

STATE PROPERTIES REVIEW BOARD

Minutes of Meeting Held On August 8, 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 August 8, 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

Members Absent:

William Cianci

Staff Present:

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 August 4, 2022 Meeting. The motion passed unanimously.

2. COMMUNICATIONS

3. REAL ESTATE- UNFINISHED BUSINESS

4. REAL ESTATE – NEW BUSINESS

<i>PRB #:</i>	22-116
<i>Transaction/Contract Type:</i>	RE – Administrative Settlement
<i>Origin/Client:</i>	DOT/DOT
<i>DOT Project #:</i>	080-128-001 & 080-128-005
<i>Grantor:</i>	Elderkin, Richard
<i>Property:</i>	Middlebury, Straits Turnpike (1050) & Waterbury, Umberfield Rd (Lots #1 & 12)
<i>Project Purpose:</i>	Improvements on Routes 63, 64, and I-84 WB Interchange 17
<i>Item Purpose:</i>	Administrative Settlement

DAMAGES/SETTLEMENT: \$1,056,000/\$1,350,000

Project Background

The purpose of the project is to improve traffic operations and address safety concerns within the project limits. The project involves the following improvements to facilitate traffic operations and address safety concerns:

- Route 64 improvements: It is proposed to widen a section of Route 64 from its intersection with Chase Parkway to Route 63 to provide one additional lane in the westbound direction. It is also proposed to lower Route 64 to improve sight lines which may result in constructing retaining walls on both sides of the roadway to stabilize the embankment slope.
- Route 63 improvements: It is proposed to widen a section of Route 63 from its intersection with Route 64 to Woodside Avenue to provide one additional lane in the southbound direction. The traffic signals at Route 63/Route 64 and Route 63/Woodside Avenue intersections will be replaced to accommodate the proposed approaches at these intersections.
- Construct a new roadway (Chase Parkway Extension) to connect Chase Parkway with Route 63 at the intersection of Woodside Avenue: Chase Parkway Extension will consist of one lane in each direction. A new traffic signal will be installed at the intersection of Chase Parkway Extension and Route 64. A multi-use trail is proposed on the westerly side of the roadway which will connect to the Middlebury Greenway. It is also proposed to construct a new commuter lot at the southeast corner of the Route 63/Woodside Avenue/Chase Parkway Extension intersection.
- Widen the I-84 Westbound Interchange 17 off-ramp to Chase Parkway from one lane to two lanes: An exclusive left turn lane onto Chase Parkway Extension will be provided at this new signalized intersection.

There are right-of-way impacts associated with the proposed improvements. It is anticipated that two (2) total acquisitions and approximately thirteen (13) partial acquisitions with numerous permanent/temporary easements and temporary rights for construction will be required.



Google

SITE DESCRIPTION: The site consists of three adjacent parcels of land totaling 4.85 acres (211,266 square feet) with 1,227.66 feet of frontage on Straits Turnpike and additional frontage on Old Waterbury Road and Old Middlebury Road. The site is subject to a 110-foot and 25-foot power line easement as well as an easement to the state for discharge of surface water. Site improvements include a gravel driveway, lawns and retaining walls.

The site is improved with a single-family dwelling containing 960 square feet constructed in 1964.

The Middlebury portion of the subject is located in the Arterial Commercial (CA-40) zone and the Waterbury land is located in the Commercial Office Zone. Minimum site requirements are as follows:

<u>CA-40</u>		<u>CO</u>	
Minimum Lot Area -	40,000 sf	Minimum Lot Area	10,000 sf
Minimum Frontage	150'	Minimum Frontage	60'
Setback From Street	50'	Set Back From Street	15'
Maximum Building Height.....	35'/2.5 sty.	Maximum Building Height	60'/5 sty.
Maximum Building Coverage ...	25%	Maximum Building Coverage	40%

Highest and Best Use of the Appraised Land as Vacant

The Highest and Best Use of the appraised property is for commercial development.

Highest and Best Use of the Appraised Land as Improved

Not applicable. The subject is being appraised as vacant land.

EXTRAORDINARY ASSUMPTIONS: None.

HYPOTHETICAL CONDITIONS:

The methodology used in this report is a Standard State appraisal format in the form of a before and after valuation appraisal used for 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 proposed in the Department of Transportation construction plans, on the day after the “as of” date.

VALUATION: The DOT appraisal was completed June 16, 2021 by independent Appraiser Walter Kloss.

Land Valuation: Based on the sales comparison approach, the appraiser considered the following three sales (2021) of similarly zoned land and similar highest and best use:

ITEM	SUBJECT 1050 Straits Tpke. Middlebury	COMPARABLE #1 1685 Straits Tpke. Middlebury	COMPARABLE #2 1680 Straits Tpke. Middlebury	COMPARABLE #3 1628 Straits Tpke. Middlebury			
<i>Unadjusted Sale Price</i>	N/A	\$2.15	\$15.08	\$7.31			
ADJUSTMENTS	DESCRIPTION	DESCRIPTION	+/- ADJ.	DESCRIPTION	+/- ADJ.	DESCRIPTION	+/- ADJ.
PROPERTY RIGHTS CONVEYED	Fee Simple	Fee Simple		Fee Simple		Fee Simple	
FINANCING	N/A	N/A		N/A		N/A	
CONDITIONS OF SALE	Arm's Length	Arm's Length		Arm's Length		Arm's Length	
MARKET CONDITIONS	As of 6/16/21	As of 5/2/21		As of 4/12/21		As of 2/12-3/6/20	
ADJUSTED SALE PRICE		\$2.15		\$15.08		\$7.31	
LOCATION/ZONE	AVERAGE	AVERAGE		AVERAGE		AVERAGE	
SIZE/SHAPE	4.85 AC. / IRR.	12.09 AC. / RECT.	+\$0.53	2.01 AC. / RECT.	-\$3.02	7.10 AC. / RECT.	-\$0.73
FRONTAGE/ACCESS	1,227' / AVE.	1,528' / AVE.		620' / AVE.		500' / AVE.	
TOPOGRAPHY	ROLLING	SLOPING	+\$0.53	G. SLOPING	-\$3.02	ROLLING	
UTILITIES	ALL AVAIL.	ALL AVAIL.		ALL AVAIL.		ALL AVAIL.	
ENCUMBRANCES/APURTENANCES	P. LINE / WET.	WET	+\$1.08	NONE	-\$3.02	MINOR WET.	-\$0.73
PRESENT USE	RESIDENTIAL	VACANT		VACANT		RESIDENTIAL	
HIGHEST AND BEST USE	COMMERCIAL	COMMERCIAL		COMMERCIAL		COMMERCIAL	
TOTAL ADJUSTMENT			-\$2.14		-\$9.06		-\$1.46
ADJUSTED SALE PRICE			\$4.29		\$6.02		\$5.85

After adjusting for Transactional, Locational and Physical characteristics, the Appraiser concluded that the fair market value of the subject land was \$5.00/sf, calculated as follows:

Item	Calculation	Value
Land Valuation	211,266 sf x \$5.00/sf	\$1,056,330
	Rounded	\$1,056,000

The Department's offer letter in the amount of \$1,056,000.00 was tendered on September 16, 2021, to the property owner, Mr. Richard J. Elderkin. Mr. Elderkin rejected the Department's offer as being inadequate as he had plans to develop the property, and that he intended to commission his own appraisal in support of his opinion.

On September 28, 2021, Mr. Elderkin submitted an appraisal prepared by William E. Kane, MAI (Wellspeak, Dugas, & Kane). Mr. Kane utilized the Sales Comparison approach and considered six sales with a range in value between \$29.17/sq. ft and \$81.24/sq.ft. with the primary unit of comparison reliant on the price per square foot of potential gross building area.

Based upon the sale data and adjustments, Kane's opinion established that the subject property has a value ranging between \$40.00-\$50.00/sq. ft. of potential gross building area, with a most probable value of \$45.00 per sq. ft:

42,650 sq. feet @ \$45.00/sq.ft. = \$1,919,250.00 Rounded to \$1,900,000.00

Kane stated that the highest and best use of the subject site is for office/medical office development with secondary consideration given to a gasoline filling station/convenience store. He stated that the site benefits from extensive road frontage on Straits Turnpike, excellent exposure access that is facilitated by an existing traffic light, and the proximity of a full interchange of Interstate 84 between Chase Parkway and Straits Turnpike. Kane points out that there are several gasoline/convenience store chains which are actively seeking new sites throughout Central Connecticut. Any proposed development of either an office/retail space or gasoline/convenience store would therefore be in conformance with existing development ongoing in the neighborhood in terms of use and density. Kane also stated that once DOT had announced plans for road improvement this eliminated the potential for any prospective developer or buyer to take an interest in the purchase of the property from Mr. Elderkin.

Mr. Kane illustrates that Middlebury as a subject community has had a limited amount of existing zoned commercial land suitable for development, but that the linkages in Middlebury via Interstate Route I84, CT Routes 8, 63, 64, and 188 provide ideal, convenient, and attractive access to the highways as well as several surrounding towns. Mr. Kane further explains that despite an above average vacancy rate, Middlebury achieves the 3rd highest rental rates for office space out of 19 submarkets in New Haven County. This is an indication that vacancy is not affecting rents for professional buildings in the market. Kane also makes note of a project under construction at the corner of Park Rd. & Straits Turnpike that secured significant pre-leasing before ground-breaking happened. Therefore, Mr. Elderkin's property is considered a prime location for commercial development and further supports justification for office development to produce the highest return on the land.

Mr. Elderkin's attorney, Frank Pilicy submitted a package to the Department with respect to Mr. Elderkin's plans for redevelopment and related submittals to the Town of Middlebury. On February 19, 2015 Mr. Elderkin submitted a proposed site plan completed by Land Data Engineers to the Town for a large commercial plaza with 42,650 sq. ft. of retail office space and 26 parking spaces. The proposed site plan was put forth to their Zoning Board. On January 3, 2017, the Town of Middlebury's Zoning Board confirmed that the parcels are in fact located in a CA40 zone and that the proposed use for office space, retail, and parking were permissible. Upon review of the plan the Town determined it would require a more detailed plan which addressed stormwater drainage. In March 2017, Mr. Elderkin subsequently submitted specifications completed by Evans Environmental Associates which further detailed the proposed design of a stormwater management plan. Evans Environmental Associates also determined the land presented no major concerns from a wetlands or environmental perspective in terms of potential redevelopment. No further site specifications were sought by Mr. Elderkin at this point due to the costs associated and likelihood of low or no developer interest due to DOT's imposed project.

In conclusion, the differences in the respective appraisals present an exposure to the State as Kloss recognizes the potential for commercial redevelopment. Mr. Elderkin's property, although not fully developed as a commercial site has public utilities, a traffic light, and prime frontage. He provided a significant amount of proof that he had in fact contracted Land Data Engineers & Evans Environmental Associates to begin preliminary redevelopment analysis work. Mr. Elderkin's intention was submittal of a full plan to the Town of Middlebury with development of a 42,560 sq. ft. commercial property including retail/ medical offices and ample parking. The Department's total take of the property diminishes the opportunity for Mr. Elderkin to either sell the land to a developer or successfully develop the land and enjoy a rental income from any retail office/ parking lot or gas station/convenience store himself.

Upon receipt of Mr. Elderkin's counteroffer of \$1,900,000.00, DOT staff met to complete a review of the appraisals and determine if any justification towards an increased settlement amount was warranted. It was determined that a settlement was in fact warranted based upon the factors described in detail above. Negotiations concluded with Mr. Elderkin's acceptance of the State's final offer of \$1,350,000.00

Staff inquired with DOT regarding the following:

1. Please provide a copy of the Grantor's appraisal (Kane) utilized in the Department's justification of this Administrative Settlement.

DOT Response: Provided on 7-25-2022.

Staff Response: Staff reviewed the appraisal. It provided a well-reasoned highest and best use as medical/office development for up to 42,560. This was beyond what information the Grantor had previously submitted to local land use for an initial screening of a potential development in 2017. The added building area was reasonably concluded that land within the right-of-way could be utilized for parking and thus, it was reasoned, the site could support more building area. A secondary use as a c-store/gas facility was also reasoned as a probable use.

The primary difference in the two appraisal's is that the Grantor's appraiser utilized a unit of comparison relative to the sale price per approved building area, concluding \$45/sf of approved building area (potential), or \$1.9MM.

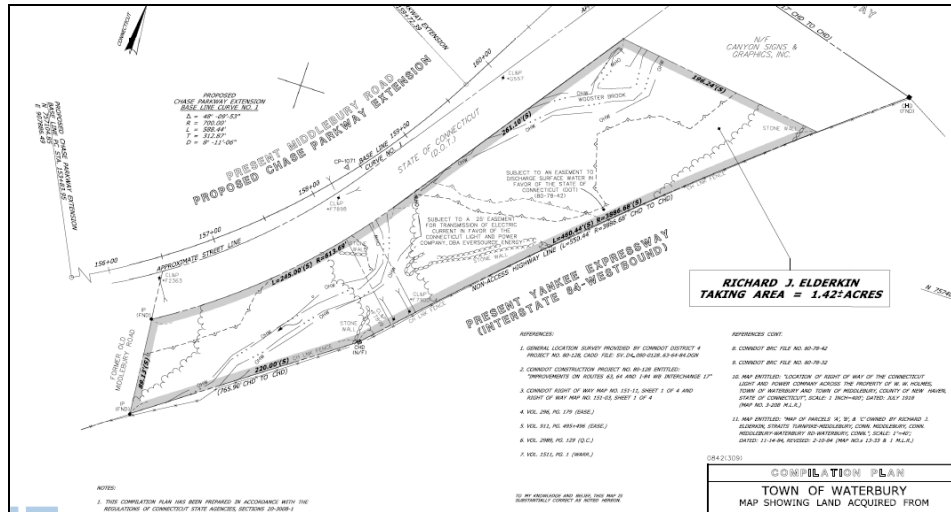
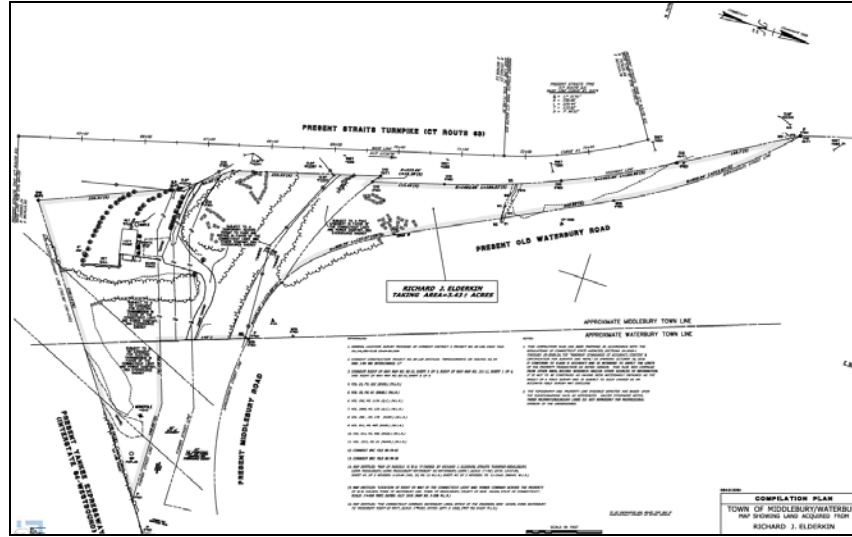
In reviewing the DOT appraisal, research was completed to determine the price range utilizing the same unit of comparison - the sale price per approved building area:

- 1685 Straits Tnpk - \$1,225,000 / 42,000 sf medical = \$29/sf of approved GBA;
- 1680 Straits Tnpk - \$1,320,000 / 4,464 sf c-store/gas = \$296/sf of approved GBA; and
- 1628 Straits Tnpk - \$2,260,000 / 30,861 sf auto dealer = \$73/sf of approved GBA.

Both appraisers utilized 1685 Straits Tnpk. However the Grantor's appraiser utilized comparable sales for development with office uses whereas the DOT appraiser utilized similarly-zoned land in Middlebury, but with different commercial uses.

After reviewing both appraisals, both Appraisers supported their conclusion with market-based data. And, the Grantor's appraiser provides sufficient data to indicate a higher value may be concluded.

RECOMMENDATION: Board approval of damages in the amount of \$1,350,000 is recommended given the conclusions provided in both the DOT and the Grantor's appraisals, providing sufficient additional data, that indicates a higher value may be concluded.



5. ARCHITECT-ENGINEER - UNFINISHED BUSINESS

6. ARCHITECT-ENGINEER – NEW BUSINESS

7. OTHER BUSINESS

8. VOTES ON PRB FILE:

PRB FILE #22-116 – Mr. Berger moved and Mr. Valengavich seconded a motion to approve PRB FILE #22-116. The motion passed unanimously.

9. NEXT MEETING – Thursday, August 11, 2022.

The meeting adjourned.

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