

City of Middletown, CT

Economic Development Committee

Minutes from the Economic Development Committee Meeting of October 9, 2007

<u>Present</u>	<u>Also Present</u>
G. Daley, Chair	W. Warner
R. Santangelo	R. Kearney
J. Bibisi	
P. Szewczyk	
D. Bauer	
Public: G. Martorelli, J. Pugliese, T. Ford, members of the American Legion and Fellowship Hall	

- A **Call to Order:** Santangelo called the meeting to order at 5:33 PM

- B **Public Session:** Fellowship Hall (FH) questioned why they were back with the committee discussing the potential leasing space at the Remington Rand building. Warner stated the Planning & Zoning Commission had questions and they were hearing a lot of comments and there was no one to answer the questions at the last P&Z meeting. Santangelo stated FH does not engage in treatment, FH, a non-profit, is a self-help program and does not subscribe to treatment. Szewczyk questioned what FH does. Santangelo stated FH has a 12 step program is not evidence based. Warner stated zoning allows office and meeting space but prohibits substance abuse treatment. Bibisi questioned if FH is Narcotics Anonymous. Warner affirmed stating P&Z tabled the item and he was not at the meeting. Santangelo stated he would attend the 10/24/07 P&Z meeting. Warner stated the item is on the P&Z Agenda and someone from EDC should attend. FH state they met with the Mayor who is okay with a 5-year lease. Bibisi noted that non-commercial enterprises are renting in the building. Szewczyk suggested looking at the uses of the entire building. Santangelo noted the building is mixed use and that FH would improve the appearance and bathrooms at no cost to the city. Seven meetings are currently held on Main Street and this move consolidates 2-3 meetings per day to one place rather than downtown. Warner asked how many cars would be parking at the building. FH stated their could be 50+ cars but many members car pool in the spirit of the fellowship-FH saves lives. Warner asked what time the cars would be at the building. FH stated meetings are held 7:00-9:00 PM and 1-:00-11:30 on Monday, Wednesday and Friday. FH looks to return people to productive society. Szewczyk questioned whether moving out of downtown would free up parking spaces. FH stated currently members use 10-12 spaces near the bicycle shop. This would free up more spaces for downtown shoppers. Warner stated the building will be further discussed under agenda items. Santangelo asked Bauer if he had any comments. Bauer responded he was okay.

American Legion (AL) stated if leasing at the Remington Rand building was a hardship for the city the AL would look at other city properties rather than cause a problem for the Economic Development Committee. Szewczyk stated this was not the impression to be had but wanted the committee to look at the big picture and other uses to find a company like Baldwin. AL noted the discussion of

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commercial property and the do, don't do, do nature of the conversation. AL noted they had looked at the city's Wadsworth Street house. Warner noted the city would have to buy the house from the state. AL said they had looked at other city properties. Warner stated the AL use would require a zone change whereas FH is an office with meeting space. The Common Council and EDC would need to make this decision. It is important to be responsible about where the city is going with the building. Warner stated it would be a year to get legislative approval. Bauer noted the stated mission of the building is industrial and the city does not want to be a landlord. Daley stated this is the Public Session and that debate should take place within the agenda items. Daley asked if there were any other members of the public that wished to speak. The AL & FH were told they were welcome to stay for the agenda items.

- C Minutes:** Szewczyk made a motion seconded by Santangelo to approve the minutes of the September 10, 2007 Meeting of the Economic Development Committee. The committee voted unanimously to approve the motion.

Santangelo made a motion seconded by Bibisi to approve the minutes of the October 1, 2007 Special Meeting of the Economic Development Committee. The committee voted unanimously to approve the motion. Szewczyk abstained.

- D Communications:** none

E Old Business

1) **CBD Parking**

2) **Becky Thatcher Riverboat**

3) **DCF Properties: 131 & 155 Wadsworth Street**

4) **Remington Rand**

a) **Leasing Criteria for potential tenants**

b) **American Legion Post 206 Lease:** Szewczyk made a motion seconded by Santangelo to recommend proceeding with leasing of 4,800 square feet to American Legion Post 206. The committee voted to approve the motion, Bauer voted nay.

c) **Fellowship Hall Lease:** Szewczyk made a motion seconded by Santangelo to approve leasing 2,400 square feet to Fellowship Hall. The committee voted to approve the motion, Bauer voted nay.

F New Business

1) **Remington Rand:** Warner gave an update stating the water & sewer project was near completion bringing reliable water and fire hydrants to the site. The construction project did not hit ground water. The state license for jacking under the railroad tracks should be received next week. Daley questioned how much it would cost to hook up to the new lines. Warner stated the need to drill under the building at the right angle. Szewczyk asked what the status with Unisys is. Warner stated Unisys had complied with the city to keep the construction project on track. Warner stated

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the building would need a new sprinkler system. Szewczyk asked if VHB would be the engineer for the project. Warner affirmed noting the need to tie in the bathrooms to the water & sewer lines. Future users would tie in. The state insisted that the city have the water & sewer project done. The city went out to bid 3 times and put an additional \$100,000 into the project. An elevator is needed and inexpensive lifts have been considered. The existing shaft could be used for a modern combination passenger and freight elevator. Parking is becoming an issue with new tenants. The boiler building was condemned. To remove the asbestos in the boiler building would cost \$80,000. Environmental cleanup is on hold. Unisys submitted a RAP for 2 of the 16 areas under the consent order at a cost of \$3.4 million. Szewczyk questioned how the city would proceed. Warner noted this is not a city argument but one between DEP & Unisys and the state has funds in the Urban Sites program if it is determined that Unisys is not responsible. Unisys would rather spend \$25,000/ year plus legal costs to stretch out the study rather than pay for the cleanup all at once. It will be a long time before the property is cleaned up and ready for transfer.

A discussion ensued of floor plans and available space. Warner noted Ford & Kearney had reviewed the plans as presented. AL stated they would be willing to use second floor space but for lack of an elevator. Warner stated ADA would not allow a public building to operate without ADA access. Daley asked Pugliese what the Chamber's position would be on leasing industrial space to non-profits. Pugliese responded the Chamber would not be in favor. Warner noted manufacturing companies want clear span. ID Mail product is linear and fits the space. Ford noted the need for loading dock access and manufacturing companies cannot afford the build out costs especially start-ups. Daley questioned why Ford wanted to hold aside buildings A&J. Ford stated the large space would not require common halls and would work for a larger user whereas building B offers common areas (elevator, loading docks) and needs to be accessible for all of the buildings making it more logical site for use by smaller users. Szewczyk concurred that the city would not be losing industrial space by leasing to smaller users in building B. Ford stated FH is paying some rent. Szewczyk noted a 5-year lease terms. Ford and Warner concurred that environmental cleanup could take 5 years noting that DEP likes to work on science projects. Szewczyk questioned whether the site might be good for the community center. Warner noted the environmental issues. General discussion of tenant locations ensued. Szewczyk questioned building B uses and Ford stated the ideal tenant would pay rent. Warner noted P&Z would review the AL use as a zone change and FH would be an 8-24 review. Daley questioned the AL use to avoid office and assembly space. Warner noted the AL stated it would hold banquets and lease out the space. AL responded they would not rent out space and just conduct AL programs, education and not medical which is handled by the VA. Szewczyk questioned whether the uses were the same. Warner noted this would be a discussion for P&Z. Daley noted the items would be on the 10/24/07 P&Z agenda. Bibisi noted that EDC had endorsed the proposal. Daley recommended the AL work with Warner to draft a lease agreement.

Szewczyk made a motion seconded by Santangelo to recommend proceeding with leasing 4,800 square feet of space to American Legion Post 206. Additionally, the leasing of 2,400 square feet to Fellowship Hall. These recommendations would be sent to P&Z for an 8-24 review and the lease to be reviewed by the Common Council.

Szewczyk asked if the electricity would be sub metered and if the space had heat. Ford stated sub metering would be expensive. The AL would be putting money into the space renovation rather than rent. Warner recommended the AL discuss heating and code issues with an architect. Bauer questioned the time line and kind of lease relative to meaningful improvements and what time expectations the tenants might have. All this in regards to the city's desire not to remain a

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landlord. Daley asked Warner what the environmental assessment cleanup was relative to the transfer of the property. Szewczyk noted Unisys planning. Bauer questioned Warner's statement that the RAP only covered 2 of the 16 sites. Warner noted the remediation of the other 14 sites would be fought out between DEP & Unisys. DEP is more capable in dealing with a large multi-national company. Daley understands Bauer's reservations that the city not be in the landlord business but the practicality is the city will be involved for the foreseeable future. Bauer questioned the AL lease terms of 5/5 option to renew. Warner noted 5 years is the quickest amount of time for remediation. Warner stated the building has a positive cash flow and is marketable to small users. Ford noted the AL would improve the building making it more attractive. Santangelo stated the AL would be assisting many returning veterans and there is awareness that prior returning Vietnam War veterans were not given good services. Taking FH off Main Street is positive. Bauer noted he appreciated the compromise reached and the generation of jobs noting this is a balancing act and the scarcity of incubator space. Daley noted the EDC voted earlier in this meeting on the Stone Resource tax abatement application, which created 65 jobs in 5 years and the plan to create more jobs for the community.

The committee voted to approve the motion, Bauer voted nay.

a) Leases

- (1) **Coughlin Mgmt Services Lease:** Santangelo made a motion seconded by Bibisi to pursue leasing space. The committee voted to approve the motion, Bauer voted nay.
- (2) **Wrestling Lease:** Ford stated the column placement is a problem with trying to lease the space for such an activity.
- (3) **Circus School Lease:** no discussion

b) Property Management: Ford presented analysis of bills stating Midfield provides a reasonably priced service. Daley noted Midfield's work brought success and the decision to end the agreement came from the Mayor. Warner read proposed site manager ad copy noting the need for cleanup and building trade skills. General discussion ensued. Warner stated Ford had saved the city many headaches with many impossible tenants. Warner stated the \$50,000 in management fees could be used more competitively by hiring a retired tradesman. Daley noted the position would be on a contract basis. Ford stated Piatti walked the property on a daily basis.

c) Use of property by unauthorized parties: Warner stated former Mayor Thornton gave Friends of the River (FOTR) verbal permission to store boats in the boiler building. Ford stated Frick ignored every order. Warner stated Parker, Chief Building Inspector, condemned the building. Ford stated a lease offer was made to Frick. Szewczyk noted that if Frick was destroying city property-locks- and trespassing, then this should be reported to Lynn Baldoni, Chief of the Police Department. Daley noted Frick throws the Mayor's name around and the police should investigate and get a statement from the Mayor. Ford described Frick's threatening messages, which he forwarded to Warner.

2) Tax and Business Incentive Application: Ferazzoli Imports of New England: Martorelli described the new building with plans to build the first phase of 52,000 square feet for the company to expand manufacturing and increase workforce by 20%. The company had 35

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employees in N. Haven and has grown to 100 in the past 5 years. The expansion has been planned for 2 years while the company waited for the right period of growth. Daley asked what the company would be moving to facilitate the manufacturing expansion. Martorelli stated ¼ of the wholesale tile, outside sales and sample boards and new line of mosaics made with water cut designs. The mosaics are lighter weight and allow the company to compete in the national market. The market for the heavier stone products is from Philadelphia through New England. Szewczyk questioned the makeup of the Galleria Space. Martorelli stated the Galleria is 30,000 square feet of which 10,000 is for products from Stone Resources with displays of other businesses creating a positive synergy with complimentary businesses occupying the balance. Countertops prices have not risen since 1992. Third world mosaics are not as refined as those made by Stone's equipment which allows Stone to compete with less expensive imports.

Daley asked if the committee had been to the Galleria since the city had the realtor reception there. Kearney asked where the customers came from. Martorelli stated Long Island, Manhattan, Rhode Island. Daley stated the facility is much improved over the N. Haven site.

Szewczyk made a motion seconded by Santangelo to recommend the application. The committee voted to approve the motion.

Daley questioned whether the application met the requirements of the ordinance. Daley noted someone had quoted an old ordinance and asked staff to investigate. Kearney affirmed stating he would assist Martorelli in applying for the State Urban Jobs program. Bauer asked the Chair to discuss the philosophy of tax incentives relative to the positive change in the city's economic climate to discuss where the city stands and where it is heading. Daley noted to provide a list of what has been done and the return along with a comparison with other municipalities. Daley noted the dramatic change in the Westfield section with economic development achievements in jobs and tax base. Santangelo noted the city had lost prospective companies in the competition with other towns. Bauer stated he is asking for an analysis to determine how solid or anecdotal the health of the city economy is comparative to other towns. Daley noted the need to determine an methodology approach. Bauer requested at the next meeting to discuss in more depth.

Kearney noted the resolution would be delayed until the State responds to the Urban Jobs application.

- 3) **State of Connecticut: Long Lane Property:** Warner stated the Mayor had sent a letter to DCF Commissioner requesting the property be given to the city as previously promised. The property is restricted to passive recreation so the city cannot make a profit on reselling it. DCF is not subject to zoning. Santangelo questioned why the property was termed too wet with challenging topography and not the report given to the high school building committee. Daley noted the property is wet. Szewczyk made a motion seconded by Santangelo to recommend the acceptance of the quitclaim. The committee voted to approve the motion. Bauer questioned if the city would be subject to conveyance fees. Szewczyk stated the property was never used and not contaminated.

Szewczyk made a motion seconded by Santangelo to approve accepting the quitclaim for the property. The committee voted unanimously to approve the motion.

G Status Reports

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- 1) **Economic Development Fund, monthly report**
- 2) **Economic Development Specialist Report:** Kearney described the NEDA award given for the city's brochure. General discussion ensued.
- 3) **REINVEST Loan Program, monthly summary report**
- 4) **JOBS Loan Program, monthly summary report**

H Other

Adjournment: The committee adjourned at 7:19 PM.