

STATE PROPERTIES REVIEW BOARD

Minutes of Meeting Held On January 31, 2022 – remotely via telephone conference –

Pursuant to Governor Lamont's Executive Order No. 7B regarding suspension of In-Person Open Meeting requirements, the State Properties Review Board conducted its Regular Meeting at 9:30AM on January 31, 2022 remotely via telephone conference at (866)-692-4541, passcode 85607781.

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

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. Berger seconded a motion to approve the minutes of the January 27, 2022 Meeting. The motion passed unanimously.

2. COMMUNICATIONS

Director Desai informed Members that DCS' Deputy Commissioner Petra had responded to an email communication regarding project management issues and plans on attending a future meeting.

3. REAL ESTATE- UNFINISHED BUSINESS

4. REAL ESTATE – NEW BUSINESS

<i>PRB #</i>	22-003
<i>Transaction/Contract Type:</i>	RE – Voucher
<i>Origin/Client:</i>	DOT/DOT
<i>Property:</i>	301-176-035
<i>Grantor:</i>	Alliance Energy, LLC
<i>Property:</i>	Norwalk, Winfield St (3)
<i>Project Purpose:</i>	Norwalk Walk Railroad Bridge Replacement
<i>Item Purpose:</i>	Voucher

DAMAGES: \$505,780

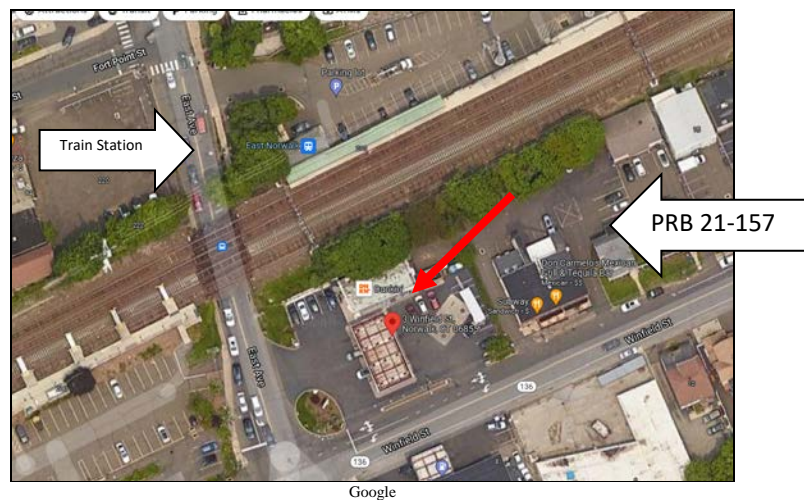
DOT PROJECT: The DOT project involves the Norwalk Railroad Bridge replacement project in the City of Norwalk.

Built in 1905, the East Avenue Railroad Bridge is over 100-years-old and needs to be replaced. The existing bridge is removed in two stages to take advantage of planned track outages and minimize disruptions to rail service. Horizontal clearance under the bridge widens to approximately 58-feet while vertical clearance increases from 12-feet 2-inches to 14-feet 3-inches.

The Program is working closely with the City of Norwalk on the East Avenue roadway project. The project includes the widening of approximately 1,600 feet of East Avenue with drainage improvements and new, wider sidewalks on both sides of the road. East Avenue will be lowered allowing for increased vertical clearance and new travel lanes will be added, increasing capacity to four 10 foot lanes under the bridge.

This project also includes improvements to East Norwalk Station. The station receives increased commuter parking including handicap parking on both sides of the tracks. The station platforms are extended to accommodate six train cars in both directions. Additionally, the Walk Bridge Program is coordinating closely with the proposed development at 230 East Avenue.

Construction will begin approximately one year into construction of the Walk Bridge Replacement Project and last approximately four years.



SITE DESCRIPTION: The property consists of 18,295 square foot corner lot with 185.84 feet of frontage on the east side of East Avenue and 172.54 feet of frontage on the northerly side of Winfield Street. There are three curb cuts on to the property, one on East Avenue and two on Winfield Street. The Metro North railroad abuts the property to the rear. The East Norwalk Train Station is on the opposite side of the tracks. The parcel is improved with a convenience store/fueling station containing 1,568 square feet. Site improvements include 12,000 sf of asphalt-paved parking area, concrete curbs and pads, landscape beds, a 1,500 sf canopy, subsurface fuel storage tanks, retaining walls, lighting and seeded lawn. The tenants include Mobil Gas and a Dunkin Donuts franchise.

The subject is located in the Neighborhood Business Zone and appears to conform to zoning. The subject's highest and best use as vacant is for mixed commercial/residential development. The subject's highest and best use as improved is continuation of the existing uses for the remaining economic life of the improvements.



VALUATION: The DOT appraisal was completed April 8, 2021 by independent Appraiser Barbara J. Pape.

Before Valuation

Land Valuation: Based on the sales comparison approach, the Appraiser considered five commercially-zoned comparable sales in Norwalk (2018-2021) and concluded that the fair market value of the entire property (land only) is \$84.75/square foot. The value of the land, before the taking, is then 18,295 sq.ft. x \$84.75/sq.ft. = \$1,550,501, plus the contributory value of site improvements \$10,000 (below), rounded to \$1,560,000.

The Appraiser then estimated the contributory value of the site improvements as follows:

The contributory value of the lost landscaping, light and trees was estimated at \$10,000.	
Summary of lost site improvements:	
Light Pole (14' high) with three arms:	\$2,418
Landscape and trees 390 SF x \$8.50/SF =	\$3,315
Fencing:	
40 LF and 20 LF = 60 LF X \$25.00/LF =	<u>\$1,500</u>
	\$7,223
Multipliers:	
Local 1.24 Current 1.09 =	\$9776, say, \$10,000, rounded.

The Appraiser then calculated the value of the Damages due to the Taking as follows:

The land taken is valued following.	
612 SF X \$84.75/SF = \$51,867	\$52,000
10 SF X \$84.75/SF = \$848, say	\$ 1,000
320 SF x \$84.75/SF X 95% s= \$25,764 say	<u>\$26,000</u>
Taking Values:	\$79,000 rounded

Building Valuation:

Sales Comparison Approach: The Appraiser considered four commercially-zoned comparable sales in the greater market area (2018-2021) and concluded that the fair market value of the entire property was \$3,530,000, or \$2,250.00/square foot (rounded).

3 Winfield Street Norwalk CT		301-176-035				SALES COMPARISON APPROACH	
Formal Comparable Analysis		Before					
Comparative Analysis							
Comparable No.	Subject	1	2	3	4		
Address Of Sale		36 South Av	339 Hope St	493 Glenbrook Rd	94 West Ave		
Town		New Canaan	Stamford	Stamford	Norwalk		
Sale Date:	08-Apr-21	17-Apr-20	06-Mar-18	12-Oct-18	03-Feb-21		
Age Of Sale/Mo.:		12	37	30	2		
GBA/SF:	1,568	1,920	576	1,225	1,933		
Sale Price		\$4,744,000	\$1,950,000	\$1,350,000	\$1,200,000		
Price-SF:		Gulf \$2,470.83	Shell	\$3,385.42	Citgo \$1,102.04	Shell	\$620.80

Income Capitalization Approach: The Appraiser analyzed five rentals of convenience store/motor fuel sales in Fairfield County and concluded the following:

The five comparables above were Branded retail motor fuel sales with C-store components. The comparables had major highway and/or strong in town exposures. The subject's location, immediate market area competition, branded food service the demographics of both the backup population base and ADT warrant consideration of a rate at the upper to middle end of the indicated range.

The market rent for the subject as an investment was concluded at \$235,200 annually, \$19,600 monthly, equating to \$150.00/SF. We estimate the rate in aggregate; the rate encompasses both building and site improvements for the property type and considered the C-store, Dunkin' Donuts, and retail motor fuels sales in aggregate.

After fully supporting market-based vacancy, operating expenses and capitalization rate, the Appraiser estimated Net Operating Income and Market Value as follows:

Direct Capitalization Analysis				
Stabilized Operating Statement		BEFORE		
Revenue:	Rent/SF	Size/SF	Annually	Monthly
Market Rent	\$150.00	1,568	\$235,200	\$19,600
Op. Exp. Reimbursement			\$79,016	
Gross Potential Income:			\$314,216	\$26,184
Less Vacancy & Credit Loss	2.00%		(\$6,284)	
Effective Income:			\$307,931	
Operating Expenses:	Per SF	Annually		As % of EFG
Real Estate Tax	\$27.10	\$42,516		13.81%
Utilities	\$11.79	\$18,500		6.01%
Insurance	\$3.82	\$6,000		1.95%
Maintenance/Repairs	\$7.65	\$12,000		3.90%
Reserves	\$0.64	\$1,000		0.32%
General Administration & Management Fees	\$3.93	\$6,159		2.00%
Total Expenses	\$54.92	\$86,174	(\$86,174)	27.98%
Net Operating Income			\$221,757	
Capitalization Rate			6.25%	
Capitalized Value			\$3,548,122	
Indicated Value, Rounded			\$3,550,000	
Indicated Value Per SF			\$23,666.67/SF	

Reconciliation and Value Conclusion - Before

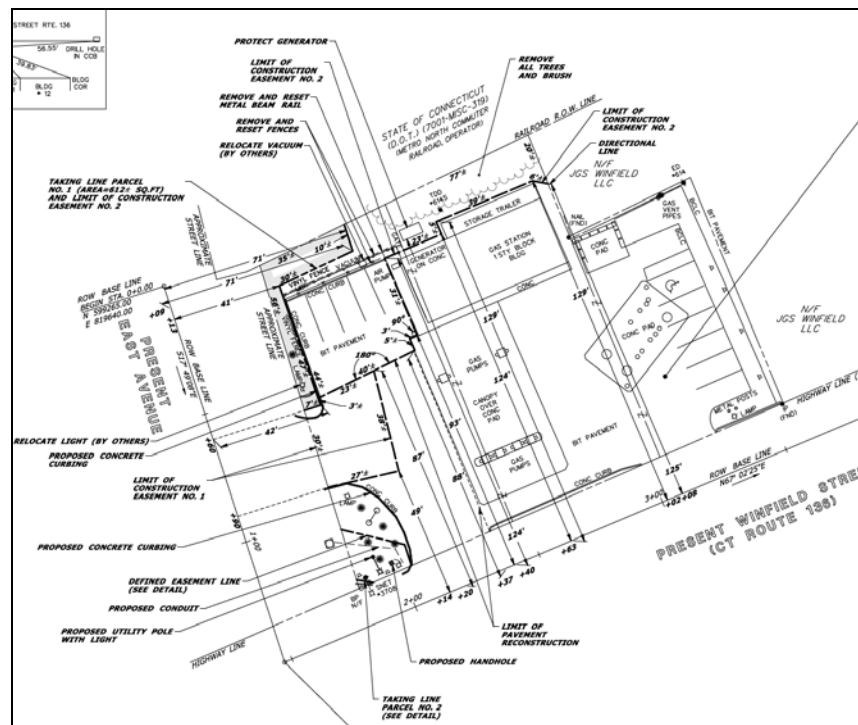
Approach	Opinion of Market Value
Sales Comparison Approach - Land	\$1,560,000
Sales Comparison Approach – Building	\$3,530,000
Income Capitalization Approach – Building	\$3,550,000
Conclusion of Market Value	\$3,540,000

DOT ACQUISITION & IMPACTS OF ACQUISITION: The DOT acquires the acquisition of the following land and easements:

1. A taking area consisting of 612± S.F. at the N/W corner of the site. Located within this taking is a landscaped bed, metal light pole, fencing and curbing that will all be removed. In the appraiser's opinion that the owner will be compensated for the impacted site

improvements. Please note that the taking map states to be moved by “others” for the light pole, however this appraiser felt that the light pole would not be functional once the taking occurs, therefore compensated the property owner.

2. A taking area consisting of 10± S.F. at the S/W corner of the site.
3. A defined easement at the corner of the site encompassing 320± S.F.
4. A Temporary Work Easement/Construction Area #1 is located at the East Avenue driveway, includes the driveway and the area south of Temporary Work Easement/Construction #2. The purpose of this easement is for access only and will be shared with the property owner/tenants for a 4-year duration. This temporary easement area encompasses approximately 969± S.F.
5. A Temporary Work Easement/Construction Area #2 is located at the N/W section of the site forming an irregular flag shape extending east for 77± L.F. at the north border running behind the building, encompassing approximately 3,009± S.F. The purpose of this easement is to use this area exclusively for 4 years for construction activity and construction storage. This work easement area encompasses the vacuum & air hose (that is assumed to be relocated and put back to it’s original condition), 5 lined parking spaces, guard rails, fencing (to be removed and replaced) and generator. It was assumed that the vacuum and air hose will be relocated, therefore the owner will not be compensated. The generator will remain in the same position; however, the generator will be responsible for its protection. Site improvements that will be impacted within this area are as follows: landscaping, trees, and brush. The temporary easement is for a duration of 4-year duration.





Source: https://www.walkbridge.com/projects/east_ave.aspx

After Valuation

The “After” valuation of the subject property is subject to the following Extraordinary Assumptions and Hypothetical Conditions: None.

After Valuation:

After Land Valuation: Based on the sales comparison approach, the Appraiser considered the same sales and concluded that the fair market value of the subject land was reduced to \$78.00/sf, or \$1,380,000, rounded (reduction of \$170,000 from Before Valuation, indicating Severance).

After Building Valuation

After Sales Comparison Approach: The appraiser analyzed the same four sales and concluded that the fair market value of the subject property was reduced to \$2,117/sf (from \$2,250/sf, indicating Severance), or 1,568 sf x \$2,117/sf = \$3,319,456, rounded to \$3,320,000.

After Income Capitalization Approach: The appraiser analyzed the same four rentals and concluded that the fair market rental value of the subject property was unchanged at \$150/sf. After fully supporting market-based vacancy, marginally increased operating expenses and a reduction in the overall capitalization rate to 6.65% (from 6.25%, indicating Severance), the Appraiser estimated Net Operating Income and Market Value as follows:

Direct Capitalization Analysis		AFTER		
Revenue	Rent/SF	Size/SF	Annually	Monthly
Market Rent	\$150.00	1,568	\$235,200	\$19,600
Op Exp. Reimbursement			\$82,016	
Gross Potential Income			\$317,216	\$26,185
Less Vacancy & Credit Loss	2.00%		(\$6,344)	
Effective Income			\$310,871	
Operating Expenses	Per SF	Annually		As % of EFG
Real Estate Tax	\$27.11	\$42,516		13.68%
Utilities	\$11.80	\$18,500		5.95%
Insurance	\$3.83	\$6,000		1.93%
Maintenance & Repairs	\$9.57	\$15,000		4.83%
Reserves	\$0.64	\$1,000		0.32%
Gen. Admin. & Mgt.	\$3.93	\$6,217		2.00%
Total Expenses:	\$54.96	\$89,233	(\$89,233)	28.70%
Net Operating Income			\$221,638	
Capitalization Rate			6.65%	
Capitalized Value			\$3,332,906	
Indicated Value, Rounded			\$3,330,000	
Indicated Value Per SF			\$2,123.72/SF	

Reconciliation and Value Conclusion - After

Approach	Opinion of Market Value
Sales Comparison Approach - Land	\$1,380,000
Sales Comparison Approach – Building	\$3,320,000
Income Capitalization Approach – Building	\$3,330,000
Conclusion of Market Value	\$3,325,000

Calculation of Permanent Damages (Severance)

Item	Value
Before Valuation	\$3,540,000
After Valuation	\$3,325,000
Permanent Damages (Severance)	\$215,000

Calculation of Temporary Damages

Easements	Area X	Rate =	Amount	X Factor	= Ann. Rate	X 15%= An. Rent	X Time	=Damages	Rounded
Const. Easement 1	969 SF	\$84.75/SF	\$82,123	99%	\$81,302	\$12,195	4 yrs.	\$48,781	\$48,780
Const. Easement 2	3,009 SF	\$84.75/SF	\$255,012	100%	\$255,012	\$38,251	4 yrs.	\$153,004	\$153,000
							Say,		\$201,780

Construction Easement #1 encompassed 969 SF and was the access to Construction Easement Area #2 and the site and building. A factor of 99% was utilized as this was a primary section of the site. We employ a factor of 99% to reflect the primary location of Construction Easement area #1 which encompassed the driveway. The driveway is to be shared for the construction period.

Therefore, 969 SF X \$84.75/SF = \$82,123 X 99% = \$81,302 multiplied by 15% = \$12,195 per year. The easement period is for four years so \$12,195 X 4 yrs. = \$48,781, rounded to \$48,780.

Calculation of Total Damages

Total Damages were then summarized by the Appraiser as follows:

23. Final Value Estimate	
Before Value	\$3,540,000
After Value	<u>\$3,325,000</u>
Damages to the Remainder	\$ 215,000
Permanent Damages	
Traffic Easement	\$ 26,000
Land Taken	\$ 53,000
Lost Site Improvements	\$ 10,000
Temporary Damages	
Construction Easement #1	\$ 48,780
Construction Easement #2	<u>\$ 153,000</u>
Total Payment:	\$ 505,780

RECOMMENDATION: Board approval of damages in the amount of \$505,780 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 acquisition value is supported by the independent appraisal report.
3. The valuation of the land is consistent with other land reviewed under PRB #18-078 (\$78/sf), #21-114 (\$90/sf) and #21-157 (\$61/sf).

5. ARCHITECT-ENGINEER - UNFINISHED BUSINESS

6. ARCHITECT-ENGINEER - NEW BUSINESS

7. VOTES ON PRB FILE:

PRB FILE #22-003 – Mr. Halpert moved and Mr. Valengavich seconded a motion to approve PRB 22-003.

8. NEXT MEETING – Thursday, February 3, 2022.

The meeting adjourned.

APPROVED: _____ **Date:** _____
John Valengavich, Secretary