

STATE PROPERTIES REVIEW BOARD

Minutes of Meeting Held On September 23, 2021 – 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 September 23, 2021 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 September 20, 2021 Meeting. The motion passed unanimously.

2. COMMUNICATIONS

Director Desai informed the Board that the Board's Annual Report to the Governor is due by October 1, 2021. Members should review the draft form in preparation for the Report's final copy.

3. REAL ESTATE- UNFINISHED BUSINESS

4. REAL ESTATE – NEW BUSINESS

<i>PRB #</i>	21-138
<i>Transaction/Contract Type:</i>	RE – Voucher
<i>Origin/Client:</i>	DOT/DOT
<i>Project Number:</i>	162-155-002
<i>Grantee:</i>	Genevieve Bobinski, et al
<i>Property:</i>	Winsted, Main Street (59)
<i>Project Purpose:</i>	Replacement of Bridge No. 00617 SR 800 Over Mad River
<i>Item Purpose:</i>	Voucher

DAMAGES: \$33,000

DOT PROJECT: The purpose of the project is to replace Bridge No. 00617, which was originally constructed in 1928. The project is being initiated to address the poor condition of the existing bridge.

Bridge No. 00617 carries Rowley Street with one lane of traffic in each direction, and the 2012 Estimated Average Daily Traffic is approximately 4,200 vehicles daily. A full structure replacement is recommended.

Anticipated construction includes:

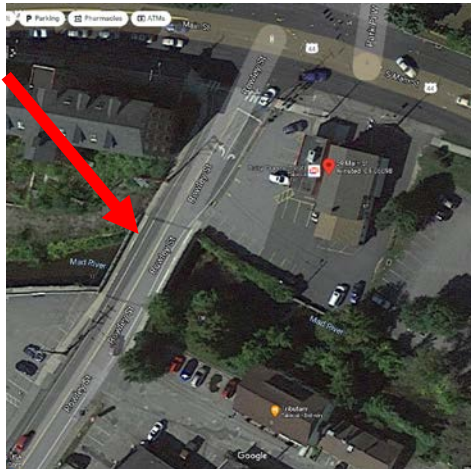
- Temporarily relocate underground and aerial utilities;
- Install temporary pedestrian bridge;
- Close road to vehicular and pedestrian traffic;
- Remove existing bridge; both superstructure and substructure;
- Install abutment stems on pile caps;
- Install steel girders, concrete deck, sidewalks and parapets;
- The bridge will be widened approximately 5.5 FT to the East to extend the existing left and right turning lanes North of the bridge; and
- Place pavement and traffic markings.

There are right-of-way (ROW) impacts associated with the proposed improvements. Temporary easements will be required at all corners of the bridge to allow for the construction access. Permanent ROW may be needed to the east of the structure, as it is anticipated the new structure will be widened to better accommodate the traffic turning onto Main Street.

Construction is anticipated to begin in spring 2022 based on the availability of funding and receipt of permits. The estimated construction cost for this project is approximately \$4.9 million. This project is anticipated to be undertaken with 80 percent Federal funds and 20 percent State funds.

SITE DESCRIPTION: The subject property consists of an irregularly-shaped 8,455± square foot (0.194± acre) parcel of land with a total of approximately 160'± frontage on the southerly side of Main Street (Rt 44) and easterly side of Rowley Street (Rt 800). The site is generally level, at grade, and the southerly portion of the site is within the Mad River. Site improvements include an asphalt-paved parking area striped for 15 vehicles. The property is improved with a one-story commercial building containing 703 square feet of retail space and unfinished upper level area, constructed in 1953. The property is located in the TG Town Gateway zone and is pre-existing non-conforming regarding site requirements.

The Appraiser opines the highest and best use of the site as vacant would be for commercial development in conformance with current zoning requirements to develop the site and as-improved for continuation of its existing commercial use.





BEFORE VALUATION: The DOT appraisal was completed April 6, 2021 by independent Appraiser Steven E. MacCormack.

Land Valuation: Based on the sales comparison approach, the Appraiser considered three sales (land extraction method) in Winsted (2020-2021) of similarly-zoned land with similar highest and best use and concluded that the fair market value of the subject land was \$97,000, or \$500,000/acre (\$11.48/sf) (rounded).

Site improvements include paved parking areas, a business sign, minimal landscaping and building mounted lights for a total value of about \$30,000 for site improvements. The value of the site improvements is included in the overall appraised value of the subject. The Appraiser estimated a \$1,500 for the contributory value of affected site improvements.

The town assessment records indicate the value of the land is \$243,000/acre (\$5.58/sf - 100% value) based on a 2017 town-wide revaluation.

Building Valuation

Sales Comparison Approach: The appraiser analyzed three sales of commercial buildings in Winsted (2018-2021), all located on Main Street and concluded that the fair market value of the subject property was \$245/sf x 703 sf = \$172,235, rounded to \$170,000.

SUMMARY OF PROPERTY SALES					
Sale	Location	Sale Date	Sale Price	Bldg. Area (SF)	Sale Price / Sq. Ft.
1	861 New Harwinton Road Winsted, CT	2/23/21	\$900,000	2,091	\$430.42
2	496 Main Street Winsted, CT	12/20/18	\$64,000	330	\$193.94
3	896 Main Street Winsted, CT	4/4/18	\$60,000	648	\$92.59
Subject:	59 Main Street Winsted, CT			703	

Income Capitalization Approach: The Appraiser analyzed four listings of available properties in Winsted and neighboring Barkhamsted and concluded that the fair market rental value of the subject property was \$15/sf on a net basis.

SUMMARY OF RESTAURANT / RETAIL / OFFICE RENTALS						
#	Address Tenant/User	Leased Area (Sq. Ft.)	Rent/ Sq. Ft.	Lease Date	Lease Term	Lease Conditions/Comments
1	175 Main Street Winsted, CT	1,760	\$10.00	Available	1-5 yrs.	Mod. Gross; Retail space in a mixed use building built in 1900 in average condition.
2	380 New Hartford Road Barkhamsted, CT	1,300- 17,084	\$15.00	Available	1-5 yrs.	Mod. Gross; 116,640 SF Retail Office Plaza built in 1971 in average condition.
3	200 New Hartford Road Winsted, CT	834- 36,386	\$12.00- \$19.50	Available	1-5 yrs.	Mod. Gross; 115,425 SF Retail Office Plaza built in 1989 in good condition.
4	45 Willow Street Winsted, CT	9,438	\$12.00	Available	1-5 yrs.	Mod. Gross; Free standing Office/Retail/Warehouse building built in 1950 in average condition.

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

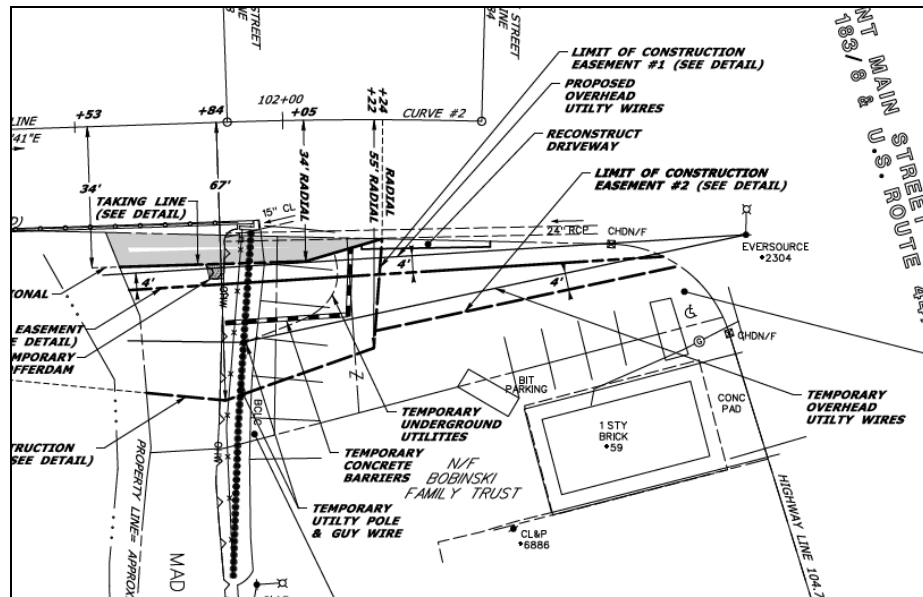
INCOME APPROACH SUMMARY 59 Main Street, Winsted, CT		
Income		
Gross Building Area (GBA)	703 SF	
Gross Leasable Area (GLA)	703 SF	
Potential Gross Income @ \$15.00/SF		\$ 10,545
Less: Vacancy and Coll. Loss at 5%		(\$ 527)
Effective Gross Income		\$ 10,018
Expenses		
Reserves for Replacements (5% of EGI)	\$501	
Management (2% of EGI)	\$200	
Total Expenses		(\$ 701)
Net Operating Income		\$ 9,317
Overall Capitalization Rate		0.0700
Stabilized Value		\$133,100
Less Commissions		(\$ 0)
Less Rent Loss		(\$ 0)
Income Approach Value Conclusion		\$133,100
Value Conclusion (rounded)		\$133,000
Value Per SF of GBA		\$189.19/SF

Reconciliation and Value Conclusion - Before

Approach	Opinion of Market Value
Sales Comparison Approach - Land	\$97,000
Income Capitalization Approach – Building	\$133,000
Sales Comparison Approach Building	\$170,000
Conclusion of Market Value	\$170,000

The Taking: DOT will acquire the following:

1. A partial take of 383± sq.ft. of land in fee simple;
2. A Defined Easement for aerial highway appurtenances acquired over an area of 703+/- square feet;
3. A Construction Easement #1 for the purpose of installing temporary cofferdam, temporary overhead wires, temporary utility pole, temporary guy wire and temporary concrete barriers, driveway reconstruction and access acquired over an area of 1,695+/- square feet;
4. A Construction Easement #2 for the purpose of installing temporary overhead wires acquired over an area of 575+/- square feet; and
5. A Right to construct driveway acquired over an area of 49+/- square feet



AFTER VALUATION:

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

Extraordinary Assumptions: None

Hypothetical Conditions

The following hypothetical conditions are necessary to arrive at a value. The methodology used in this report is a standard State format in the form of a before and after valuation appraisal used for eminent domain purposes. This 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 States project. I have based my appraisal report 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 are necessary to arrive at a value.

The appraisal includes a hypothetical assumption that the property owner is 100% owned by Genevieve Bobinski, but a title search revealed that the ownership may be split 50% in the owner’s name and 50% in the name of a family trust; however, if this is proven to be the case, it is the appraiser’s opinion that the value will remain the same.

After Land Valuation: Based on the sales comparison approach, the Appraiser considered the same three sales in Winsted and concluded that the fair market value of the subject land was unchanged at \$500,000/acre, calculated as follows:

Item	Calculation	Value
7,369 square feet in Fee Simple	7,369 sf x \$11.48/sf	\$84,596
Defined Easement	703 sf x \$11.48/sf x 2%	\$161
	Total	\$84,757
	Rounded	\$84,500

After Building Valuation

After Sales Comparison Approach: The appraiser analyzed the same three sales of commercial buildings all on Main Street in Winsted and made adjustments to account for the reduced land area, defined

easement area, severance due to a loss of one parking space and affected site improvements and concluded the value was \$210/sf x 703 sf = \$147,630, rounded to \$147,500, less \$1,500 (site improvements) = \$146,000.

After Income Capitalization Approach: The Appraiser analyzed the same four listings of available properties in Winsted and neighboring Barkhamsted and adjusted for the reduced land area and loss of parking and concluded that the fair market rental value of the subject property was reduced to \$13/sf on a net basis.

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

INCOME APPROACH SUMMARY		
59 Main Street, Winsted, CT		
Income		
Gross Building Area (GBA)	703 SF	
Gross Leasable Area (GLA)	703 SF	
Potential Gross Income @ \$13.00/SF		\$ 9,139
Less: Vacancy and Coll. Loss at 5%		(\$ 457)
Effective Gross Income		\$ 8,682
Expenses		
Reserves for Replacements (5% of EGI)	\$434	
Management (2% of EGI)	\$174	
Total Expenses		(\$ 608)
Net Operating Income		\$ 8,074
Overall Capitalization Rate		0.0700
Stabilized Value		\$115,343
Less Commissions		(\$ 0)
Less Rent Loss		(\$ 0)
Income Approach Value Conclusion		\$115,343
Value Conclusion (rounded)		\$115,500
Value Per SF of GBA		\$164.30/SF

The appraiser then deducted for the \$1,500 loss of site improvements and concluded the market value was \$114,000 (\$115,500 - \$1,500).

Reconciliation and Value Conclusion - After

Approach	Opinion of Market Value
Sales Comparison Approach - Land	\$84,500
Income Capitalization Approach – Building	\$114,000
Sales Comparison Approach Building	\$146,000
Conclusion of Market Value	\$146,000

Calculation of Permanent Damages

Item	Value
Before Valuation	\$170,000
After Valuation	\$146,000
Permanent Damages	\$24,000

Calculation of Temporary Damages

The Appraiser then accounted for Temporary Damages as follows:

The following temporary rights include a temporary 1,695+/- SF construction easement #1 for the purpose of installing temporary cofferdam, temporary overhead wires, temporary utility pole, temporary guy wire, and temporary concrete barriers, driveway reconstruction and access and a temporary 575+/- SF construction easement #2 for the purpose of installing temporary overhead wires during Replacement of Bridge No. 00617 S.R. 800 Over Mad River which will encumber the subject for a period of 1 year. The damages for the use of the land are calculated below using a lease rate of 10% per year (based on a 10-year holding period) as previously valued at \$500,000 per acre. Additional damages are due since the road access over the bridge connecting the subject property to Rowley Street aka Route 800 will be blocked during the temporary construction which will limit the pedestrian walking traffic, limit the access to the recreation property to the south and require about a mile detour for the south traffic to access the subject causing a temporary overall decrease in property value. In addition, the temporary loss of 3 parking spaces will also cause a temporary decrease in the subject's property value. It is the appraiser's opinion that these issues would cause an overall 35% decrease in the subject's property value if permanent; however, at the projected one year temporary loss, we have used a 10% ratio as shown below. No damages are caused for the right to construct driveway.

Easement of 1,695+/- SF (0.0389119 acres) X \$500,000/acre = \$19,456 X 10% X 1 year =	\$ 1,946
Easement of 575+/- SF (0.0132002 acres) X \$500,000/acre = \$6,600 X 10% X 1 year =	\$ 660
Subject's Market Value of \$170,000 X 35% Temporary Severance = \$59,500 X 10% X 1 year =	\$ 5,950
Total Temporary Damages:	\$ 9,000 (rounded)

Total damages are then Permanent Damages plus Temporary Damages, or \$24,000 + \$9,000 = \$33,000.

Staff inquired with DOT regarding the following issue:

1. Please clarify if the independent Appraiser's 35% estimate of Temporary Severance should be modified based on Point #26 in the Appraisal (non-compensable items) and the Appraiser's narrative:

"Additional damages are due since the road access over the bridge connecting the subject property to Rowley Street aka Route 800 will be blocked during the temporary construction which will limit the pedestrian walking traffic, limit the access to the recreation property to the south and require about a mile detour for the south traffic to access the subject causing a temporary overall decrease in property value."

The following is a list of items considered to be non-compensable and are excluded as elements of damage in appraising for eminent domain in the State of Connecticut.

Increased traffic
Diversion of traffic
Changed use of a Public Way
Exercise of police powers
Circuitry of travel
Loss in business (UASFLA – 2016, Sect. 4.6.2.3, p.159)

DOT-Appraiser Response: Please kindly see below information received from DOT's fee appraiser Steven MacCormack:

"The 35% estimate of Temporary Severance should not be modified based on Point #26 (non-compensable items) because it is my opinion that the temporary road block over the bridge is not simply a "diversion of traffic". In the subject's case, the temporary construction causes a "block" in traffic. It creates accessibility issues which limits linkage and cuts off one side of town from the other. In addition, the subject's site also suffers limited site utility from altered traffic flow limiting entry and exit, requiring back-ups and turnarounds and removes 20% of parking. Also, the entire frontage is encumbered."

Staff Response: OK

RECOMMENDATION: Board approval of damages in the amount of \$33,000 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 acquisition value is supported by the independent appraisal report.

5. ARCHITECT-ENGINEER - UNFINISHED BUSINESS

6. ARCHITECT-ENGINEER - NEW BUSINESS

7. OTHER BUSINESS

8. VOTES ON PRB FILE:

PRB FILE #21-138 – Mr. Halpert moved and Mr. Valengavich seconded a motion to approve PRB FILE #21-138. The motion passed unanimously.

9. NEXT MEETING – Monday, September 27, 2021.

The meeting adjourned.

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