

City of Middletown, CT

Economic Development Committee

Minutes from the Economic Development Committee Meeting of December 13, 2010

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| Present: G. Daley, R. Santangelo, J. Bibisi, D. Bauer, V. Loffredo, W. Warner, R. Kearney, W. Russo, T. Hartley |
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| Public: J. Pugliese, T. Davis, J. Salamone, C. Johnson, E. McKeon |
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Minutes

A Call to Order: Santangelo called the meeting to order at 6:05 PM.

B Public Session

Johnson addressed the 20 Portland Street agenda item stating the City of Middletown continues to follow the practice of handing over property to developers. Johnson described the site as too narrow to accommodate parking other than in front of the buildings-parking should be placed in the back. Once the buildings are demolished, zoning rules will not allow the same 4 unit density to be rebuilt in the future and will destroy the unique neighborhood. If the City of Middletown does not want to own property, it should dispose of it immediately and offer it to the public. Don't use scarce CDBG funds for this project.

Pugliese stated the Middlesex County Chamber of Commerce members have no consensus on the Melilli garage. The chamber supports the Mattabeset Canoe Club during the transition of the business.

C Minutes

1) November 8, 2010 Meeting Minutes: Loffredo made a motion seconded by Bauer to approve the minutes. The committee voted unanimously to approve the minutes.

D Communications

E Old Business

1) Parking Department

a) Garage location: Warner stated the today's supply and demand issues are very different from when the 2008 parking study. Vinny Amato told the parking committee that shoppers want a surface parking lot would not park in a parking garage. The new Melilli parking lot is expanded offering more daytime parking. The decision to build a new arcade garage and parking deck over the police department parking lot to connect the new arcade garage to Main Street was made to address the useful life and potential liability of the arcade garage. The new arcade garage would be a smaller footprint to save land for future development of Metro Square and the ATD (Cartunes) sites. The third approach questions the demand or need for a new garage. The new Melilli garage would cost \$4 million v/s the new arcade garage of \$7 million. The economy has changed and there is a need for a parking supply and demand analysis update.

Daley stated the need to capture the federal earmark funds before they go away. Two and a half years ago there were fears of losing the funds. Several questions need to be addressed: 1) What is the status

of the funds to maximize the use of funds? 2) What does the city do to compensate for lost parking spaces while a new garage is built? Warner questioned the unmet demand. Warner stated the \$8 million in parking garage funds were granted to the city when the Goodspeed Opera House was coming to Middletown. The city had Senator Dodd's office extend the earmarks according to our lobbyists who state the funds were in place. The \$8.0 million-net \$6.8 million after agency fees-is at CTDOT. Hartley state the city is trying to get CTDOT to transfer the \$6.8 million to the city and stated \$3.1 million has lapsed and the bus garage building project has drawn down funds. Hartley agreed that more data is needed on parking demand which will be available from the new technology which will give turnover and forecast demand. Hartley questioned the financial viability of a new arcade garage which would not generate enough revenue and not be self sustaining. Loffredo questioned whether a garage at Melilli would include retail space. Hartley discussed his financial analysis of the proposals. Hartley stated the federal funding would create 80% equity and the city would pay the 20% match with parking revenues. Demolishing the arcade would give 180 surface parking spaces and create a lot that might attract a joint venture with a private developer. Daley questioned if the \$120,000 in LOCIP funds can be reallocated to the Melilli Plaza lot and questioned is it feasible and the impact to the recent improvements. Hartley stated these issues and options would be addressed during the garage design phase. Warner noted the \$120,000 LOCIP funds are the city's match for the \$600,000 design costs. The federal government will want the funds returned if the city does not build the garage. Warner questioned the projected 97% occupancy calculations. Hartley reviewed the projections. Daley questioned what the rear of Riverview Plaza would look like if the arcade garage was demolished. Hartley stated the plaza would be a dead end. Loffredo questioned the height of the Melilli garage. Hartley stated 4 levels at 12 feet and some development opportunities on the first floor. Loffredo questioned the plan of 5 years for maintaining the arcade. Hartley stated at \$500,000 per year for 5 years and he would try to have estimates for the 1/3/11 Common Council meeting-but only 2 weeks might not be enough time with the holidays factored in. Loffredo noted the garage cost difference of \$7.5 million v/s \$2.5 million to be sent to the voters for a referendum. Loffredo made a motion seconded by Bibisi to recommend to the Common Council changing the site of the proposed garage to the Melilli Plaza site. Bauer agreed that it is important not to lose the earmark funds. Warner stated \$3.1 million and Hartley presented emails from the FTA regarding how much funding is left. Bauer stated concern over the discrepancy of millions of dollars and how to secure a timeline and that the lack of clear facts made the issues way over his head to be able to make a favorable decision. Daley stated longer delays will jeopardize the earmark funds and the need to deal with the arcade structural problems. Bauer noted the proposed third approach to not build the garage and questioned where city employees were parking noting employees in Hartford have to pay for their own parking. Warner noted there are funds to build a garage but the economy is bad and has changed demand and there will have to be a referendum for the city's required match. Bauer stated gasoline at \$3.00+ is the future and this is an opportunity for the city to be ahead of the curve. Northampton built a garage that was detrimental to their downtown. This was a certainty two years ago-right for the city. Bibisi stated the engineering design will help clarify the issues. Warner stated the need for a design study. General discussion on what the FTA funding is. Russo noted the need to follow the plans. The committee voted to approve the motion with Bauer voting nay.

F New Business

1) Mattabeset Canoe Club: fire alarm system: Warner stated the company had done a walkthrough with city departments and no comments were made about the fire alarm system. Now the fire department is requiring a new fire alarm system. Daley stated the fire marshal should explain why this happened. Warner stated the company is requesting a deferral of rent to be added to the end of the lease.

2) 20 Portland Street: Payton Properties: Warner discussed his summary sent to the committee over the weekend noting the \$37,000 was spent on the two houses with \$4,000 for lead and asbestos testing and

the tcip test on lead came back at 12.9 and 19.4. The city had budgeted \$70,000 in CDBG funds for the demolition which will not be enough. The cost to dispose of the lead is \$50,000. The demolition could be phased to remove enough lead in phases and keep retesting. Warner will discuss this further with the purchasing department. Salamone stated he owns 18 Portland Street and a property on Grove Street. He noted 20 Portland Street has caused a lot of issues in the neighborhood due to density of 4 housing units and parking issues. Salamone Bibisi stated it is the city's responsibility to manage this and to take the front house down or consider RFP's. Warner stated there is a cap on using CDBG funds for slum and blight removal and suggested an appropriation from the general fund. Daley asked if LOCIP or a section 108 loan could be used. Warner noted the CDBG caps. Warner estimated the project to cost \$100,000 plus \$10,000 for asbestos and \$30,000 for demolition. Loffredo suggested contacting Habitat for Humanity and giving them the \$140,000 for the remediation versus spending \$150,000 and getting no economic development value. Warner stated the city can only give \$70,000 for low to moderate income families. Warner stated he would contact non profits to find any interest. Johnson suggested offering the property to the public. Warner noted there were no bidders at the foreclosure auction. Bauer stated the need to limit the city's liability. Bibisi stated he would contact the Connection. Johnson suggested creating alleys with shared rights to handle parking. Warner noted the lands are privately owned. Daley suggested tearing down the front building to allow access for a future buyer and save the demolition costs of the rear building.

G Status Reports

- 1) Economic Development Fund, 11/30/10
- 2) Middletown Statistics Report, 11/10
- 3) Future Economic Development Projects report
- 4) Economic Development Specialist Report
- 5) REINVEST Loan Program, monthly summary report
- 6) JOBS Loan Program, monthly summary report

H. Other

- I. Adjournment: The committee adjourned at 7:58 PM.