

ECONOMIC DEVELOPMENT COMMITTEE
Minutes: June 13, 1994

PRESENT

G. Daley, Chairman
R. Santangelo
J. Milardo
S. Shapiro
N. Conaway-Raczka (7:10)

ALSO PRESENT

J. Thompson
P. Michalowski
S. Ditko
G. Souto
D. Plante
J. Schucke
K. Gregoli
F. LoSacco
S. Timbro
W. Daley
C. Stannard
E. Roberts
S. Libby
W. Kuehn
L. Ozga
C. Wilcox
J.L. Pizarro

Chairman Daley called the meeting to order and opened the Public Session at 7:05 p.m. in Room 208 of the Municipal Building. E. Roberts had some comments. First, he was concerned that J.L. Pizarro had not been at the Council workshop on the Arriwani. Secondly, regarding a proposed loan to the Clocktower Shops he "took a dismal approach" to spending monies to discount rents, and would prefer the funds be spent in more tangible ways.

S. Libby said he was confused about the Clocktower proposal and asked how the City could loan to a landlord rather than to the business who was leasing the space. He asked if there were any guidelines for this loan. G. Daley replied that this proposal was not for a REINVEST loan, but rather a direct loan to the owner from the Economic Development Fund. Next, Mr. Libby inquired about the income from America's Cup Restaurant and Regatta. G. Daley referred him to the Finance Director for the details; but reported that, in general, part of the America's Cup rent and loan payback goes to the General Fund and part to the Economic Development Fund to help programs the Economic Development Committee support. Regatta is a private entity. Mr. Daley further referred Mr. Libby to the State's Attorney if he had any allegations of misconduct.

J. Schucke spoke briefly in favor of the Kuhn Center proposal indicating that they provide valuable services to the City.

F. LoSacco complained that no record was being taken of the meeting, there was no tape recorder, and that the public was not allowed to speak after the public forum. He objected to the fact that the Committee could vote on a subject that the public has not had a chance to speak to, since they do not know what is going to happen until an agenda item comes up. S. Shapiro replied that EDC is a Councilmatic Committee and it does nothing of a legislative matter. They only make opinions and recommendations to the Council as a whole. In fact, the public session on the agenda is a privilege, since individuals can speak to the item when it comes before the Council... he further stated that if a member of the public has a substantive question based on the information received, the Council will hear it. Mr. LoSacco said that with no guidelines and the unreliability of the newspapers that

the public was not adequately informed; and at Council meetings they were to be limited to five minutes of commentary.

Page 2. EDC - Minutes - 6/13/94

MINUTES

Upon a motion by S. Shapiro, seconded by R. Santangelo, minutes of May 9th were accepted unanimously, and minutes of May 31st accepted by all except N. Conaway-Raczka who abstained.

KUHN CENTER

Dennis Plante and Kerry Gregoli spoke for the Kuhn Center giving a history of their successful programs. They have been involved in Middletown over 20 years and have helped people with all kinds of disabilities - veterans as well as the mentally retarded - with finding job opportunities. He listed several employers in town employing 46 individuals as well as the 4 people on the mobile work crew. Mr. Plante reported that although they had received CDBG funds in the past, the program was not considered eligible this year. In the past, they had also received Economic Development Funds. He described their services to Park & Rec including picking up litter, weeding, raking, keeping up flower beds in Harborpark, Palmer Field, at City Hall and other Parks. They had good recommendations from Wes Downing and John Milardo. Mr. Plante said the City was getting \$2 back for each \$1 they invest since the costs of staff and vehicle amount to twice the wages of the workers. Discussion ensued about the cost of the program for 9 months vs. a full year since their current funding will last until October 1st. If they could be funded from October 1st through June 30th, the cost would be \$13,500 instead of \$18,000; then they would be on the City's fiscal year cycle. Kerry spoke about the crew itself, indicating they were all City residents who had been very limited in their ability to perform. She commented that working for wages makes them feel included, adds dignity and saves the City from paying welfare.

After more discussion of the timing options, W. Kuehn reported that the Finance Department showed the free balance of the Economic Development Fund was only \$5,535 after the grant to NEAR.

G. Daley asked for a more detailed breakdown of the Economic Development Fund and said he hoped the report was flawed. S. Shapiro indicated monies should be coming into the Economic Development Fund, and something must be wrong with the figures. He moved to recommend a grant of \$18,000 to the Kuhn Center, on the premise that the funds are available, and commented that it is an excellent program, invaluable to Park & Rec, a proven program that takes people off welfare, creates jobs and self-estimate. The motion was seconded by J. Milardo and discussion followed. G. Daley said the Economic Development Fund was not the most appropriate source of funds, and that the Kuhn

Center should have a contractual arrangement with Park & Rec for services. He felt they should consult with Wes Downing to create a line item to be funded by an appropriation.

Page 3. EDC - Minutes - 6/13/94

N. Conaway-Raczka agreed, suggesting finding some corporate support as well, and cited last month's example of NEAR which decreased the amount of City support, and moved the grant to the Arts Commission. This could be similar by decreasing to \$13,500 to start October 1st, then turning the future responsibility over to Park & Rec.

She moved to amend the motion on the floor to recommend to the Council a grant of \$13,500 to Kuhn Center to fund the mobile work crew through June 30, 1995 subject to the availability of funds in the Economic Development Fund. R. Santangelo seconded and the amendment was passed unanimously. The motion as amended also passed unanimously.

DOWNTOWN MANAGER REPORT

J.L. Pizarro addressed the Committee, thanked them for their interest, then reported on his first month on the job as downtown manager. He has met with 210-215 people, 110-115 of whom are merchants. He is gaining a local perception of their concerns and a better understanding of "real" issues versus "perceptual" problems. Among early achievements, he has defined an organizational structure for a downtown district, business retention and recruitment measures, and databases of property owners, what spaces are available, and merchants (by profession). He felt the strong support he has received from the very start to be significant. Only two people out of 215 were opposed to his work, and his supporters included community leaders as well as business people. He commented, however, that he is not naive. The job is a big one; but is "doable", and requires consolidation of resources. Mr. Pizarro asked Economic Development Committee members if they had questions of him. S. Shapiro asked if there were any physical problems with the proposed district. J.L. Pizarro commented that it was a relatively short corridor whose length and layout were unifiable. Some pockets are unique; and there are three identifiable sections -- the North End, the Central Blocks and the South End -- each with its own perceptions and concerns. He went on to elaborate. In the North End, there is a concern about the perception of a "major problem of Public Safety". However, in the same breath, they are quick to say "the cops are doing a great job". He said the issue seems to be tough looking characters scaring off customers. For those who live in the neighborhood, it may be a cultural issue or it may be latent. He felt it was not a problem; but there was an urgent need for action on this issue. In the central core, the big issue is parking. Merchants told him that all the problems were caused by parking, yet they use the metered parking spaces for themselves. J.L. Pizarro said he sees available parking nearby; and in the future, they should encourage the opportunity to use a higher density city ethos; whereby, customers do not need to park right in front of the store. They can

park anywhere downtown, and either walk or take public transportation as they would in a big city. In the South End, the issue is rents. He found business people who want to be downtown but could not find a fair rent. He met some landlords who are negotiating rents, and had seen signs going up; but actually many properties are not really available.

Page 4. EDC - Minutes - 6/13/94

Some owners are holding out for special tenants, and are looking for ways not to subdivide. Some people have told him that Middletown had failed; but J.L. Pizarro said he believed Middletown had not failed. The economic downturn was obvious, and caused by many reasons; but he felt that all the closures do not indicate an endemic failure, but rather a collection of specific, individual circumstances. He remains very positive.

J. Milardo asked J.L. Pizarro if he had had the opportunity to speak to the Parking Authority, indicating that the City should provide the parking and the Downtown Manager could mediate between the City and merchants. J.L. Pizarro indicated he needed his Board's approval for this. S. Shapiro asked about the timing for the taxing district. J.L. Pizarro estimated 12-15 months... there may be a "twist" with the Municipal code. There is a need to show some achievements and demonstrations of what he can do as a goodwill gesture. G. Daley noted that it was clearly important to get out and get known in the District but at the same time, he was concerned about the timetable and reaching certain milestones. W. Kuehn advised the Committee that at their last Advisory Board meeting, they had discussed J.L. Pizarro's duties and resolved that #1 was to recruit, and #2 was to set up the taxing district. At their next meeting, they will address the timing of the referendum to trigger cash into the District. G. Daley reminded the Committee that the referendum must be successful and carefully planned. J.L. Pizarro concluded that the compilation of the databases had been time consuming; but they were good tools for future endeavors.

NORTH END INDUSTRIAL AREA

Phil Michalowski, Steve Ditko and John Thompson, consultants for the North End Industrial Area reported on their progress. They set out a four month time schedule and will focus in three areas - 1) the status of the transportation systems (which are confusing), 2) infrastructure and 3) property. J. Thompson handed out materials and reported that DOT had cancelled all plans regarding Rt 9/Rt 66/Arrigoni Bridge access improvements. They had also looked at some at grade improvements as well; but, these had also been officially cancelled because of costs. He said they were revisiting issues of better ingress and egress which the City and Midstate RPA had approved. DOT established some funding and was doing some "rescoping" on this following the negative public reaction to Alternate E. Mr. Thompson thought DOT will be able to address the issues brought up at the public hearing, and should have some answers in a couple of weeks. He commented that the City is doing a new signal system, and has an active rail service. He said he thought these

could tie in to access improvements, and that the rail was a strong asset. N. Conaway-Raczka pointed out the neighborhood objections especially in conjunction with the schools, particularly St. John's. J. Thompson replied they were very aware of the schools and residential neighborhoods and would not recommend impacting them. It is not in anyone's best interest.

Page 5. EDC - Minutes - 6/13/94

More discussion ensued regarding DOT, Industrial Area ingress, flyover ramps from Rt. 9, elimination of the Miller/Bridge Street residential area, and why Middletown was being ignored for major funding when so many both DOT and DED people live there.

Steve Ditko of Milone & MacBroom reported that they had begun to investigate the infrastructure in the area. During the CSO separations, they would be replacing granite curbs and sidewalks. Sanitary sewers will remain in existing pipes; storm water will be directed to the Wetlands and the river. The gas line will be replaced, and electric and phone access is available.

Phil Michalowski reported the area was in pretty good shape. It could use some street trees and landscaping. He had tracked down the broker for the EIS building and found it to be actively marketed. Stone Container had moved to EIS from the Remington Rand building and there are a couple other operations there as well. The building is for sale and they are looking for more tenants -- either in manufacturing or warehousing. Mr. Michalowski reported that potential tenants were very interested in Enterprize Zone status.

Feedback showed strong interest from small operations needing 2,000, 3,000 or 5,000 square feet. He recommended further pursuit of an incubator or small lots/buildings.... G. Daley commented that the transportation access was a key concern as well as environmental unknowns. He asked what EDC could do and whether they would have any input into DOT's rescoping. J. Thompson pointed out that there were two issues; and that their interest is access to the Industrial Park. Their charge was for access and egress and not to resolve all state problems. There is no way to solve all the State's concerns. P. Michalowski stated that the "bottom line" was that the City was going to have to fight for the access improvements. W. Kuehn asked about the State Surplus property along the rail lines. P. Michalowski addressed the land potential in the EIS parking lots and State right of way and said the State's position is that they own the right of way. If combined with other parcels, it could be developable; and HMA will raise that issue with the State and look for a response by the time of their next report.

(9:00 - J. Milardo leaves)

CLOCKTOWER SHOPS

S. Timbro, President of Clocktower Shops, Inc. spoke to his request for a loan from the Economic Development Fund to secure a major tenant for his prominent downtown building. He reported it was currently 70% vacant and that 6 tenants had left since March.

It needs a new elevator and upgrading to Class A space. He said he was disheartened to lose the tenants, which represented \$50,000 per year in income, but still sees great potential in the building. If he is able to get a loan from the City, he will come back with a five-year renewable lease, and his potential tenant will increase employment from 22 jobs to over 40.

Page 6. EDC - Minutes - 6/13/94

Middletown will also retain a major employer which will stabilize the building and add to the downtown. The request is for \$33,000 each year for three years. The tenant had almost decided to leave Middletown and was not interested at first, considering that other towns were offering huge incentives. Mr. Timbro, however, approached the Mayor and L. Ozga to see if the City could help him match those incentives which would, in effect, provide gap financing between rents offered by other towns and his cost. The differential is \$2.23 +/- per square foot; the tenant needs 14,000 +/- square feet; therefore, this translates into \$33,000 per year. N. Conaway-Raczka asked about parking. S. Timbro has made a proposal to rent 30 spaces from the Parking Authority. He suggested using the 22 spaces he does own and is negotiating for more and future spaces in the downtown. This tenant will occupy 3 floors which is 70% of the office space in the building and/or 28% of the total space. N. Conaway-Raczka asked what was available now. S. Timbro replied that with this tenant, not much more office space would be available however, retail was a different story. He reported that a Polish Deli would be moving in soon, as well as an Ice Cream Shop. He hoped to have all the space rented up in 6 months. S. Shapiro asked L. Ozga if this tenant would be available for a JOBS Loan to which she replied yes, however, they had not asked for one. She felt the Economic Development Fund was more appropriate and its best use is to make loans. She commented that grants and studies had not been very effective and during this time, when the Banks were not lending favorably, it was a good opportunity to make a good loan, and retain a good business. She recommended that the Committee support the loan, that there is nothing to lose -- no giveaway -- and an appropriate use of Economic Development Fund to make below market loans. S. Shapiro asked if it would be collateralized; S. Timbro replied it would be covered by the equity in the building. S. Shapiro made a motion that the Economic Development Committee recommend a loan to Mr. Timbro as requested from the Economic Development Fund if funds were available. R. Santangelo seconded. Discussion followed.

Mr. Shapiro emphasized this was a very important building to the Downtown, and agreed that other communities were offering attractive incentives. He said the next incentive was to rent up the retail space; and if this building could turn around, all of the downtown would benefit. G. Daley said that S. Libby had made a point about guidelines, and that his only

experience with loans had been through REINVEST, which had guidelines. He asked about the authority for this loan. L. Ozga said the authority rests in the ordinance, and Mr. Timbro's needs would not be met by any already established program. W. Kuehn noted that the ordinance was very broad, that it grew out of the CDAP program, and that it allows funds to be spent for any of the purposes stated. More discussion ensued about getting the process started and gathering details before the Council meeting; whether the tenant would attend; the amount of the loan in years #2 and 3; and, that the loan should not be assignable.

Page 7. EDC - Minutes - 6/13/94

Mr. Timbro asked for a definite commitment based on the fact that the numbers and costs per square foot were definite, N. Conaway-Raczka wanted to make the investment but to keep options open for years #2 and 3. She recommended Economic Development Committee and Council approval in the future. G. Daley indicated hesitancy for a multi-year loan/lease, was opposed to a sublease and wanted more definite facts and figures regarding the Economic Development Fund. He thought the members were generally in favor but asked for withdrawal of the motion and its reconsideration at a special meeting on June 20th. At that time, the tenant could attend, the lease language clarified, the authority of the Committee defined and status of the Economic Development Fund determined. S. Shapiro stated he was reluctant to withdraw the motion and wished to keep moving forward. He agreed about having a special meeting and changed the motion to have the Economic Development Committee give tentative approval subject to review and clarification of the aforementioned commentary (financials, lease, tenant representatives, etc and clarification of EDC authority and Economic Development Fund balance).

The special meeting will be on Monday, June 20th at 7:00 p.m. with two items on the agenda: 1) Economic Development Fund and 2) Clocktower Shop loan. The Committee unanimously approved the motion as changed.

YCC

N. Conaway-Raczka recommended that the YCC undertake items 3 and 4 on Linda Bowers' list plus the North Main Planters and as much of the Long Hill Estate as they can do. W. Kuehn pointed out there were 12 kids and 2 crews so they could probably do more. The Committee agreed to add the Military Road and Palmer Field projects.

There being no further business, the meeting adjourned at 9:55 p.m.

Cynthia G. Wilcox

CGW/lmk
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