

STATE PROPERTIES REVIEW BOARD

Minutes of Meeting Held On April 21, 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 April 21, 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 April 18, 2022 Meeting. The motion passed unanimously.

2. COMMUNICATIONS

Mr. Berger summarized the most recent information available on pending legislation that may impact the SPRB.

3. REAL ESTATE- UNFINISHED BUSINESS

<i>PRB #</i>	22-035
<i>Transaction/Contract Type:</i>	RE – Voucher
<i>Origin/Client:</i>	DOT/DOT
<i>DOT Project #:</i>	138-245-007
<i>Grantor:</i>	Kramont Operating Partnership, LP
<i>Property:</i>	Stratford, Barnum Avenue Ext (411)
<i>Project Purpose:</i>	Replacement of Bridge No. 00326 US Route 1 Over Metro-North Railroad, Stratford
<i>Item Purpose:</i>	Voucher

DAMAGES: \$248,500

At the State Properties Review Board meeting held on April 18, 2022, the Board voted to suspend this file pending Board clarification of the following issue:

1. Construction Easement #2 states the purpose is for construction access for a retaining wall, sidewalk, grading, and installing sedimentation control system. Please clarify if the three-year duration for this temporary easement is accurate. Is the 3-year construction duration specifically to construct a retaining wall?

DOT Response: Construction easement #2 is based on the three-year construction period for the entire duration of the project as stated in the appraisal. Construction easement #2 is for the retaining wall, sidewalk, grading, and installation sedimentation control system.

Staff Response: DOT confirmed 3-year duration of construction easement. OK

RECOMMENDATION: Board approval of damages in the amount of \$248,500 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.

DAMAGES: \$248,500

Under this Proposal (PRB #22-035) DOT is seeking SPRB approval pursuant to CGS 13a-73(h) for DOT to acquire land and easements in conjunction with the DOT Project "Replacement of Bridge No. 00326 US Route 1 Over Metro-North Railroad" with Damages totaling \$248,500. DOT's enabling legislation to acquire land and easements is pursuant to CGS13a-73(c), 13b-36(a) and 13a-79.

By way of property background DOT previously acquired 5,751 square feet of land in Fee Simple, a Defined Easement for Aerial Highway Appurtenances over an area of 1,079±SF and a Right to Grade acquired over an area of 100±SF in conjunction with the Reconstruction of Interchange 33 on Interstate 95 Project (#138-248-002), impacting land along Veterans Boulevard. Damages were \$120,000. At the State Properties Review Board meeting held on July 2, 2018, the Board approved PRB File #18-105 that Proposal.

SITE DESCRIPTION: The subject property consists of a level, irregularly-shaped 19.580 acre parcel at the southwest intersection of Barnum Avenue Cut Off (US Route 1) and Veterans Boulevard. The site is improved with a four-building shopping center. The main building contains two sections and totals 121,332 square feet in size, built in 1984. The second largest building is located at the rear of the site and was built in 1987, 20,124 square feet in size.

There are two pad sites. One of the pad sites is occupied by a McDonald's restaurant. The building was built in 2002 and totals 2,877 square feet. There is a drive-through lane. The second pad site is occupied by a Ninety Nine Restaurant and Pub. The building totals 5,937 square feet and was built in 1987.

The property is located within the CA and MA Zones and conforms to zoning.

The Appraiser opines the highest and best use of the site as-vacant is "highest and best use of the subject property is for development of a shopping center property, due predominantly to the subject's zoning and location along a commercial corridor in Stratford."

The Appraiser opines the highest and best use of the site as-improved is "for its continued present use as a shopping center."



(Source: Google Maps)

VALUATION: The DOT appraisal was completed August 13, 2021 by Independent Appraisers Vincent O’Brien and Michael Fazio (Kerin & Fazio).

Land Valuation: Based on the sales comparison approach, the appraiser considered three sales (2018-2020) of similarly zoned, with a similar highest and best use, with entitlements in place, as follows:

	Subject	Sale # 1	Sale # 2	Sale # 3
Address	411 Barnum Avenue Cutoff	801 Bridgeport Avenue	1151 West Main Street	150 Boston Post Road
City	Stratford	Shelton	Branford	Milford
Date of Sale	N/A	12/21/2018	7/20/2020	5/7/2019
Sale Price	N/A	\$6,600,000	\$2,200,000	\$6,340,000
Land Acres	19.58	19.08	9.14	5.97
Land SF	852,905	831,125	398,138	260,053
Traffic Count	18,192	15,900	28,135	15,144
Zone	CA & MA	PDD	BL	CDD-1
Price/SF Land	N/A	\$7.94	\$5.53	\$24.38

After adjusting for Transactional, Locational and Physical characteristics, the Appraiser concluded that the fair market value of the subject land was \$9.00/sf, calculated as follows:

Item	Calculation	Value
Land Valuation (Fee Simple)	852,905 sf x \$9.00/sf	\$7,676,145
	Rounded	\$7,676,100

The Appraiser utilized Marshall Valuation Service to estimate the value of all site improvements at \$1,925,000.

The town assessment records indicate the value of the land is \$4,590,000, or \$5.38/sf (100% value) based on a 2019 town-wide revaluation.

Building Valuation

Sales Comparison Approach: The appraiser analyzed three sales of similar multi-tenant commercial shopping centers in buildings (2018-2019), as follows:

	Subject	Sale #1	Sale #2	Sale #3
ComplID	10650	7233	2257	7882
Name		Home Depot Orange	Milford Crossing	Best Buy Orange
Address	411 Barnum Avenue Cutoff	420-440 Boston Post Road	1357 Boston Post Road	53 Boston Post Road
City	Stratford	Orange	Milford	Orange
Recording Date	N/A	4/2/2018	4/17/2019	12/28/2018
Sale Price	N/A	\$16,250,000	\$59,589,700	\$8,450,000
GBA	150,270	137,738	370,341	58,399
Year Constructed	1984-2002	1992	2007-2008	2001
Site Size	19.58	15.21	49.02	6.08
Traffic Count	18,192	20,800	32,492	21,000
Land to Building Ratio	5.68	4.81	5.77	4.54
Parking Ratio (per 1,000 SF)	7.63	4.72	5.00	5.38
Price/SF GBA	N/A	\$117.98	\$160.90	\$144.69

After adjusting for Transactional, Locational and Physical characteristics, the Appraiser concluded that the fair market value of the subject property was \$160/sf x 150,270 sf = \$24,043,200, rounded to \$24,040,000.

Income Capitalization Approach: The Appraiser analyzed four rentals to estimate the rental value of the larger retail units in the shopping center as follows:

Property	1	2	3	4
Property Type	Shopping Center	Retail	Shopping Center	Big Box
GBA	24,194	23,708	99,762	84,167
Year Built	1995	1997	1964	1982
Land Acres	2.32	9.70	8.28	9.47
Land to Building Ratio	4.18	17.82	3.62	4.90
Leased Area (SF)	22,600	23,708	82,035	84,200
Lease Date	4/8/2021	1/1/2019	11/1/2020	7/1/2018
Reimbursement Type	NNN	NNN	NNN	NN
Lease Remarks	Gym space near Interstate 95.	Per listing lease extended January 2019. Rent increases 25% in January 2024.	Starting rent for large retail space.	Full building lease of former Kmart by indoor adventure park . Tenant reportedly invested \$7 million for fit-up. LL responsible for roof, structure, insurance. 2% annual increases.
Lease Rate per SF	\$15.00	\$15.69	\$15.00	\$7.00
NNN Lease Rate per SF	\$15.00	\$15.69	\$15.00	\$6.50

The Appraiser then analyzed five rentals to estimate the rental value of the in-line units in the shopping center as follows:

Property	1	2	3	4	5
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Property Type	Shopping Center	Shopping Center	Mixed Use, Retail,	Community Center	Community Center
GBA	37,980	14,496	43,634	179,963	65,060
Year Built	2018	1983	1991	19612017	20102011
Land Acres	5.51	1.29	4.21	14.50	12.35
Land to Building Ratio	6.32	3.88	4.20	3.51	8.27
Leased Area (SF)	2,340	2,000	1,660	2,970	3,100
Lease Date	10/17/2019	7/30/2020	4/15/2019	1/25/2021	12/4/2018
Reimbursement Type	NNN	NNN	NNN	NNN	NNN
Lease Remarks	Retail space in recently constructed center.	Retail space in strip center.	In-line retail space in shopping center.	Retail space in Stop & Shop anchored center.	Lease of end-cap unit in recently built strip shopping center.
Lease Rate per SF	\$30.00	\$16.00	\$17.00	\$12.00	\$16.00
NNN Lease Rate per SF	\$30.00	\$20.00	\$17.00	\$12.00	\$16.00

The Appraiser then analyzed four rentals to estimate the rental of the pad sites in the shopping center as follows:

Property	1	2	3	4
Property Type	Restaurant, Fast Food	Restaurant, Fast Food	Shopping Center	Restaurant, Fast Food
GBA	2,200	2,280	114,034	2,751
Year Built	1984	1990	19842020	1983
Land Acres	0.36	0.31	13.02	0.74
Land to Building Ratio	7.13	5.92	4.97	11.72
Leased Area (SF)	2,200	2,280	3,400	2,751
Lease Date	9/14/2020	11/1/2019	6/1/2019	1/1/2019
Reimbursement Type	NNN	NNN	NNN	NNN
Lease Remarks	Former Little Caesars pizzeria.	Listing states Wendy's recently renewed lease for 10-years (tenant moved into location in November 2005). Drive-through.	Renewal.	Escalations every five years of lesser of 10% or 1.25x CPI. There are four 5-year renewal options. 8.99% rent to sales ratio. Drive-through.
Lease Rate per SF	\$27.00	\$51.16	\$36.73	\$36.17
NNN Lease Rate per SF	\$27.00	\$51.16	\$36.73	\$36.17

The appraiser concluded the fair market rental value of the spaces within the subject property was as follows:

#	Space Type	Market Rent/SF	Type
1	Retail (Junior Box)	\$12.00	NNN
2	Retail (<5,000 SF In Line)	\$18.00	NNN
3	Retail (>5,000 SF In Lin)	\$15.00	NNN
4	Retail (PAD) - McDonald's	\$35.00	NNN
5	Retail (PAD) - 99 Restaurant	\$22.50	NNN

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

Rental Income	Annual	Per SF	% of PGI
Retail (Junior Box) (82,135 SF at \$12.00/SF)	\$985,620	\$12.00	33.7%
Retail (Junior Box) - Fright Haven (19,374 SF at \$8.00/SF)	\$154,992	\$8.00	5.6%
Retail (<5,000 SF In Line) (26,781 SF at \$18.00/SF)	\$482,058	\$18.00	17.3%
Retail (>5,000 SF In Line) (24,131 SF at \$15.00/SF)	\$361,965	\$15.00	13.0%
Retail (PAD) - McDonald's (2,332 SF at \$35.00/SF)	\$81,620	\$35.00	2.9%
Retail (PAD) - 99 Restaurant (7,325 SF at \$22.50/SF)	\$164,813	\$22.50	5.9%
Total Rental Income	\$2,231,068	\$13.77	76.2%
Expense Reimbursements	\$660,175	\$4.07	23.7%
Other Income	\$36,000	\$0.22	1.3%
Potential Gross Income	\$2,927,243	\$18.06	100.0%
Less Vacancy & Collection Loss (5.0%)	(\$146,362)	(\$0.90)	-5.0%
Effective Gross Income	\$2,780,881	\$17.16	95.0%
Operating Expenses	Annual	Per SF	% of EGI
Management Fees	\$83,426	\$0.51	3.0%
Real Estate Taxes	\$603,448	\$3.72	21.7%
Property Insurance	\$56,727	\$0.35	2.0%
Replacement Reserve	\$40,520	\$0.25	1.5%
Total Expenses	\$784,121	\$4.84	28.2%
Net Operating Income	\$1,996,759	\$12.32	71.8%

Direct Capitalization Summary	
Net Operating Income	\$1,996,759
Divided By Overall Rate	8.25%
Capitalized Value Indication	\$24,203,145
Rounded (\$149.31 per SF)	\$24,200,000

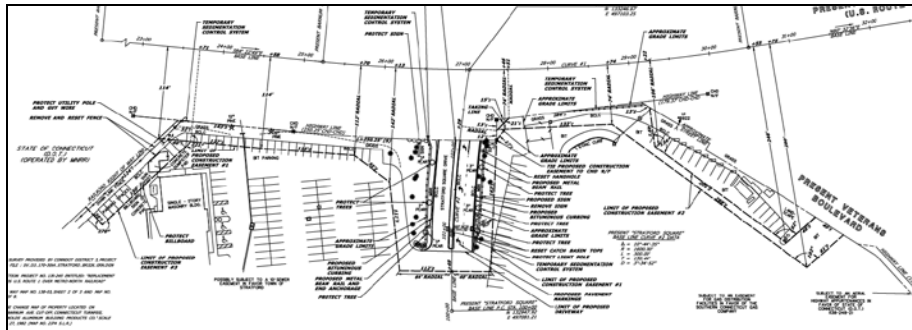
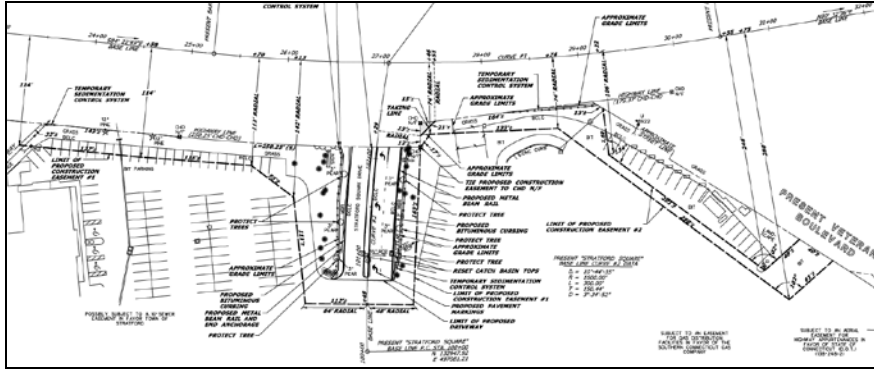
Reconciliation and Value Conclusion - Before

Approach	Opinion of Market Value
Sales Comparison Approach - Land	\$7,676,100
Income Capitalization Approach – Building	\$24,200,000
Sales Comparison Approach Building	\$24,040,000
Conclusion of Market Value	\$24,160,000

TAKING DESCRIPTION:

DOT requires acquiring the following:

- 101 square foot taking area;
- Construction Easement Area #1 for the purpose of construction access, constructing driveway, grading, resetting catch basin tops, installing metal beam rail and end anchorage, bituminous curbing, pavement markings, and sedimentation control system acquired over an area of 27,405± square feet;
- Construction Easement Area #2 for the purpose of construction access for a retaining wall, sidewalk, grading, and installing sedimentation control system during acquired over an area of 8,799± square feet; and
- Construction Easement Area #3 for construction easement for the purpose of access and the storage/removal of a fence during replacement of Bridge 00326 to US Route 1 over Metro-North Railroad acquired over an area of 8,799± square feet.



Revised Map- provided 4-6-2022



(Source: Google Maps)



(Source: Google Maps)

IMPACT OF THE TAKING:

The Connecticut DOT proposes to take 101 square feet of land located along the subject's frontage on Barnum Avenue Cutoff. In addition to the Taking, there will be three construction easements. Construction Easements 1 and 2 will be in place for a total of 3 years. Construction Easement 3 will be in effect for 1 year. All landscaping within the construction easement areas will be lost with the exception of trees noted as protected on the Taking map. For one weekend the entrance to the subject property from Barnum Avenue Cutoff will be closed. All ingress and egress for the property during that weekend will be on Veterans Boulevard. With the exception of the one weekend, access to the subject property from Barnum Avenue Cutoff will not be impacted.

Construction Easement 1 totals 27,405 square feet and is for the purpose of construction access, constructing driveway, grading, resetting catch basin tops, installing metal beam rail and end anchorage, bituminous curbing, pavement markings, and sedimentation control system during replacement of Bridge 00326 to US Route 1 over Metro-North Railroad. Construction Easement 1 will result in the temporary loss of 28 parking spaces on the northwest portion of the property and one parking space on the central portion of the property.

Construction Easement 2 totals 8,799 square feet and is for the purpose of construction access for a retaining wall, sidewalk, grading, and installing sedimentation control system during replacement of Bridge 00326 to US Route 1 over Metro-North Railroad. Construction Easement 2 will result in the closure of the driving lane to the rear of the McDonald's restaurant drive-through lane and restrict mobility in that area of the parking lot. Additionally, one parking space in the northeast corner of the subject site will be temporarily lost during the construction easement.

AFTER VALUATION:

The "After" valuation of the subject property is subject to the following Extraordinary Assumptions and Hypothetical Conditions:

EXTRAORDINARY ASSUMPTIONS:

The appraisal is completed subject to the extraordinary assumption that if the dumpster located in the area of Construction Easement 2 or the dumpster located in the area of Construction Easement 3 requires relocation, the dumpsters will be relocated to an area which does not impact the remainder of the subject. If the dumpsters are relocated to an area which impacts the remainder, the value is subject to change.

HYPOTHETICAL CONDITIONS:

The methodology used in this report is in the form of a 29 Point "Before" and "After" Appraisal Report format used for eminent domain purposes. The appraisal considers that there is a willing seller in an acquisition by eminent domain and has disregarded any effect on the market value brought on by the State's project. The appraisal report was based on the hypothetical condition that the proposed road project will be completed as currently proposed, in the Department of Transportation construction plans, on the day after the "as of" date. No other conditions were necessary to arrive at a credible value.

Land Valuation: Based on the sales comparison approach, the appraiser considered the same sales as in the Before Valuation and concluded that the fair market value of the subject land was unchanged at \$9.00/sf, calculated as follows:

Item	Calculation	Value
Land Valuation (Fee Simple)	852,804 sf x \$9.00/sf	\$7,675,236
	Rounded	\$7,675,200

The Appraiser estimated the value of all site improvements was decreased by \$1,910,000.

After Building Valuation

After Sales Comparison Approach: The appraiser analyzed the same sales as in the Before Valuation and concluded that the fair market value of the subject property was unchanged at \$160/sf and adjusted for the DOT's acquisitions (land and site improvements) as follows:

Indicated Subject Value	
Concluded Value Per SF GBA	\$ 160.00
GBA	150,270
Indicated Value	\$ 24,043,200
Rounded - Before	\$ 24,040,000
Less Taking Area Value	\$ (900)
Less Site Improvements	\$ (15,000)
Rounded - After	\$ 24,024,100

After Income Capitalization Approach: The Appraiser analyzed the same rentals and concluded that the fair market rental value of the subject property was unchanged and adjusted for the DOT's acquisitions (land, site improvements and severance) as follows as follows:

Direct Capitalization Summary	
Net Operating Income	\$1,996,759
Divided By Overall Rate	8.25%
Capitalized Value Indication	\$24,203,145
Rounded - Before	\$24,200,000
Less Adjustments	
Less Taking Area Value	(\$900)
Less Site Improvements	(\$15,000)
Adjusted Value Indication	\$24,184,100
Rounded - After (\$149.21 per SF)	\$24,184,100

Reconciliation and Value Conclusion - After

Approach	Opinion of Market Value
Sales Comparison Approach - Land	\$7,676,100
Income Capitalization Approach – Building	\$24,184,100
Sales Comparison Approach Building	\$24,024,100
Conclusion of Market Value	\$24,144,100

Calculation of Permanent Damages

Item	Value
Before Valuation	\$24,160,000
After Valuation	\$24,144,100
Permanent Damages	\$15,900

Calculation of Temporary Damages

The Appraiser then accounted for Temporary Damages as follows:

Construction Easements 1 and 2 Valuation		
Size of Construction Easement 1 (SF)		27,405
Size of Construction Easement 2 (SF)	+	8,799
Total Construction Easement Area	=	36,204
Concluded Per SF Rate Unencumbered For Subject Land	x	\$9.00
Fee Value of Area Within Construction Easements	=	\$325,836
Weighted Return*	x	9.75%
Annual Dollar Return Encumbered	=	\$31,769
Term of Easement (Years)	x	3
Value of Construction Easements 1 and 2		\$95,307
Value of Construction Easements 1 and 2 (Rounded)		\$95,000
*Base Return	6.75%	
Taxes	2.76%	
Insurance	0.20%	
Weighted Return	9.71%	
Rounded	9.75%	

Note: The Appraisal included valuation of a third temporary construction easement (1yr) at \$3,600, but this easement is not on the Taking Map before the Board.

Calculation of Temporary Severance Damages

The Appraiser then accounted for Temporary Severance Damages as follows:

For one weekend the entrance to the subject property from Barnum Avenue Cutoff will be closed. All ingress and egress for the property during that weekend will be on Veterans Boulevard. With the exception of the one weekend, access to the subject property from Barnum Avenue Cutoff will not be impacted.

Construction Easement 1 will result in the temporary loss of 28 parking spaces on the northwest portion of the property and one parking space on the central portion of the property. Construction Easement 2 will result in the closure of the driving lane to the rear of the McDonald's restaurant drive-through lane and restrict mobility in that area of the parking lot and temporary loss of one parking space in the northeast corner of the subject site. The construction easements will be in place for a period of 3 years. Construction Easement 3 will result in the temporary loss of 6 parking spaces in the northwest corner of the subject site during the one-year construction easement.

The temporary reduction in parking, loss of mobility, and temporary closure of one curb cut on Barnum Avenue Cutoff for one weekend will have a negative impact on the subject property (market rent for the subject property will need to be reduced to compensate tenants for the loss of parking, mobility, and temporary closure of the curb cut on Barnum Avenue Cutoff).

To determine the severance associated with the temporary loss of 36 parking spaces (30 spaces for two years and 36 spaces for one year), the reduced mobility, and the closure of the curb cut on Barnum Avenue Cutoff for one weekend, the appraiser concludes a rental rate reduction to compensate the tenants.

The 36 temporarily impacted parking spaces for the first year are 3.1% of the subject's total parking. The 30 temporarily impacted parking spaces for the second and third years of the construction period are 2.6% of the subject's total parking.

The temporary loss of 36 parking spaces for the first year, the reduced mobility, and the closure of the curb cut on Barnum Avenue Cutoff for one weekend is estimated to reduce the market rent at the subject property by 1.75% during the first year of the construction easement period, above half the percentage of the total parking to be impacted during the construction easement.

The temporary loss of 30 parking spaces for the second and third years of the construction period, the reduced mobility, and the closure of the curb cut on Barnum Avenue Cutoff for one weekend is estimated to reduce the market rent at the subject property by 1.50% the construction easement period, above half the percentage of the total parking to be impacted during the construction easement.

The annual reduction in market rent is calculated in the tables below. Market rent is projected to grow at 2% annually.

Rent Reduction Calculation: Year 1	
Market Rent (Annual)	\$2,927,243
% Reduction in Market Rent	1.75%
Annual Reduction in Market Rent	\$51,227

Rent Reduction Calculation: Year 2	
Market Rent (Annual)	\$2,985,788
% Reduction in Market Rent	1.50%
Annual Reduction in Market Rent	\$44,787

Rent Reduction Calculation: Year 3	
Market Rent (Annual)	\$3,045,503
% Reduction in Market Rent	1.50%
Annual Reduction in Market Rent	\$45,683

The Appraiser then discounted the Damages from a three-year term to Present Value as follows:

Construction Easements 1 and 2 will be in place for a period of 3 years. Construction Easement 3 will be in place for the first year. The present value of the total damages over the 3-year period is total temporary severance damages. Market rent is expected to grow at 2% annually. The rental reduction is discounted at a rate of 3%. The present value of the rent reduction over the 3-year period is calculated in the table below.

Present Value of Rent Reduction (3 Years)		
Discount Rate: 3.00%	Reduction	Present Value
Year 1	\$51,227	\$49,735
Year 2	\$44,787	\$42,216
Year 3	\$45,683	\$41,806
Total	\$141,696	\$133,757
Rounded		\$134,000

Total damages are then Permanent Damages plus Temporary Damages plus Temporary Severance Damages, or \$15,900 + \$95,000 + \$134,000 = \$244,900 (\$248,500 if temporary easement #3 is included).

Staff inquired with DOT for clarification of the following issues:

1. The Appraiser utilized a Taking Map that references a 4,120 square foot construction easement (Construction Easement #3) for the purpose of access and the storage/removal of a fence during replacement of Bridge 00326 to US Route 1 over Metro-North Railroad. The Appraiser also valued the Temporary Damages due to this temporary easement for one year at \$3,600, which is included in the Damages, as presented to the SPRB for review and action.
 - a) Please clarify if DOT is seeking to acquire this temporary easement as the Taking Map and Rights to be acquired presented to the SPRB do not reflect the temporary easement (#3), but do include the \$3,600 in Damages.

DOT Response: 4-6-22 - Upon further review of these matters, we discovered there was a map revision which I have uploaded to SPRB SharePoint.

Staff Response: DOT provided a revised map that corresponds to the map utilized in the Appraisers development of their market value. OK
 - b) Are the Damages \$248,500 as presented to the Board? Or \$244,900, representing the removal of so-called Construction Easement #3?

DOT Response: 4-6-22 - Upon further review of these matters, we discovered there was a map revision which I have uploaded to SPRB SharePoint.

Staff Response: Damages are correct at \$248,500. OK.
2. Construction Easement #2 states the purpose is for construction access for a retaining wall, sidewalk, grading, and installing sedimentation control system. Please clarify if the three-year duration for this temporary easement is accurate. Is the 3-year construction duration specifically to construct a retaining wall?

DOT Response:

Staff Response:

3. The Appraiser calculated Temporary Severance Damages over the three-year duration of the construction period. Within the Appraiser's narrative it was stated that the Appraiser expected annual market rent to grow by 2%/year. Please clarify if this 2% annual increase utilized is prudent when the Appraiser provided no market support for annual rental increases in the Estimate of Market Rent.

DOT Response: These escalations are common throughout the market. Below are four leases with similar escalations throughout the state.

1. Main Street, Stratford
 - a. Date: 7/1/2021
 - b. SF: 1,100
 - c. Rent/SF: \$20.18 with 3% annual escalation
2. Post Road East, Westport
 - a. Date: 6/11/2019
 - b. SF: 2,406
 - c. Rent/SF: \$41.00 with 2.5% annual escalation
3. Berlin Road, Cromwell
 - a. Date: 12/1/2018
 - b. SF: 2,670
 - c. Rent/SF: \$16.87 with 2% annual escalation
4. Main Street South, Woodbury
 - a. Date: 6/1/2018
 - b. SF: 2,400
 - c. Rent/SF: \$12.73 with CPI escalations

Staff Response: In light of the market date provided, escalations appear supported. OK

RECOMMENDATION: Staff recommend the Board suspension this proposal in the amount of \$248,500 pending response from DOT regarding the previous issue (#2).

4. REAL ESTATE – NEW BUSINESS

PRB #	22-052
Transaction/Contract Type:	RE – Legislative Conveyance
Origin/Client:	DOT/DOT
DOT Project #:	050-000-177B
Licensee:	Town of Fairfield
Property:	Fairfield, Tunxis Rd (488)
Project Purpose:	DOT Conveyance of 0.2902 acres
Item Purpose:	Amended Conveyance pursuant to SA 21-36, Section 1

RELEASE PRICE: \$1,000 (Administrative Cost)

At its meeting held on September 6, 2001 the State Properties Review Board, under PRB #01-401, voted to approve a Legislative Conveyance pursuant to Section 23(a) of Special Act 01-06. The property subject to the Special Act, consisted of a 0.2902 acre site with improvements, was conveyed subject to the special limitation that "The town of Fairfield shall use said parcel of land for a public works garage." The Quit Claim Deed conveying the property to the Town of Fairfield was recorded on December 7, 2001, in Volume 2391 at Page 212 of the Fairfield Land Records.

Under this Proposal, DOT is now submitting this Proposal for SPRB approval to amend the 2001 Special Act that conveyed the property at 488 Tunxis Road (land and improvements) to the Town of Fairfield, pursuant to Section 1 of Special Act 21-36.

A summary of the amended Special Act is as follows:

1. Section 1 of Special Act 21-36 amends Section 23(a) of Special Act 01-06, that conveyed approximately 0.2902 acre of land to the Town of Fairfield at a cost equal to the administrative cost of the amended conveyance.
2. Section 1(b) requires the Town to convey the Parcel for a public works garage, economic development or housing purposes;
3. Section 1(b)(3) requires the Town to convey the Parcel within five years of the effective date of the Special Act, or ownership of the Parcel reverts to the State.
4. Section 1(b)(3) requires the Town to retain two Appraisers selected by the Commissioner and obtain two appraisals within six months of the State's conveyance to the Town, and updated as necessary. Any conveyance by the Town shall be made at a cost equal to fair market value, as determined by the average of the two appraisals obtained by the Town. Any proceeds from the conveyance shall be transferred to the State Treasurer for deposit into the Special Transportation Fund.

RECOMMENDATION: Staff recommend approval of the Legislative Conveyance pursuant to Special Act 21-36, amending the original conveyance pursuant to Section 23(a) of Special Act 01-06, approved by the Board under PRB #01-401, for the following reasons:

1. The Deed is consistent with Section 1 of Special Act 21-36, signed by the Governor on July 13, 2021;
2. The conveyance requires the Town of Fairfield to convey the land within five years specifically a public works garage, economic development or housing purposes.
3. There is a reverter clause if not conveyed within five years, or if not used for its stated purpose.
Special Act No. 21-36 AN ACT AMENDING A CONVEYANCE OF A PARCEL OF STATE LAND IN THE TOWN OF FAIRFIELD.

Be it enacted by the Senate and House of Representatives in General Assembly convened: Section 1. Section 23 of special act 01-6 is amended to read as follows (Effective from passage):

(a) Notwithstanding any provision of the general statutes, the Commissioner of Transportation shall convey to the town of Fairfield a parcel of land located in the town of Fairfield, at a cost equal to the administrative costs of making such conveyance. Said parcel of land has an area of approximately [1.3 acres] .3 acre and is identified as 488 [-512] Tunxis Hill Road. The conveyance shall be subject to the approval of the State Properties Review Board.

(b) The town of Fairfield shall use, lease or sell said parcel of land for a public works garage, economic development or housing purposes. If the town of Fairfield [:

- (1) Does not use said parcel for said purposes;
- (2) Does not retain ownership of all of said parcel; or
- (3) Leases all or any portion of said parcel] does not use, lease or sell said parcel for any of said purposes within five years after the effective date of this section, the parcel shall revert to the state of Connecticut. Any sale of said parcel by the town of Fairfield shall be made at a cost equal to the fair market value of said parcel, as determined by the average of the appraisals of two independent appraisers selected by the commissioner. Such appraisals shall be completed not later than six months after the conveyance to the town under this section and shall be updated thereafter as necessary. The net proceeds of such sale after closing costs received by the town of Fairfield from a sale in accordance with this subsection shall be transferred to the State Treasurer for deposit in the Special Transportation Fund.

(c) The State Properties Review Board shall complete its review of the conveyance of said parcel of land not later than thirty days after it receives a proposed agreement from the Department of Transportation. The land shall remain under the care and control of said department until a conveyance is made in accordance with the provisions of this section. The State Treasurer shall execute and deliver any deed or instrument necessary for a conveyance under this section, which deed or instrument shall

include provisions to carry out the purposes of subsection (b) of this section. The Commissioner of Transportation shall have the sole responsibility for all other incidents of such conveyance.

Approved July 13, 2021

PRB #	22-053
Transaction/Contract Type:	RE – Legislative Conveyance
Origin/Client:	DOT/DOT
DOT Project #:	161-000-92A
Grantee:	Town of Wilton
Property:	Wilton, Danbury Road (647)
Project Purpose:	Conveyance of 3.15 acres for use as Landscaping Business
Item Purpose:	Legislative Conveyance pursuant to SA 21-29 (1)

RELEASE PRICE: \$0 (+ \$1,000 Administrative Fee)

At its meeting held on February 3, 2014 the State Properties Review Board, under PRB #14-023, voted to approve a 5-year Lease Agreement to provide continued use of 2.243 acres and 4,000 SF masonry garage located at 647 Danbury Road, Wilton to Hoffman Landscapes, Inc., for \$3,300/month, through 3-31-2018, with two additional five-year options.

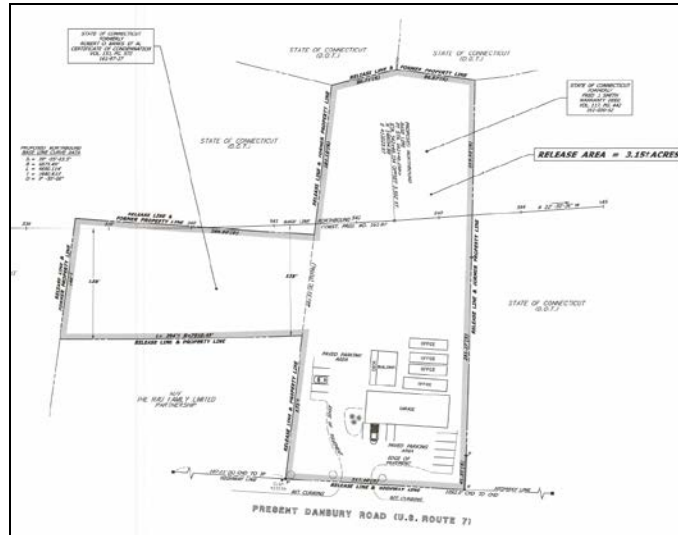
Also, at its meeting held on October 11, 2012 the State Properties Review Board, under PRB #12-244, voted to approve a Lease of 39,836 SF of vacant commercial land located within the Route 7 Corridor, adjacent to 647 Danbury Road, Wilton. The property was leased to Hoffman Landscapes, Inc. for parking of motor vehicles and storage of materials used for a landscape business for \$2,100/month, through 12-31-2016, with two additional five-year options.

Under this Proposal (PRB #22-053) DOT has now submitted this Quit Claim Deed conveying approximately 3.15 acres of land to the Town of Wilton pursuant to Section 1 of Special Act 21-29.

A summary of the conveyance is as follows:

1. Section 1 of Special Act 21-29 stipulates the conveyance of approximately 3.15 acres of land to the Town of Wilton at a cost equal to the administrative cost of the conveyance.
2. Section 1 (b) (1)(2)(3) requires the Parcel be utilized, sold or leased, respectively, for a landscaping business, or ownership of the Parcel reverts to the State.
3. Section 1(b) states that any sale of the Parcel shall be at fair market value, determined by the average of the appraisals of two independent Appraisers selected by the Commissioner. Any proceeds from the conveyance shall be transferred to the State Treasurer for deposit into the Special Transportation Fund.





The Special Act Language is as follows:

Special Act No. 21-29

AN ACT CONCERNING THE CONVEYANCE OF A PARCEL OF STATE LAND IN THE TOWN OF WILTON.

Be it enacted by the Senate and House of Representatives in General Assembly convened:

Section 1. (Effective from passage) (a) Notwithstanding any provision of the general statutes, the Commissioner of Transportation shall convey to the town of Wilton a parcel of land located in the town of Wilton, at a cost equal to the administrative costs of making such conveyance. Said parcel of land has an area of approximately 3.15 acres and is identified as the parcel shown as "RELEASE AREA" on a map entitled "Compilation Plan, Town of Wilton, Map Showing Land Released to ___ by the State of Connecticut Department of Transportation, Danbury Road (U.S. Route 7), scale 1"=40', October 2019, Mark D. Rolfe, P.E., Chief Engineer-Bureau of Engineering and Construction". The conveyance shall be subject to the approval of the State Properties Review Board.

(b) The town of Wilton shall use said parcel of land for purposes of a landscaping business. If the town:

- (1) Does not use said parcel for said purposes;
- (2) Does not retain ownership of all of said parcel, other than a sale for said purposes; or
- (3) Leases all or any portion of said parcel, other than a lease for said purposes,

the parcel shall revert to the state of Connecticut. Any sale of said parcel shall be at a cost equal to the fair market value of the property, as determined by the average of the appraisals of two independent appraisers selected by the Commissioner of Transportation. Any funds received by the town from a sale of said parcel in accordance with this section shall be transferred to the State Treasurer for deposit in the Special Transportation Fund.

(c) The State Properties Review Board shall complete its review of the conveyance of said parcel of land not later than thirty days after it receives a proposed agreement from the Department of Transportation. The land shall remain under the care and control of said department until a conveyance is made in accordance with the provisions of this section. The State Treasurer shall execute and deliver any deed or instrument necessary for a conveyance under this section, which deed or instrument shall include provisions to carry out the purposes of subsection (b) of this section. The Commissioner of Transportation shall have the sole responsibility for all other incidents of such conveyance.

Approved July 13, 2021

RECOMMENDATION: Staff recommends approval of the Legislative Conveyance for the following reasons:

1. The Quit Claim deed is consistent with Section 1 of Special Act 21-29, signed by the Governor on July 13, 2021;
2. The conveyance requires the Town to retain, lease or sell the land for a landscaping business;
3. The conveyance requires any sale by the Town to be based on the average of two appraisals, by Appraisers selected by the Commissioner of DOT;
4. Any funds received by the town from a sale of said parcel shall be transferred to the State Treasurer for deposit in the Special Transportation Fund; and
5. The deed description is consistent with the map description.

From PRB #14-023

SUBJECT: PRB #14-023 DOT Lease Agreement to provide continued use of 2.243 acres and 4,000 SF masonry garage located at 647 Danbury Road, Wilton. Second Party: Hoffman Landscapes, Inc. Rent: \$3,300/month

Background: The initial lease of this former DOT Wilton highway maintenance garage was in 1997 as the result of a public bid process. The Lessee was Right Source, Inc. acting by John R. Hoffman (PRB #97-576) and the premises were used for a tech industry and a landscaping business. Subsequently, Hoffman Landscapes, Inc. leased the entire property, and also leases an adjacent 0.9 acres from the DOT (\$2,100/month - PRB #12-244).

Leased Premises: The 2.243 acre site has 217.40 feet of frontage on the west side of Route 7, Danbury Road. The lot is rectangular, with a depth of approximately 500 feet. The usable area is about 1.28 acres. The balance is steep slope/ledge. The garage is a one-story brick building of approximately 4,000 SF of which 2,800 SF is an unheated 5 bay garage; the remaining 1200 SF is utility room, bathroom, office and break room. The appraisal report describes the roof as leading and being covered with tarps

held down by sand bags. The windows are cracked; the masonry is crumbling in some areas. The heating system is original (1953) and constantly in need of repairs; and the Lessee indicated that the septic system will need to be replaced in the near future. The table shows the lease terms.

ITEM	TERMS & CONDITIONS
Lessee	Hoffman Landscapes, Inc.
Lease Premises	4,000 SF masonry garage located on 2.243 acres at 647 Danbury Road, Wilton
Use	Operation of a landscaping business
Lease Term	Initial term of 5 years, from 4/1/2013 to 3/31/2018
Monthly Rent	\$3,300.00. All costs of taxes, utilities if any shall be paid by the Lessee
Renewal Options	Two five-year renewals subject to a review and update of the rental fee
Renewal Rate	To be determined at renewal
Lease Termination	At any time, with or without cause, by either party, with 30 days notice
Indemnification	Second Party indemnifies the State from and against any and all claims & costs arising in connection with the lease.
Insurance Summary	Commercial General Liability, including Contractual Liability Insurance; and Automobile Liability: \$1,000,000 in any one accident; \$2,000,000 in the aggregate.
Other	The lease is subject to DOT Standard Highway Lease Specifications & Covenants, dated January 15, 2013. Any repairs to or upgrading of the premises are at the Lessee's expense and must receive the prior consent of DOT.

Rental Rate: DOT Appraisers DeLucco and Sass based the property's rental rate on rents and offerings for commercial buildings in the Wilton and Danbury. The data indicated a range between \$9.00/SF and \$11.50/SF of Gross Building Area. Based on \$10.00/SF of GBA, the rental rate for the subject is:

$$4,000 \text{ SF of GBA} \times \$10.00/\text{SF} = \$40,000/\text{year} = \$3,300/\text{month (rounded)}$$

Recommendation: Board approval is recommended:

1. The commissioner of transportation has the authority under CGS §13a-80 to enter into lease agreements, subject to the approval of OPM (received 7/30/13) and the SPRB.
2. The rental rate/site value is based on comparable rentals of two commercial buildings in Wilton (also on Danbury Road) and one in Danbury.
3. Should DOT require this property for any reason, the lease can be terminated without cause with 30 days notice. The Parties agree that the premises are designated for transportation use under the provisions of the Federal Highway Act and that all other uses are temporary and subordinate thereto.



Leased area at 647 Danbury Road - former DOT garage on 2.24 acres, of which 1.28 acres is useable, the remainder is steep woods and ledge.



From PRB #12-244

SUBJECT: PRB#12-244. DOT (Standard Highway) Lease Agreement for use of 39,836 SF located within the Route 7 corridor, and adjacent to 647 Danbury Road, Wilton. Lessee: Hoffman Landscapes, Inc.

DOT proposes to lease 39,836 SF abutting 647 Danbury Road, Wilton to Hoffman Landscapes, Inc. (“Hoffman”) for the purpose of parking motor vehicles and storage of materials used in its business. The parcel is described as a gravel and dirt area, with a grass buffer and some trees, with mostly level topography. Access is from 647 Danbury Road, also owned by DOT and occupied by Hoffman. This adjacent site is 2.24 acres, with a building that was formerly a DOT garage, leased since 1998 to High Technology Industries and used by its tenant, Hoffman (PRB File #97-576). Hoffman currently pays DOT a monthly rent of \$4,500.

Without benefit of a lease, Hoffman has been using the subject 39,836 SF parcel, and the purpose of this proposal is to receive payment for Hoffman’s encroachment on the site. DOT granted a Temporary Right of Entry, November 2011.

Rental Rate: \$2,100/month - The site is located in the northern portion of Wilton, near the Ridgefield/Redding town boundaries. The rental rate is based on an appraisal that estimates market value of the lease parcel, rear land, at approximately \$350,000/acre (\$8.00/SF). The appraiser chose 8% as a rate of return to determine the annual rent. Contemporary real estate investor surveys indicate that 8% is a supportable rate of return for vacant land.¹

Item	PRB #12-244
Lessee	Hoffman Landscapes, Inc.
Use	Parking and storage of materials used in landscape business
Land (Vacant)	39,836 SF (0.9 acres)
Initial Term	5 years, commencing 1/1/2012.
Rent	\$25,200 per annum; \$2,100 per month
Renewal/Renewal Rent	Two 5-year renewals, with rental rate to be established by appraisal

¹ PwC Real Estate Investor Survey, 4Q2011; Urban Land Institute forecasts.

Signs, Structures	Require specific written permission from DOT
Utilities & Maintenance	Lessee
Real Estate Taxes	Lessee
Cancellation	Either party may terminate giving 30 days notice
Subletting & Assignment	Requires prior written approval of DOT.
Indemnification/Insurance	Standard DOT lease provisions

Recommendation - Approval is recommended.

- DOT has authority to lease any land and buildings owned by the state and obtained for or in connection with highway purposes which real property is not necessary for such purposes.
- The lease will resolve an encroachment issue. DOT must retain properties for possible future improvements to the Route 7 Corridor; therefore the lease agreement provides the tenant's use of the property, generating income for the state.
- The subject lease and adjacent lease rates are \$6,600/month (\$79,200/year), which rates are supported by a DOT appraisal completed by Anthony DeLucco.
- The Town of Wilton will benefit from additional property tax revenue.
- The lease can be terminated without cause with 30 days notice.



Existing leased area at 647 Danbury Road - former DOT garage on 2.24 acres. Tenant is Hoffman Landscapes, Inc.
(Of the 2.24 acre leased site, 1.28 acres is useable, the remainder is steep woods and ledge.)

5. ARCHITECT-ENGINEER - UNFINISHED BUSINESS

6. ARCHITECT-ENGINEER - NEW BUSINESS

7. OTHER BUSINESS

8. VOTES ON PRB FILE:

PRB FILE #22-035 – Mr. Halpert moved and Mr. Valengavich seconded a motion to approve PRB FILE #22-035. The motion passed unanimously.

PRB FILE #22-052 – Mr. Berger moved and Mr. Valengavich seconded a motion to approve PRB FILE #22-052. The motion passed unanimously.

PRB FILE #22-053 – Mr. Halpert moved and Mr. Valengavich seconded a motion to approve PRB FILE #22-053. The motion passed unanimously.

9. NEXT MEETING – Monday, April 25, 2022.

The meeting adjourned.

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