEMA maps and noted that elevation 23 west of the railroad should not be in the floodplain. McDermott observed that the Miller/Bridge Street area could also be taken out of the floodplain by the construction of a berm near the Mattabassett River. Similarly, additional land in the rear of the Remington Rand area could be removed from the floodplain with some berming. Area A as noted on the map will have to be pumped as it is in fact designed for pumping.

McDermott reported that the Mattabassett River bears Classification C. The State's goal is to bring it to Class B. The proposed project will not impact that classification. Concerning historical and/or architectural features, there are no issues of significant in the North End since it has been too disturbed over time; hence, no further historic assessment is required. There are no properties on the State or Federal register. Only the Remington Rand and Meech & Stoddard Building are noted in the 1979 GMPT study.

Referring to a map entitled "Preliminary Evaluation on Hazardous Waste", McDermott said a questionnaire had been sent from the Mayor's Office and the maps colored according to the severity of environmental problems. The Remington Rand property will require a Phase II site assessment since there is evidence or suspicion of asbestos, lead based paint, nickel plating residue, transformers, underground fuel tanks, sludge of unknown quality, and an industrial discharge citation from DEP covering the period 1951 through 1971. Most of the problem appears to be the southerly sector of the site.

Concerning the City's landfill: the consultants recommends limited testing; it is on the "surplus list"; and, they believe that leachate is going toward to the Mattabassett River. Other sites in the North End with potential problems include a gas station and former dry cleaners, where there may have been some problems in the past. McDermott said that Phase II responsibilities "should not be shied away from" and offered that no environmental issues are insurmountable.

J. Thompson, Traffic Engineer with Milone & MacBroom reported on conversations with ConnDOT, DEP, Middletown Police Department and others. He studied the traffic volumes on Routes 9 and 66 and noted from 1987, volumes increased to a high in 1989. Since then there has been a decrease back to 1987 levels corresponding to decreases in the economy. High accident locations are at St. John's Square and Miller Street/Route 9, where local access is poor. General observations suggests: good rail service; positive attribute; no bus service; good access into the area; and, poor egress. Over the past several years there have been no complaints of truck traffic through the North End residential areas.

Regarding the recently dropped DOT plans, Thompson suggested that they won't be reactivated for the next ten years but will occur at some point in the future. Thompson then displayed four alternatives, A through D, showing schematic connections between the Arrigoni Bridge, Main Street, North Main Street, and Spring Street.

Thompson noted the plans to create an emergency link between Miller/Bridge Street and St. John's/Portland Streets for emergency purposes. He thought that DOT may eliminate the median break on Route 9 which allows entry into the Miller/Bridge Street area. If so, there may be a need to open up the Portland/Miller Street connection to all traffic. He felt in the long run, the Miller/Bridge Street area will be taken over by DOT for an interchange system. Cost of the transportation improvements as shown on alternates A through D will be evaluated at the next stage of study.

This concluded the consultants presentation. The Committee took at break from 8:30 p.m. to 8:35 p.m.

N. Conaway-Raczka asked why the Enterprise Zone was important. P. Michalowski said it provides direct financial incentives to investors; not that many areas in the State carry that designation. N. Conaway-Raczka asked if the City should provide assistance for the environmental clean-up or if there are other sources. V. McDermott responded that funds are available; it is a question of applicability. P. Michalowski said that future project funding could assume remediation costs. There is a role for the City to play; however, there is a larger framework which could create job opportunities in the North End.

W. Corvo asked if the Miller/Bridge Street area could be cut from the North End Industrial Area project. V. McDermott said the boundary could be shifted.

S. Shapiro asked if there was a market for incubator space of 2 to 5000 square feet. L. Keeney responded the market is limited.

Public Session

E. Roberts asked if a cost analysis would be prepared for the North End Industrial Area. S. Shapiro said it would.

S. Libby asked who is hallucinating concerning the North End Industrial Area. It is full of toxic waste and sludge and called the report "hair-brained and crack hallucinating". S. Libby said if the Economic Development Committee went into its "secret session", he would not leave the room.

Minutes

Upon a motion by S. Gionfriddo, seconded by W. Corvo, the executive session minutes of February 8, 1993 were approved with N. Conaway-Raczka and S. Shapiro abstaining.

Upon a motion by S. Gionfriddo, seconded by W. Corvo, the regular meeting minutes of March 22, 1993 were approved with the inclusion of the tabling of the Pelton's REINVEST application.

Upon a motion by S. Gionfriddo, seconded by W. Corvo, the executive session minutes of March 22, 1993 were unanimously approved.

1993 YCC Program

W. Kuehn reported it was time to begin thinking about the YCC Summer Program. It is staff's intent to discuss projects during the month of May so that by the first meeting in June, a final list of YCC projects and their priorities can be approved.

Marino Manor

W. Kuehn reported that: CT Department of Housing officials had visited the site during the past week; a video taping would be done; and, the project was moving toward financial commitment with the intent of initiating construction this calendar year.

Danforth Pewter Shop

W. Kuehn reported that a meeting would be held this week involving City Attorney T. Solecki and A. Street from the Greater Middletown Preservation Trust to iron out details of the agreements.

Cooperative Advertising

L. Ozga reported that the City had to go to bid on the advertising package. It is due to go out April 21st. They are seeking bids for 16-22 pages with the intent of publishing the advertising before the end of May, 1993.

Rehabilitation Consultant

W. Kuehn reported that an RFP had been developed by the Purchasing Office and was under review by the CT Department of Housing with the intent to go to bid the end of the week or the beginning of the following week.

Main Street Planters

L. Ozga asked if the City can purchase \$210 worth of Vinca plants from McInerney's by using a balance of YCC funds. The planting would be done by the Workfare staff. Upon a motion by N. Conaway-Raczka, seconded by S. Gionfriddo, the Committee unanimously voted to approve the expenditure of these funds from the YCC account.

N. Conaway-Raczka asked for a copy of the Rehabilitation consultant RFP.

REINVEST Program

Staff was advised to take Pelton's off of the agenda until there was something further to discuss.

L. Ozga reported that neither Mr. Ottaviano nor his accountant could attend this meeting. Upon a motion by S. Gionfriddo, seconded by W. Corvo, the Committee unanimously voted to table the Carvel Store #870 application.

Concerning Santa Maria Bakery, L. Ozga said there are ineligible items on the application. There was discussion concerning the use of an SBA match. This matter had come before the Committee to determine if there is a desire to waive the guidelines for ineligible items and SBA matches. After discussion, S. Gionfriddo suggested that the Municipal Development staff get together and W. Kuehn contact G. Rustek to give her a decision based upon guidelines.

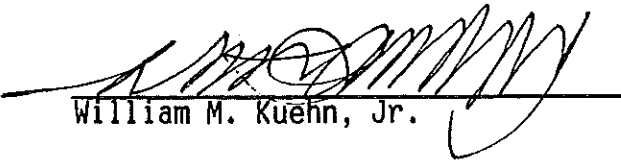
Executive Session

At 9:15 p.m., a motion was made by S. Gionfriddo, seconded by W. Corvo, to go into executive session to discuss REINVEST applicants pursuant to Section 1-18(e)(5) and 1-19(b) of the Connecticut General Statutes as cited in the City Attorney's memo of October 2, 1992. The vote was as follows: Aye - S. Gionfriddo, W. Corvo, S. Shapiro. Nay - N. Conaway-Raczka.

All persons left the room except S. Libby whereupon W. Kuehn telephoned the Middletown Police Department. Officers from the Middletown Police Department arrived and escorted Mr. Libby out of the room at 9:22 p.m.

The Committee voted to come out of executive session at 10:12 p.m.

There being no further business, and upon a motion by S. Gionfriddo, seconded by W. Corvo, the meeting was unanimously adjourned at 10:12 p.m.


William M. Kuehn, Jr.

WMK/lmk

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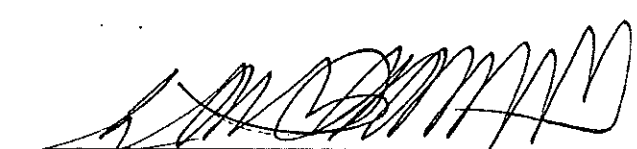
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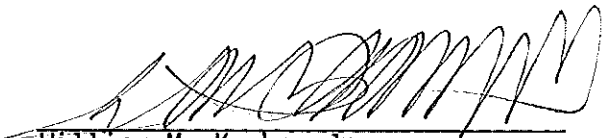
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