

STATE PROPERTIES REVIEW BOARD

Minutes of Meeting Held On December 12, 2019 450 Columbus Boulevard, Hartford, Connecticut

The State Properties Review Board held a Regular Meeting on December 12, 2019 in Suite 2035, 450 Columbus Boulevard, Hartford, Connecticut.

Members Present:

Edwin S. Greenberg, Chairman
Bruce Josephy, Vice Chairman
John P. Valengavich, Secretary
Jack Halpert
Jeffrey Berger
William Cianci

Members Absent:

Staff Present:

Dimple Desai
Thomas Jerram

Guests Present

Shane P. Mallory – DAS Administrator Leasing & Property Transfer (9:45-10:15AM)
Thomas Pysh – DAS Property Agent 2 (9:45-10:15AM)
Kip Kolesinskas – Working Lands Alliance Steering Committee (10:18-11:14AM)
Chelsea Gazillo – Director Working Lands Alliance (10:18-11:14AM)
Armando Paolino – Working Lands Alliance (10:18-11:14AM)

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

1. ACCEPTANCE OF MINUTES

Mr. Valengavich moved and Mr. Halpert seconded a motion to approve the minutes of the December 9, 2019 Meeting. The motion passed unanimously.

2. COMMUNICATIONS

3. REAL ESTATE- UNFINISHED BUSINESS

4. REAL ESTATE – NEW BUSINESS

<i>PRB #</i>	19-238
<i>Origin/Client:</i>	DAS/CSL
<i>Transaction/Contract Type</i>	RE / Holdover Agreement
<i>Lessor:</i>	Van Block Associates, LP
<i>Property:</i>	Hartford, Van Block Ave (75)
<i>Item Purpose:</i>	Holdover Agreement

At 9:45 AM, Shane Mallory and Thomas Pysh joined the meeting to discuss this proposal with the Board. Both left the meeting at 10:15 AM.

Property Description: Entire single story building with 43,806 NUSF including 5,000 NUSF of office and 38,806 NUSF of archival storage space, with fenced parking for 32 vehicles on 2.11 acre lot. The City of Hartford assessment record describes the building as being constructed in 1970 as a wood framed building with concrete block siding.

Background: On 7/20/2002, the Board approved PRB #00-302 – a five year lease agreement with one five year renewal option. The lessor invested \$51,176 in tenant improvements; the state invested \$295,633. The base rental rate for the initial and renewal terms was \$7.00/NUSF which included maintenance, grounds keeping, snow & trash removal, water, insurance and taxes.

On 9/19/2013, the Board approved PRB #13-168 – a five year lease agreement with one five year renewal option (\$8.15 & \$8.97/sf - +10%). The Lease expired on November 7, 2018 and the State has occupied the Demised Premises on a month-to-month basis.

DAS reports several water intrusions and subsequent roof installation in July 2019. During the construction significant water intrusions resulted in damages to State archives, estimated at \$30,000. The landlord is withholding approximately \$75,000 from the roof repair bill until the contractor resolves its issue with the State. As a result of the water intrusions, DAS did not exercise their right to renew the Lease in 2018.

In this proposal before the Board, DAS is requesting approval to enter into a Holdover Agreement for up to 18 months, retro-active to August 2, 2019, to provide continued occupancy of this space to allow the State and DAS the necessary time to resolve the issue with the roofing contractor and prepare a new Lease. The proposed Holdover Agreement includes a 10% rate increase to \$8.96/sf (up 10% from \$8.15/sf), the same rate contained within the original Lease, first renewal option.

There are currently 18 employees at this location. The possibility of utilizing either existing state-owned space or purchasing a building was also considered.

DESCRIPTION	Expired Agreement	Proposed Holdover
NUSF	43,806	43,806
Lease Term	5 years	5 years
Base Rent	\$8.15/nusf = \$357,018.90/year	\$8.96/nusf = \$392,720.80/year
Additional Rent	Same + recycling; also 100% of any increase in real estate taxes over the current base.	Same + recycling; also 100% of any increase in real estate taxes over the current base.
Lessor Allowance for TI	None	None
Lessee Contribution to TI	None	None
Normal operating hours	Same	Same
Parking	Same	Same
Renewal Option Term	5 years @ \$8.96/nusf (+10%) 5 years @ \$9.86/nusf (+10%)	None
Paint/Carpet	See note below	None.
Termination Clause	After year 3, Lessee may terminate but only if relocating to state-owned space. 180 days notice required.	
Other	See Exhibit D & note below	
Option to Purchase	See Exhibit H & note below	

Staff had several issues to be addressed by DAS Leasing, including:

- In the DAS Lease Proposal Evaluation and Summary Item #15 – Lease Compliance Status - states the Lessor is compliant. Please provide a copy of the Lease Compliance Officer’s written report(s) to the Board.
 - DAS Response: DAS provided the Report.
 - ✓ Staff Response: DAS provided the Compliance Report (dated 11/3/2019) and it identifies the building is not compliant in many areas (see attached) of the building. Exhibit D requires annual carpet cleaning and annual interior/exterior window washing which, according to the Compliance Report, have not been done on a regularly-scheduled basis. I’m not sure what the value of these annual expenses are, but clearly, the State has not received these services and the Lessor has unjustly benefitted by not expending the funds to effect the work. Another item is reimbursement of up to \$450 for bottled water annually for the term of the lease including any renewals. Other items in the Compliance Report should be covered in Exhibit D under “Building Maintenance-Lessee Areas” as well as Sections 4.05 & 4.08 of the Lease and possibly Section 4.02 of the Lease and 17.11(c) of the Lease.

- Has DAS pursued any credits from the Lessor for a reduction in property taxes below the 2014 Base Year for the 2017 and 2018 Grand Lists?
 - DAS Response: We have not received the tax credits, due to work load we are behind but will get them. Attached is the inspection report, nothing of significance. Please keep in mind that this is a hold over, should we finalize a long term lease we’ll have everything in place.... the Board didn't identify it, we already knew about it. We are short staffed and haven't got to it and since this is a holdover we processed it. I have copied Tom to see if he can get the letter out soon, but again we are way over loaded.
 - ✓ Staff Response: Upon receiving the above response, staff again followed up and inquired whether the letter went out to the lessor seeking credits.
 - DAS Response: We haven't sent the letter out because we didn't want to upset the lessor until the holdover was approved. Then I plan on sending the letter out.
 - ✓ Staff Response: Lease expired on November 7, 2018; the letter seeking credit should have been initiated after each installment of the tax due date - July 2018, Jan 2019, and July 2019. The request for holdover was submitted to DAS on June 13, 2019. Staffing issues or upsetting lessor are not reasons not to seek credits due to State.

Staff has identified that if DAS had followed through with the lessor, following credit would have been received by the State:

			Credit Due
Base Year	2014	\$99,580.54	
	2017	\$96,143.16	-\$3,437.38
	2018	\$96,143.16	-\$3,437.38
			-\$6,874.77

In summary, staff recommends that these three issues be addressed: (1) expenses related to annual cleaning; (2) tax credits and (3) water bottled water reimbursement of up to \$450 annually should have been discussed during the holdover agreement negotiations.

RECOMMENDATION: There are two options: (1) **SUSPEND** it until DCS addresses the issues raised above; or (2) **REJECT** and have DCS resubmit the proposal after they have addressed the issues.



PRB # 19-239
Transaction/Contract Type: RE/ Voucher
Origin/Client: DOT/DOT
Project Number: 151-321-003
Grantor: Dansem Realty, LLC
Property: Waterbury, South Main St (2148)
Project Purpose: Waterbury Naugatuck River Greenway Multi Use Trail (NRG)
Item Purpose: Voucher

DAMAGES: \$94,000.00

Naugatuck River Greenway (NRG) <https://naugatuckriver.net/index.php/greenway/about-the-greenway/>

The Naugatuck River Greenway (NRG) is an officially designated Connecticut State Greenway consisting of the open and green spaces along the Naugatuck River. **The NRG Trail**, a non-motorized multiuse trail is being developed that will follow the river for 44 miles through 11 communities from Torrington to Derby, connecting those green spaces. It will provide a non-motorized transportation option, support tourism and economic development, and improve the health and quality of life of residents.

Open sections of the NRG Trail are already providing a high quality and attractive corridor accessible to users of all abilities, once again harnessing the vitality of the river for the benefit of the region's residents. Work to connect existing sections is underway with parks, waterfront promenades, overlooks, and river access all figuring into plans.

DOT PROJECT:

Phase 1 – Waterbury:

This project will develop an approximately 2.2-mile long portion of Waterbury's 7.5-mile section of the 44-mile regional Naugatuck River Greenway and will consist of a shared-use (bicycle and pedestrian) path along the east side of the Naugatuck River beginning at the new Platt Park and running north to Eagle Street with bicycle-use paths along Platts Mill Road from the new park to the Naugatuck River Recreation Access boat launch.

The new Platt Park will be part of the project and will be located at the northeast corner of the intersection of Platts Mill Road and South Main Street. The park will be a passive recreational park with a parking lot, shared-use paths, kayak launch plus educational and other amenities.

Work associated with this project includes the reconstruction of existing shoulders for the roadside shared-use path (sidepath); a new off-road shared-use path running through Platt Park; a "road-diet" on South Main Street with the removal of one or two travel lanes, curbing and curb ramps;

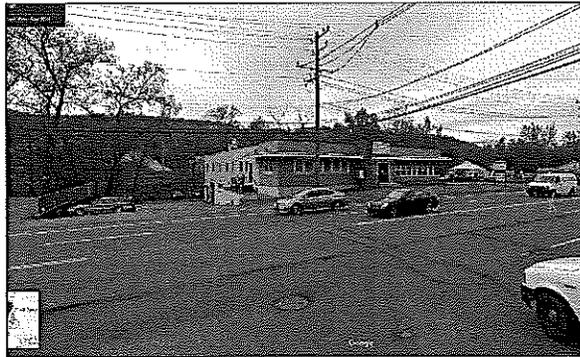
new asphalt pavement; pavement markings and signs; guiderail; pedestrian safety railing; bike racks; benches; landscaping; drainage systems; and, a prefabricated bridge.

The alignment of the shared-use path will also shift off-road approximately 3,200 feet north of the Platts Mill Road/South Main Street intersection where it will be located behind several existing businesses before rejoining the west side of South Main Street just south of South Leonard Street. This 1250-foot +/- long off-road segment of Greenway trail will be supported by prefabricated modular walls.

Along Platts Mill Road there will be an on-road Bike Route (i.e. shared roadway) for the southern half of Platts Mill Road and a designated Bike Lane for the northern half of Platts Mill Road as pavement width and ROW allow.

When on-road, the Greenway trail will be separated from southbound travel lanes along South Main Street via tubular markers, pavement markings or a raised landscaped buffer island. The raised landscaped buffer island will generally be 8' wide except at transition areas such as cross streets, shifts in the path alignment or in tight rights of way. Where space does not allow for a landscaped buffer, such as at the north end of the project near Eagle Street, tubular markers and pavement markings will be used for separation distances between 3 to 5 feet to clearly delineate the sidepath for motorists, pedestrians & bicyclists.

Subject Property Description, Before the Taking: The subject property (per appraisal) consists of a 0.696 acre (30,303 square feet) with 200.05 feet of frontage on the west side of South Main Street. The site slopes downward from road grade to the rear of the site permitting walk-out basement level access. The site is improved with asphalt-paved parking and commercial building containing 7,252 square feet of main level area, plus an additional 4,224 square feet of lower level building area. The building has a total of 11,476 square feet of gross building area.



Before Valuation: An appraisal was prepared by independent DOT appraiser Walter Kloss as of August 28, 2019.

Land Valuation: Based on the sales data comparison approach, the appraiser analyzed three sales of commercially zoned land and concluded that the fair market value of the subject land was \$8.00/square foot, or

Land Valuation: Based on the sales data comparison approach, the appraiser analyzed the same three sales of commercially zoned land in the Before and concluded that the fair market value of the subject land was \$8.00/square foot, or

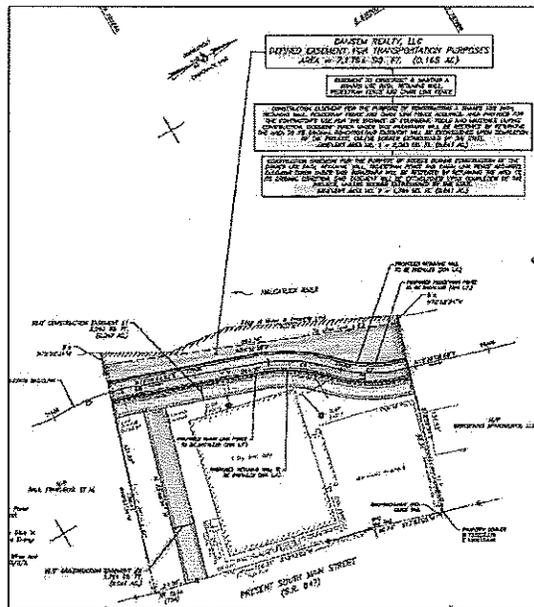
Item	Calculation	Value
Fee Simple	30,303 sf x \$8.00/sf	\$242,424
	Rounded	\$242,000

Improvements Valuation: Based on the sales data comparison approach, the appraiser analyzed three sales of commercial buildings and concluded that the fair market value of the subject building was \$31.00/square foot, or

Item	Calculation	Value
Fee Simple	11,476 sf x \$31.00/sf	\$355,756
	Rounded	\$356,000

The Taking: DOT will acquire the following:

1. A Defined Easement for Transportation Purposes over an area of 7,179± sq.ft. of land;
2. Construction Easement Area containing 2,043± sq. ft. of land for the purpose of constructing a shared use path, retaining wall, pedestrian fence and chain link fence. Area provided for the contractor's use for the storage of equipment, tools and materials during construction; and
3. Construction Easement Area containing 1,784± sq. ft. of land for the purpose of access during construction a shared use path, retaining wall, pedestrian fence and chain link fence.



The following is a summary of the effects of the taking:

1. A loss of use of 7,179± sq.ft of land area and loss of any future access to Naugatuck River;
2. A loss of use of portions of the driveway and parking area during the 2-yr construction period.
3. Loss of privacy upon completion of multi-use trail.

After Valuation: An appraisal was prepared by independent DOT appraiser Walter Kloss as of August 28, 2019.

Item	Calculation	Value
Fee Simple	23,124 sf x \$8.00/sf	\$184,992
Defined Easement Area	7,179 sf x \$8.00/sf x 20%	\$11,486
	Total	\$196,478
	Rounded	\$196,000

Improvements Valuation: Based on the sales data comparison approach, the appraiser analyzed the same three sales of commercial buildings in the Before and concluded that the fair market value of the subject building was \$26.50/square foot, or

Item	Calculation	Value
Fee Simple	11,476 sf x \$26.50/sf	\$304,114
	Rounded	\$304,000

Calculation of Permanent Damages

Item	Value
Before Valuation	\$356,000
After Valuation	\$304,000
Permanent Damages	\$52,000

Calculation of Temporary Damages

Temporary Damages due to the Temporary Construction Easement are calculated as follows:

Item	Calculation	Damages
Temporary Construction Easement	2,043 SF @ \$8.00/SF x 10% x 2 years =	\$3,268.80
Temporary Construction Easement	1,784 SF @ \$8.00/SF x 10% x 2 years =	\$2,854.40
	Total	\$6,123.20

Calculation of Temporary Severance Damages

Appraiser Kloss opined that the overall utility of the site is impacted by the loss of use of the driveway and parking area during the two-year construction period. Damages are based upon an estimated 5% overall damage to the existing property value as currently improved, calculated as follows:

$$\$356,000 \times 5\% = \$17,800 \times 2 \text{ years} = \$35,600$$

Total Temporary and Temporary Severance Damages are then $\$6,123.2 + 35,600 = \$41,722.20$, rounded to \$42,000.

Total damages are then Permanent Damages plus Temporary Damages, $\$52,000 + \$42,000 = \$94,000$.

RECOMMENDATION: Board approval of damages in the amount of \$94,000 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 damages are supported by the DOT independent appraisal.

5. ARCHITECT-ENGINEER - UNFINISHED BUSINESS

6. ARCHITECT-ENGINEER - NEW BUSINESS

7. OTHER BUSINESS

At 10:18 AM, Kip Kolesinskas, Chelsea Gazillo and Armando Paolino, all affiliated with Working Lands Alliance (a division of American Farmland Trust) joined the meeting. A discussion took place with respect to their advocacy role in the farming community working with a variety of stakeholders to promote sustainable farming in Connecticut. All left the meeting at 11:14 AM.

8. VOTES ON PRB FILE:

PRB FILE #19-238 – Mr. Valengavich moved and Mr. Berger seconded the motion to suspend PRB File #19-238. The motion passed unanimously.

PRB FILE #19-239 – Mr. Halpert moved and Mr. Valengavich seconded a motion to approve PRB FILE #19-239. The motion passed unanimously.

9. NEXT MEETING – Thursday, December 19, 2019

The meeting adjourned.

APPROVED:


John Valengavich, Secretary

Date:

