

City of Middletown, CT

Economic Development Committee

Approved Minutes from the Economic Development Committee Special Meeting of October 25, 2010

Present: Mayor Sebastian N. Giuliano, G. Daley, R. Santangelo, J. Bibisi, D. Bauer, V. Loffredo, W. Warner, R. Kearney, P. Cacciola

Public: J. Pugliese, T. Davis, E. Dypa & members of the public
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Minutes

- A Call to Order: Santangelo called the meeting to order at 6:07 PM.
- B New Business
 - 1) **Remington Rand- lease of 4,000 square feet to Grasshopper LLC.** Warner stated the company is currently working out of their home and produces novelty items and is looking to expand to 4,000 sf of manufacturing space. Bauer stated this company fits the publicly stated goal of the building as an incubator and manufacturing center. Warner stated some of the products from t-shirts to key chains-are made in Middletown and some in Portland. Bauer questioned if the lease rate was commensurate with other tenants. Warner stated the rate is a little higher at \$4.00 psf plus a 4% increase. Bauer questioned whether the 5 year term would be the longest lease term commitment in the building. Warner noted recent 5 year lease terms for Labella and that ID Mail was in the 9th year of a 12 year lease. Bauer made a motion seconded by Santangelo and Bibisi to recommend the proposed lease to the Common Council. The Committee voted unanimously to approve the motion. Loffredo questioned what the tenant improvements consist of. Warner stated the tenant washes products and would be required to connect to the forced main which is a grinder that pumps up the waste to the main. Bauer questioned the space. Warner stated the space was previously cold storage and now can be used productively with the addition of the new main. Loffredo questioned the number of employees. Warner stated he would supply this to the Common Council and estimated 1-2 employees.
 - 2) Lease of Portland Chemical land to RJAJ, LLC: Warner reviewed the history of the project and that Jukonski had made a \$56,000 deposit assuming the permits from Primary Steel could be used. The permits had expired and the city had sought permits from DEP to fill the degraded wetlands and create higher quality wetlands. The DEP denied the plan. The original land plan of 4 acres is now reduced to only 55,000 sf yield a lower assessed value. For the city to sell the land, environmental law requires deed restrictions, ECAF, ground water monitoring with clean test results for 3 quarters. The area has historical petroleum issues which makes getting these test results problematic. If Jukonski walks away, the city will have nothing. To avoid the transfer act, the city is proposing a long term lease which would credit the deposit towards the beginning years of the lease. Bauer question item #7 which notes \$57,000. Warner stated the number includes \$51,000 and \$5,000 in out of pocket expenses. Bauer question why the lease proceeds would come to the Economic Development Fund. Warner stated this would be up to the Common Council to decide. Warner noted that Primary Steel had originally wanted land to Newfield Street and had worked together with Jukonski on dividing up the lands. The city had a RAP in place with a cost of \$104,000 and then drums were discovered on the property and cost over \$300,000 to remove. The Mayor noted the project had taken over 5 years to resolve and that the city is holding Jukonski's deposit. Daley stated the proposal is a win-win creating space for Jukonski to park

trucks and to handle the environmental issues. Bibisi made a motion seconded by Santangelo to recommend the lease to the Common Council. The committee voted to approve the motion with Bauer voting nay. Daley noted the Chamber of Commerce letter of support could be included in the resolution package.

- 3) **CDBG Resolution:** Warner stated the proposed resolution was not reviewed at the CAC meeting- which did not have a quorum. The resolution is needed to be presented to the Common Council in a timely manner to reprogram existing funds for the demolition of two buildings on Portland Street and to move funds for the soup kitchen study to the food pantry. Daley stated the demolition of the Portland Street properties is imperative. Bibisi stated the buildings are boarded up and have been looked at by the contractor. Daley noted the soup kitchen study is no a bricks and mortar project. Warner stated the soup kitchen study could be funded later. Warner stated stimulus funds were used to pay for housing code enforcement to reimburse \$30,000 in salaries and the rest of the funds could be reprogrammed. Bauer asked what the cost of the demolition would be. Warner estimated \$60-70,000 based on the \$6,000 lead and asbestos study. The \$83,000 in funds should cover the costs. Warner stated the adjacent house is very close and would require hand demolition of the property. Bibisi made a motion seconded by Santangelo to recommend the proposed resolution to the Common Council. The committee voted unanimously to approve the motion.

- 4) **Purchase of St. Sebastian's School, 61 Durant Terrace:** Warner stated the site was being considered for the senior center and veterans and police department substation. Warner stated if the committee is in favor, more information would be gathered and reviewed at finance & government. Warner discussed the memo noting the building is the same width as city hall. A new oil tank was installed in 2007-average life of 15 years. The school building had NYAC approval. Public access to the second floor would require an elevator-the first floor is ADA accessible but would need an ADA accessible bathroom. There is a \$190,000 federal earmark that Rosa DeLauro's office obtained for the Community Center and HUD funds could be used for the elevator. HVAC needs to be tested. Other funding could come from CDBG grants to the senior center for low to moderate incomes and LOCIP funds along with the current EPA grant funds. The city could apply for an EPA Cleanup Grant for environmental issues. Warner noted the rumored \$4.0M estimate cannot be substantiated considering the cost psf. Bauer stated Public Works Commission voted unanimously to invest \$10,000 for an executive overview draft and noted the need for due diligence to look for the unknowns and for outside experts to evaluate the property value and condition. Warner stated the Public Works Commission was looking for issues not schematics. The Mayor stated the \$190,000 plus the \$60,000 appropriated by the Common Council could be use for design but noted any funds expended for analysis would not be available for the renovations. The Mayor stated that \$800,000 in discounts from the last bond sale could be used or applied towards the next bond sale. If the Common Council agrees, the funds could be appropriated and not require a referendum. The Mayor and City Treasurer have two years of discretion on the use of the bond funds. Loffredo questioned why the city had passed on purchasing the property in April 2009. The Mayor stated the property was offered to the city for \$1.3M and the offer letter was circulated and refused. The Middletown Housing Authority is asking the city to agree to pay more for energy and elevator maintenance at the current senior center. The Board of Education is not interested in allowing the senior center at the VOAG building. The price of the St. Sebastian School is negotiable. Loffredo questioned what the building needs and is seeking and whether the city has advertised or searched for other sites including building at Veterans Park. Loffredo questioned if an appraisal had been done. Bauer stated the Assessor has determined a value as stated in a confidential memo. Loffredo questioned whether the \$190,000 would cover the elevator and other needs and noted the need for parking

design. Daley stated spending funds would leave less money for improvements and inspections. Daley suggested obtaining an option while the city gets estimates on costs. Warner stated there is another interested party. The Mayor stated the other party met with him and would defer to the city's interest. Loffredo questioned how long the city has been considering the site. The Mayor stated since the summer. Santangelo noted the \$1.25M and questioned whether a butler building could be created at Veterans or McCarthy Park to create meeting space. Santangelo noted the request was for a senior center rather than a community center and a new building could be cheaper to build and maintain. Warner stated a new 7,000 sf building would cost more than \$200 psf. Daley noted the project would be for future city use and a senior center, veterans museum and city offices and storage. Daley noted the military museum interest. The Mayor noted the building could house the senior center and city offices noting the \$43,000 lease for Parks Department offices and the middle school building could be used as the veterans museum. Warner noted the need for storage and meeting space. Loffredo questioned how much this would cost and what the price of the building is. The Mayor stated the correspondence indicates an offer of \$800,000 asking price and the city would have no significant financial contingencies until 1/31/11. Loffredo questioned if the city received \$500,000 in CDBG funds annually. Warner stated the average number is between \$460-470,000 per year. Warner stated CAC weans off non profits and makes sure that grants are only a portion of their budget so they are not in danger of closing when funds are not granted. Daley questioned if 70% of CDBG funds are for bricks and mortar. Warner stated a Section 108 Loan could be paid back over a 20 year period. Bauer stated the property is a fixer upper and he supports the need for a clearer picture. Daley agreed. Bibisi stated the need for an appraisal. Loffredo stated the commitment to the senior center and the need for a comprehensive look. Daley asked what other properties are available. Warner noted few other available sites and cautioned taking a property off the tax rolls. Warner stated John Parker, Chief Building Official, considered the property a great building. Loffredo questioned why the need was not discussed last year. Warner noted the need to determine modernizing to what level. The Mayor stated food service was catered by CRT. Santangelo stated catering is more efficient and requires less inspections. Dypa stated senior centers are community centers and can be multi use facilities not isolated from the rest of the community. Warner stated the center could be an amenity for the neighborhood. Bibisi made a motion seconded by Santangelo to recommend an appropriation of funds to assess the property and costs to make the site useable. Bauer stated he had to leave the meeting and that he approved the measure. Discussion about taking an option and identifying other available sites. Mayor noted the BOE said no. Daley noted the offer letter quoted the city's full valuation as the offered price. Discussion about amending the Community Center Resolution. The Mayor stated the issues are: the condition of the building; establishment of the senior center with \$190,000; what kind of a commitment is needed; what other buildings are available for city's needs. The committee voted to approve the motion.

C Adjournment: The committee adjourned at 7:30 PM.