

# STATE PROPERTIES REVIEW BOARD

## Minutes of Meeting Held On July 26, 2012 State Office Building, Hartford, Connecticut

The State Properties Review Board held its regularly scheduled meeting on July 26, 2012 in the State Office Building.

**Members Present:** Edwin S. Greenberg, Chairman  
Bennett Millstein, Vice-Chairman  
Bruce Josephy, Secretary  
Mark A. Norman  
John P. Valengavich  
Pasquale A. Pepe

**Staff Present:** Brian A. Dillon, Director  
Mary Goodhouse, Real Estate Examiner

Chairman Greenberg called the meeting to order.

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

### OPEN SESSION

**ACCEPTANCE OF MINUTES OF JULY 18, 2012 AND JULY 19, 2012.** Mr. Norman moved and Mr. Valengavich seconded a motion to approve the minutes of July 18, 2012 and July 19, 2012. The motion passed unanimously.

### REAL ESTATE- UNFINISHED BUSINESS

### REAL ESTATE- NEW BUSINESS

<b>PRB #</b>	<b>12-187</b>	<b>Transaction/Contract Type:</b> RE / Sale
<b>Origin/Client:</b>	DOT / DOT	
<b>Project Number:</b>	102-129-149A	
<b>Grantee:</b>	34 Oakwood Avenue Associates, LLC & Stone Realty Associates, LLC	
<b>Property:</b>	Located on the easterly side of State Route 7 and Oakwood Ave, Norwalk	
<b>Project Purpose:</b>	DOT, Sale of Excess Property	
<b>Item Purpose:</b>	Release of approximately 2.11-acres of vacant land to Grantee as a result of a public bid.	

Ms. Goodhouse reported that this 2.11 acre release parcel is located in Norwalk along the easterly side of Route 7 and the westerly side of a cul-de-sac on Oakwood Avenue. The current zoning is AAA which is single family residential zone classification.

The release was requested by 34 Oakwood Associates, LLC and Stone Realty Associates, LLC, abutters. 34 Oakwood Associates, LLC owns an adjacent 30,487 SF parcel approved in 2007 to be developed with 11 condominium townhouse style units. Stone Realty Associates, LLC own two commercial parcels improved with warehouse and professional office buildings.

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According to the City of Norwalk planning and zoning office if a new site development plan for the condominium development that incorporated the release parcel was requested, a zone change from AAA (single family residential) to B-2 would likely be granted for the release parcel. The planner agreed that after assemblage, additional condominium units could be developed. The amount of units allowed in addition to the 11 approved would depend on compliance with the B-2 zoning regulations.

The release parcel conforms to zoning (AAA) requirements; consequently and as required by statute, DOT offered the parcel for sale through a public bid.

DOT Appraiser John P. Kerr prepared a “before and after” appraisal report that estimated the increase in value resulting from the assemblage with the 30,487 SF parcel owned by the Grantee, 34 Oakwood Associates, LLC. Before assemblage, the 30,487 SF parcel was valued at \$640,227 (\$21.00/SF; \$58,202/unit). This property sold 10/21/09 with approvals for 11 residential condominium units for \$700,000 (\$22.96/SF; \$63,636/unit). His value determination relies on a slight adjustment for declining market conditions (-2.18%).

After assemblage, the total property will consist of 2.81 acres. Appraiser Kerr felt confident that the City would allow a zone change to B-2, and assemblage would allow for additional condominium units. Redevelopment of the site will be hindered due to sloping topography, the properties irregular shape, and areas of ledge. In the “after”, Mr. Kerr selected a unit value of \$9.50/SF and concluded \$1,162,791 for the combined 2.81 acres. To determine the value of the release parcel, Mr. Kerr then applied a 20% deduction for entrepreneurial profit.

After Assemblage	122,399 SF @ \$9.50/SF	\$1,162,791
Before	30,487 SF @ \$21.00/SF	\$640,227
Difference		\$522,564, say \$522,500
Value of Release Parcel	\$522,500 X 80%	\$418,000

The 2.11 acre release parcel was advertised for sale, with no minimum bid. The advertisements indicated the appraised value of \$418,000. One bid was received from this Grantee in the amount of \$420,000.

Chairman Greenberg viewed the site on July 25, 2012. Based on his knowledge of the site, adjacent sites, and the condominium market in Norwalk he believed that the DOT appraisal may have under-estimated the development potential of the release parcel in terms of both unit yield and value.

**PRB #** 12-188 **Transaction/Contract Type:** RE / Sale  
**Origin/Client:** DOT / DOT  
**Project Number:** 102-058-169B  
**Grantee:** Hattco, LLC  
**Property:** Located on the easterly side of Scribner Ave. & adjacent to I-95, Norwalk  
**Project Purpose:** DOT, Sale of Excess Property  
**Item Purpose:** Release of approximately 4,556+/- SF of vacant land to Grantee as a result of a sole-abutter bid.

Ms. Goodhouse reported that the release parcel of 4,556 sq. ft. was requested by the abutter, Hattco, LLC. Because the parcel does not meet the spatial requirements of the B-1 commercial zone, DOT could offer it for sale to the sole abutter through procedures complying with CGS Sections 3-14b and 13a-80.

Hattco, LLC (Charles Hattenbach, Manager) owns three adjacent properties: 261 and 281 Connecticut Avenue, and 100 Scribner Avenue, totaling 2.05 acres. The grantee seeks the release for the development of a two-story, 24,101 sq. ft. CVS retail store. While the proponent states that the project can proceed without the release parcel, apparently the release parcel was included in the approved site plan (March 9,

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2011 letter from proponent to DOT). The proposed purchaser, Gershman Brown Crowley, Inc. (“GBC”) has a site development plan approved by the City of Norwalk for 2.155 acres that includes the release parcel.

DOT obtained two appraisal reports, and a third was provided by the Grantee.

Date	Appraiser	Value Before 2.05 Acres	Value After 2.155 Acres	\$/SF	Value of Parcel
8/22/10	Howard B. Russ, SRPA	\$5,165,000	\$5,415,000	\$55.00	\$250,000
11/16/10	Thomas L. Fox (DOT)	\$4,037,000	\$4,233,000	\$43.00	\$196,000
6/1/11	Michael D. McGuire, MAI Austin McGuire Company	Sales Comparison Approach, 2.155 Ac.	\$2,860,000	\$30.47	\$139,000
6/1/11	Michael D. McGuire, MAI Austin McGuire Company	Development Approach, 2.155 Ac.	\$2,835,228	\$30.21	\$138,000

The McGuire appraisal made a hypothetical assumption that the CVS property is complete and occupied as of date of valuation; and an extraordinary assumption that GBC will be purchasing the property for development of the proposed CVS as currently is approved by the City of Norwalk. The “Development Approach” defined property value according to the Income Approach, and then deducted development costs to arrive at site value. The Income Approach relied on market rents for 4 retail pharmacy leases in Fairfield County. The development costs were based on site and construction plans, and budgeted construction costs provided by GBC.

DOT offered to release the parcel for \$251,000, based on the Russ report. GBC countered with an offer of \$55,000 (March 9, 2011). This was rejected by DOT for lack of substantiation to support the counter offer. In September 2011, GBC offered \$138,000 supported by the McGuire appraisal report.

Ms. Goodhouse recommended Board approval to Quit Claim 4,556 SF of land for **\$138,000** to the Grantee. The sale complies with Sections 3-14b and 13a-80 of the CGS that govern the sale of non-conforming surplus property. The legislative delegation received notice as required. In order, (a) the town did not exercise a first right to purchase the property; and (b) as stipulated by statute, the non-conforming parcel was offered to the abutter for appraised value. The release value is supported by the appraisal report prepared by Michael D. McGuire, MAI. McGuire’s income approach concluded that the completed CVS development on 2.155 acres would have a value of \$9.28 million. The developer GBC provided a budget of \$268/SF to construct the 24,000 SF retail CVS. The total costs are estimated at \$6.44 million, including soft costs, developer’s profit, and carrying costs. From this he deducted the total site development and construction costs to determine a land only value of \$2.84 million (\$30.21/SF).

The DOT reasoned that the sale price is 75% of \$184,600, which results from adjusting DOT appraiser Thomas Fox’s value to reflect a declining market between November 2010 and March 2011 (75% of \$184,600 = \$138,450). The release value approximates the low end of the range (\$35.00/SF) for commercial property acquired for the current DOT project located at the I-95 Interchange exits along Connecticut Avenue.

### ARCHITECT-ENGINEER - UNFINISHED BUSINESS

### ARCHITECT-ENGINEER – NEW BUSINESS

**PRB#** 12-198 **Transaction/Contract Type:** AE / New Contract  
**Project Number:** BI-RT-842 **Origin/Client:** DCS/DOE  
**Contract:** BI-RT-842-OR  
**Consultant:** Turner Construction, Inc.

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**Property:** J.M. Wright Technical High School, Stamford  
**Project Purpose:** Additions and Renovations to J.M. Wright Technical High School  
**Item Purpose:** New contract for the consultant to provide *Owners Representative* services from the construction document phase until the completion of construction

Mr. Dillon said that DCS was requesting approval of a contract for Turner Construction, Inc. in the amount of \$2,029,255 to act as the State's representative during renovations at J. M. Wright Technical High School, Stamford.

In May 2011 the Department of Construction Services ("DCS") issued an RFP for Owners Representative Consultant Teams related to the J.M. Wright Renovations and Improvements Project. At the conclusion of the process DCS identified Turner Construction, Inc. ("TCI") as the most qualified firm.

This contract is for Owners Representative Consultant Services from CMR Procurement until the completion of construction. The overall compensation rate for this basic service is \$1,512,010 with an additional \$294,245 for special consultant services and \$223,000 in contract alternates for a total contract of \$2,029,255. Project funding was approved pursuant to FY 2006 & 2009 State School Construction funding by the State Bond Commission.

Mr. Dillon presented an analysis of the proposed fees, comparing them to three prior owner Owners Representative contracts approved by the Board for work in connection with major construction projects at two technical high schools and a fine arts performing center. The analysis showed that as a percentage of construction budget, and in a comparison of average daily rates, the current proposal exceeded fees amounts awarded in prior contracts. Mr. Dillon recommended that the Board take no action other than to suspend consideration of this contract pending receipt of additional information from DCS related to the project.

#### **OTHER BUSINESS**

**Reimbursement of meeting and mileage fees.** Mr. Norman moved and Mr. Millstein seconded a motion to reimburse Chairman Greenberg for meeting and mileage fees incurred with the inspection of sites in Norwalk in connection with PRB Files #12-187 and #12-188. The motion passed unanimously.

The Board took the following votes in Open Session:

**PRB FILE #12-187-** Mr. Norman moved and Mr. Valengavich seconded a motion to approve PRB File #12-187. Messrs. Millstein, Josephy, Norman, Pepe and Valengavich voted yes. Chairman Greenberg voted no. The motion passed.

**PRB FILE #12-188 -** Mr. Valengavich moved and Mr. Norman seconded a motion to approve PRB File #12-188. The motion passed unanimously.

**PRB FILE #12-198 –** Mr. Norman moved and Mr. Valengavich seconded a motion to suspend PRB File #12- 198 pending receipt of additional information related to the project. The motion passed unanimously.

The meeting adjourned.

**APPROVED:** \_\_\_\_\_ **Date:** \_\_\_\_\_  
Bruce Josephy, Secretary