

STATE PROPERTIES REVIEW BOARD

Minutes of Meeting Held On June 25, 2018 450 Columbus Boulevard, Hartford, Connecticut

The State Properties Review Board held its regular meeting on June 25, 2018 in Suite 2035, 450 Columbus Boulevard, Hartford, Connecticut.

Members Present: Edwin S. Greenberg, Chairman
Bruce Josephy, Vice Chairman
John P. Valengavich, Secretary
Jack Halpert

Members Absent: None

Staff Present: Dimple Desai
Thomas Jerram

Guests Present: Garret Healy, DAS Intern
Pasquale Salemi, DAS/DCS Deputy Commissioner
Jacqueline O'Donovan, DAS/DCS Para Legal

Chairman Greenberg called the meeting to order.

Mr. Valengavich moved and Mr. Halpert seconded a motion to enter into Open Session. The motion passed unanimously.

OPEN SESSION

ACCEPTANCE OF MINUTES OF June 12, 2018 and June 18, 2018.

Mr. Halpert moved and Mr. Josephy seconded a motion to accept the minutes of June 12, 2018 and June 18, 2018. The motion passed unanimously.

COMMUNICATIONS

Chairman Greenberg summarized meeting from June 21, 2018 with Commissioner Currey, DC Salemi and others. Director Desai briefly summarized issues with Board File #17-320 (Torrington Courthouse). Staff presented Members with their monthly statements for Board & Mileage Fees, noting the 6/28 meeting will be included in the July reimbursement.

REAL ESTATE- UNFINISHED BUSINESS

PRB #	18-076
Transaction/Contract Type:	RE / Voucher
Origin/Client:	DOT/DOT
Project Numbers:	126-171-001
Grantor:	One Hundred Huntington Street Associates, LLP
Property:	90 & 100 Huntington Street, Shelton, CT
Project Purpose:	Replacement of Lane Street Bridge #5949
Item Purpose:	Acquisition of 250 square feet and related construction easements and temporary loss of two parking spaces at 100 Huntington Street.

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At its May 31, 2018 meeting the Board suspended of PRB #18-076 for the following reasons:

1. SPRB Staff require additional information on the Temporary Severance Damages calculated for the temporary loss of parking. DOT Appraiser did not indicate in his appraisal the impact of the temporary loss of parking on overall value or projected loss in rental income value.
2. SPRB Staff require additional information from DOT Appraiser Fox in his estimate of value of the entire property by the Sales Comparison Approach on the Before Value (\$300/sf) and the After Value (\$295/sf).
3. SPRB Staff require additional information regarding the estimate of Temporary Severance Damages due to the temporary closing of Lane Street reconciled with Section 26 of Fox's Appraisal (pg 56) – Non-Compensable Items which may prohibit compensation due to the redirecting of traffic.

In a June 8, 2018 reply, DOT Principal Property Agent James Mason provided the following responses:

1. The subject acquisition includes both permanent and temporary damages to the property. The loss of 2 parking spaces is a temporary damage. As such, Mr. Fox does not consider its impact on the overall value of the property. The loss in overall value to the property is considered in the permanent damage calculations. If provided with adequate income data, Mr. Fox could have chosen to perform a cash flow analysis which may have indicated a loss in rental income for the first 2 years. This was not the case, and Mr. Fox instead chose to calculate the temporary damages as shown on page 52 of his report; which is considered acceptable appraisal practice.
2. Concerning the reduction in unit value as referenced in the Sales comparison Approach, from the before (\$300.00/sq.ft.) to the after (\$295.00/sq.ft.); it was Mr. Fox's intention to adjust downward in the (After) Summary of Adjustments to reflect the permanent adverse effect on the property similarly as referenced in the after income approach calculations on page 51. This information should have been included but was left out in error.
3. Mr. Fox assigned temporary damages for the reduction of site access and the disruption to the internal flow and circulation of traffic within the subject site. This is considered acceptable appraisal practice particularly for corner properties such as the subject. These damages are not compensating for external circuitry of travel and other non-compensable items listed on page 56 of Mr. Fox's report. Failure to consider these types of damages can and has been received unfavorably by the Court in eminent domain cases.

Staff inquired further regarding the DOT Appraiser's calculation of damages regarding the reduction of site access, seeking objective support for the Appraiser's estimate of the "Temporary 10% reduction of the value of the subject property for closing the Lane Street access to the site.

DOT responded: "there is no specific data that can be provided to support the 10%. DOT's appraiser researched, but found no local data on the effect of closing access driveways on corner commercial lots. Short of hard data, the appraiser used his experience, knowledge of the market and judgement to arrive at the reasonable rate of 10%. In other words, the 10% was based on the appraiser's professional opinion which is not uncommon for damages such as this."

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RECOMMENDATION: Board approval is recommended for the following reasons:

1. The acquisition complies with Section 13a-73(c) of the CGS which governs the acquisition of property by the commissioner of transportation required for highway purposes.
2. The actual, permanent damages – taking of 250 sq.ft. of land, easement (784 sq.ft.) and loss of site improvements (landscaping and light post) within the construction easement – all totaling \$35,000 is supported and considered reasonable.
3. The temporary damages, totaling \$61,500, are based on the opinion of the DOT Appraiser.

PRB #	18-078
Transaction/Contract Type:	RE/Administrative Settlement
Origin/Client:	DOT/DOT
Project Number:	301-176-021
Grantee:	City of Norwalk
Property:	10 Water Street, Norwalk, CT
Project Purpose:	Walk Railroad Bridge Replacement
Item Purpose:	Acquire two Easements to construct and maintain bridge (total are 7,305±SF) and three construction Easements (total area 44,129±SF). In addition temporary rights will be acquired: Rights to remove tent, Right to remove fire escape, Right to remove deck and ramp.

June 21, 2018 Update

This file PRB # 18-078 continued to be suspended in order to get additional information and clarification of the request from DOT.

At the June 21, 2018 SPRB meeting DOT Transportation Principal Property Agent, James Mason and Terry Obey, Director Rights of Way presented a brief summary of the Functional Replacement project with the City of Norwalk related to the Walk Bridge Replacement. Mason explained that this is a unique project for DOT as the Federal Government has approved the Functional Replacement of portions of the Maritime Aquarium, which is owned by the city of Norwalk. This Functional Replacement project, in lieu of DOT's typical condemnation proceeding, which would have paid the City \$22,520,000 for damages, is permitted by the Federal Transit Administration pursuant to 23 C.F.R §710.509 and also incorporated in Connecticut statutes 13a-73, 13b-23 and 13b-36. DOT acknowledged given the complexities of the Functional Replacement, it is very likely that DOT will not undertake this type of project going forward.

DOT's original submission to SPRB sought approval of an Administrative Settlement, seeking \$34,552,395 plus an additional \$2,165,000 for actual damages due to easements. This was unacceptable to the Board without executed contracts in place for the Functional Replacement of the Maritime Aquarium, owned by the City of Norwalk. Board Staff sought a revised settlement providing the Board an opportunity to review contracts in place for the initial design with a subsequent submittal to the Board when actual construction costs were known.

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The revised Administrative Settlement, before the Board for approval, is seeking payment of \$2,165,000 for actual damages due to easements plus an initial payment of \$10,365,718. This initial \$10,365,718 payment will facilitate the functional replacement effort through design, acceptance of a construction contract via lowest bid and provide initial funding to the City for construction payments in the early stages of construction as materials may have lengthy lead-times for delivery.

Upon completion of the design, retention of the Construction Manager-At Risk, and the bid process complete, DOT will submit a second Administrative Settlement for Board approval reflecting the DOT's final commitment in the Functional Replacement Project.

The Administrative Settlement Statement presented to the Board for approval, as revised, is requesting:

- Approval of monetary damages due to the Easement = \$2,165,000; and
- Approval of an initial payment of \$10,365,718 to facilitate the functional replacement effort through design, acceptance of a construction contract via lowest bid and initial construction.

Total damages = \$12,530,718

RECOMMENDATION: Board approval is recommended for the following reasons:

4. The acquisition complies with Section 13a-73(c) of the CGS which governs the acquisition of property by the commissioner of transportation required for highway purposes.
5. The functional replacement effort is permitted by the Federal Transit Administration pursuant to 23 C.F.R §710.509 and C.G.S. 13a-73, 13b-23 and 13b-36.
6. All future disbursements by DOT with respect to the functional replacement effort, including the awarding of a construction contract via lowest bid must seek prior SPRB approval.

It should be noted that due to unusual circumstances of "functional replacement" provision, the Board is agreeing to approve the larger settlement without having written contracts in place. It is also recommended that DOT present negotiation terms of this type of projects to the Board early on before signing any agreements with third parties.

REAL ESTATE – NEW BUSINESS

PRB #	18-096
Transaction/Contract Type:	RE/Administrative Settlement
Origin/Client:	DOT/DOT
Project Number:	L131-001-002
Grantor:	Shri Vallabh, LLC
Property:	682 West Street, Southington, CT
Project Purpose:	West Street & Jude Lane Improvements
Item Purpose:	Taking Area = 1,297 sf, Right to construct driveway (525 sf), right to grade (450 sf), right to install concrete curbing (40 lf) and right to install sedimentation control system acquired (175 lf).

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The Department is proposing to acquire a 4'-6" wide strip of land at the West Street and Jude Street intersection, from a larger 0.81 acre lot of land located at 682 West Street, Southington. Other acquisitions include: #1. Right to Construct Driveway (525± sf); #2. Right to Grade (450± sf); #3. Right to Install Concrete Curbing (40± lf); and #4. Right to Install Sedimentation Control System (175± sf), related to West Street and Jude Lane Improvements, Southington

Subject Property Description, Before the Taking: The subject 0.81 ± AC improved with a 4,800 square foot multi-tenant commercial building. The property is conforming to the local zoning regulations (use permitted by right). There are two easements impacting the property:

- A 15-foot drainage easement along the western boundary, in favor of the abutter, and not impacting the taking area; and
- A utility easement in favor of the Town of Southington (613/350), recorded 1/6/1995.

The improvements (building) are not affected by the taking. Site improvements affected by the taking include seeded lawn, a tree and decorative rocks. *A portion of the taking area (estimated by Staff at 250 sf – 5' wide x 50' avg length) is located within the area subject to the easement in favor of the Town of Southington.*

Valuation: A before and after appraisal was done by DOT Appraiser Elizabeth R. Mainello, as of 2/5/2018. Based on the sales data comparison approach, the appraiser concluded that the fair market value of the entire property (land only) is \$16.00/sf of land area.

The table shows the appraiser's summary of damages:

Item	Estimated Value (Rounded)
Before: 35,400 sf @ \$16.00/sf =	\$566,400
Affected Site Improvements	\$2,500
Buildings	N/A
Fair Market Value Before	\$568,900
After: 34,103 sf in Fee @ \$16.00/sf =	\$545,600
Affected Site Improvements	\$0
Buildings	\$0
Total Site (rounded)	\$545,600
Damages (Value of Acquisition)	\$23,800

The offer of \$23,300 was presented to the owner on April 13, 2018, which was subsequently rejected on April 26, 2018. On April 30, 2018, the owner presented a counter offer in the amount of \$36,000, based on a sale of property at 254 South Main Street, Cheshire. This property sold on March 23, 2018 (after date of valuation) for \$1,200,000 or \$43.73/sf. The owner acknowledged this was a single component of a 3-lot assemblage of properties. The DOT Appraisal unit reviewed the assemblage transaction and concluded this assemblage would indicate a unit price of \$20.39/sf for the subject. Continued negotiations resulted in an agreed upon price of \$19.50/sf for the fee-simple interest in the land.

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The revised damages are as follows:

Item	Estimated Value (Rounded)
Before: 35,400 sf @ \$19.50/sf =	\$690,300
Affected Site Improvements	\$2,500
Buildings	N/A
Fair Market Value Before	\$692,800
After: 34,103 sf in Fee @ \$19.50/sf =	\$665,000
Affected Site Improvements	\$0
Buildings	\$0
Total Site (rounded)	\$665,000
Damages (Value of Acquisition)	\$27,800

RECOMMENDATION: Board approval is recommended for the following reasons:

1. The acquisition complies with Section 13a-73(c) of the CGS which governs the acquisition of property by the commissioner of transportation required for highway purposes.
2. SPRB Staff note that the DOT Appraiser valued the land subject to taking in fee-simple interest, when in fact the area subject to taking appears to be partially encumbered by an easement in favor of the Town of Southington (granted in 1995). Based on past DOT easements, it is likely the prior easement reduced the fee-simple interest in the land by 95%, indicating the land subject to taking, within the easement area, has a remaining value of \$1.00/sf (\$19.50/sf x 5% = \$0.98/sf rounded), or an impact of reducing the damages by \$250 (\$243.75, rounded).
3. The negotiated value, based on \$19.50/sf appears reasonable in light of the new data in Cheshire.

PRB # 18-098
Transaction/Contract Type: RE/Administrative Settlement
Origin/Client: DOT/DOT
Project Number: L131-0001-001
Grantor: MUA Property Holdings, LLC
Property: 662 West Street, Southington, CT
Project Purpose: West Street & Jude Lane Improvements
Item Purpose: Taking Area = 721 sf, right to grade (500 sf), and right to install sedimentation control system acquired (156 lf).

The Department is proposing to acquire a curved 721± square foot parcel of land from a larger 0.6409 acre lot of land located at 662 West Street, Southington. Other acquisitions include: #1. Right to Grade (500± sf); and #2. Right to Install Sedimentation Control System (156± sf), related to West Street and Jude Lane Improvements, Southington

Subject Property Description, Before the Taking: The subject 0.6409 ± AC improved with a 1,568 square foot convenience store and gas station. The property is conforming to the local

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zoning regulations (use permitted by special exception). There are two easements impacting the property:

- A 3-foot easement for sidewalk in favor of the Town of Southington; and
- An easement in favor of the Town of Southington (613/938), recorded 1/6/1995.

The improvements (building) are not affected by the taking. Site improvements affected by the taking include seeded lawn, plantings and decorative trees. *It appears the entire taking area (721 sf) is located within the area subject to the easement in favor of the Town of Southington.*

Valuation: A before and after appraisal was done by DOT Appraiser Elizabeth R. Mainello, as of 2/9/2018. Based on the sales data comparison approach, the appraiser concluded that the fair market value of the entire property (land only) is \$16.00/sf of land area.

The table shows the appraiser's summary of damages:

Item	Estimated Value (Rounded)
Before: 27,916 sf @ \$16.00/sf =	\$446,656
Affected Site Improvements	\$6,500
Buildings	N/A
Fair Market Value Before	\$453,100
After: 27,195 sf in Fee @ \$16.00/sf =	\$435,120
Affected Site Improvements	\$0
Buildings	\$0
Total Site (rounded)	\$435,100
Damages (Value of Acquisition)	\$18,000

RECOMMENDATION: SPRB Staff recommend suspension of PRB #18-098 for the following reasons:

- SPRB Staff require additional information on why the DOT Appraiser valued the land subject to taking in fee-simple interest, when in fact the area subject to taking appears to be completely encumbered by an easement in favor of the Town of Southington (granted in 1995). Based on past DOT easements, it is likely the prior easement reduced the fee-simple interest in the land by 95%, indicating the land subject to taking, within the easement area, has a remaining value of \$0.80 (\$16/sf x 5%), or \$600 (721 sf x \$0.80/sf = \$576.80, rounded). This effectively reduces the damages by \$10,900.

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PRB #	18-100
Transaction/Contract Type:	RE/Voucher
Origin/Client:	DOT/DOT
Project Number:	11-154-002
Grantor:	Bloomfield Equities, LLC
Property:	38-40 Tunxis Avenue, Bloomfield
Project Purpose:	Replacement of Wash Brook Bridge #01509, Bloomfield
Item Purpose:	#1. Acquisition of 2,730 square feet of land, Drainage ROW (127± sf); and #2. Right to Grade (18± sf)

The Department is proposing to acquire a rectangularly-shaped 2,730± square foot parcel of land from a larger 8.6 acre parcel of land located at 38-40 Tunxis Avenue, Bloomfield. Other acquisitions include: #1. Drainage Right of Way (127± sf); and #2. Right to Grade (18± sf), all related to the replacement of Wash Brook Bridge #01509, Bloomfield.

Subject Property Description, Before the Taking: The subject 8.60 ± AC improved with a 60,324 square foot shopping center. The property is conforming to the local zoning regulations. The area of the acquisition along the frontage of the subject property is within the 100-year flood zone. The improvements (building) are not affected by the taking. Site improvements affected by the taking include seeded lawn, concrete sidewalk and curbing.

Valuation: A before and after appraisal was done by DOT Appraiser Kenneth N. Goldberg, as of 3/29/2018. Based on the sales data comparison approach, the appraiser concluded that the fair market value of the entire property (land only) is \$7.70/sf of land area.

The table shows the appraiser's summary of damages:

Item	Estimated Value (Rounded)
2,730 sf fee-simple @ \$7.70/sf =	\$21,020
D.R.O.W. (127sf x \$7.70/sf x 95%)	\$930
Affected Site Improvements	\$1,050
Total Estimated Damages	\$23,000

RECOMMENDATION: Board approval is recommended for the following reasons:

- The acquisition complies with Section 13a-73(c) of the CGS which governs the acquisition of property by the commissioner of transportation required for highway purposes.
- The valuation is consistent with PRB 18-071 (DOT 11-154-1), valuing the smaller parcel of land acquired at \$7.85/sf.
- The acquisition value is supported by the DOT estimate of compensation included in their appraisal.

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ARCHITECT-ENGINEER - UNFINISHED BUSINESS

ARCHITECT-ENGINEER - NEW BUSINESS

OTHER BUSINESS

DAS/DCS Deputy Commissioner Salemi and Para Legal Jacqueline O'Donovan attended to discuss those DAS/DCS files that were suspended by the Board at previous meetings. Salemi specifically requested SPRB Files #18-077, 18-080, 18-084, 18-089 be moved forward for Board action. Director Desai stated there was a 6-25 meeting with DCS David Barkin regarding the issues with the aforementioned files, specifically DCS Form 1105, which establishes the overall budget for a specific project.

VOTES ON PRB FILES:

The Board took the following votes in Open Session:

PRB FILE #18-076 – Mr. Valengavich moved and Mr. Halpert seconded a motion to approve PRB FILE #18-076. The motion passed unanimously.

PRB FILE #18-078 – Mr. Valengavich moved and Mr. Halpert seconded a motion to approve PRB FILE #18-078. The motion passed unanimously.

PRB FILE #18-096 – Mr. Halpert moved and Mr. Josephy seconded a motion to approve PRB FILE #18-096, with the notation that SPRB acknowledged DOT was reimbursing a fee-simple value on approximately 250 sq.ft. already encumbered by an easement to the Town of Southington, which had little overall change in the overall damages. The motion passed unanimously.

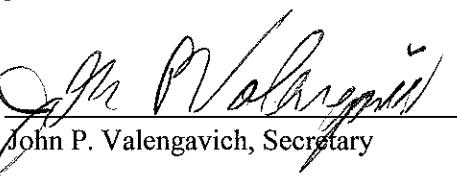
PRB FILE #18-098 – Mr. Valengavich moved and Mr. Josephy seconded a motion to suspend PRB FILE #18-098, pending additional information from DOT. The motion passed unanimously.

PRB FILE #18-100 – Mr. Halpert moved and Mr. Valengavich seconded a motion to approve PRB FILE #18-100. The motion passed unanimously.

Next meeting Thursday, June 28, 2018.

The meeting adjourned.

APPROVED:



Date:

7/2/18

John P. Valengavich, Secretary

