

MINUTES
ECONOMIC DEVELOPMENT COMMISSION
Special Meeting of May 9, 2006

Present: Commissioners Earley, Gross, Graff, Griffin, Martin, and Rice
Staff: Burke
Visitors: Harry Freeman, HD2 Development

Absent: Commissioners: Lynch, and Selig
Ex Officio Members: Caulkins and Garibay

1. Chairman Martin called the meeting to order at 12:30 p.m.

2. Public Comment – None

3. Discussion Item:

Burke introduced the request for Economic Development Incentive Program (EDIP) funding for HD2 Development. He referred the Commission members to the background information which had been sent by email.

Burke introduced Harry Freeman of HD2 Development. Freeman began the presentation to the Commission with appropriate maps and identified where the proposed Price Chopper will be located. Freeman requested Economic Development Incentive Program (EDIP) funds to complete the necessary infrastructure improvements in the public right-of-way. The financial request for funding was in the amount of \$420,000, he then proceeded to offer an explanation for the gap financing. He described several delays in obtain approvals that led to an approximately a year delay in construction, while cost continued to rise. Further details are outlined in HD2 Development letter to Mr. Souza dated May 4, 2006.

Burke noted that, while the request before the EDC should be evaluated on its own merit, the Town Manager was concerned about: 1) the timing of the request, and 2) the Town's ability to take on additional debt at this time. It was noted that the Town's debt service has grown by \$666,000 over the last year alone.

Graff indicated that he felt that the Commission should be evaluating EDIP requests based on the EDIP program guidelines, It is the function of the Town Council to weigh the financial implications of the implementation of an EDIP project and structuring financing, should assistance be offered.

Griffin asked for clarification as to the projection of tax revenues. It was noted that the projection of tax revenue was based on the assumption that the project would be

complete by the fall of 2007. It was further noted that all necessary land use approvals were in place with the exception of a Special Permit which will be necessary should a the project include a restaurant as proposed. Burke recommended that, for purposes of the EDIP Program, tax projections should be based upon the proposed buildings, not personal property.

Griffin commented that there are significant traffic issues at the subject location and the proposed improvements would help to address this problem.

Gross noted that the Town has limited retail space and the HD2 project is an opportunity to address this it was agreed by the members of the Commission that the HD2 proposal for EDIP assistance was consistent with the program guidelines.

Graff moved to approve the EDIP request from HD2 in the amount of \$420,000 based on the applicant's letter dated 5/4/06 citing the creation of 300 jobs, the construction of \$17,000,000 in taxable property and the traffic improvements will benefit the general public made with funds made available by way of the EDIP. The motion was seconded by Gross.

Griffin inquired as to whether staff could perhaps provide a history of EDIP projects, specifically the amount of assistance provided and tax revenue generated by way of the projects assisted.

Gross inquired of Burke if there was any downside to endorsing the HD2 application. Burke stated that, in his opinion, the EDIP program should be focused on basic economic development and, generally, retail is not a sector that is provided incentives unless located in a redevelopment area.

Discussion came back to motion on the floor. Martin noted that the motion should reference the fact that the Commission is basing its recommendation on the projected tax revenue of the proposed buildings.

Motion made by Commissioner Graff was brought to a vote and passed 6-0-0.

4. Adjournment: The meeting was adjourned at 1:40 p.m.

NOTICE OF SPECIAL MEETING

AGENCY: Economic Development Commission
DATE: Tuesday, May 9, 2006
TIME: 12:30 PM
PLACE: Ludlow Room - Town Hall – 275 Broad Street

AGENDA

1. Call to Order
2. Public Comment
3. Discussion Items
 - a. HD2 Development - Economic Development Incentive.

The Commission will consider an application from HD2 Development for Economic Development Incentive Program assistance for a retail development to be located at 599-703 Poquonock Avenue.

4. Adjournment

Public Act 75-342 requires notice of Special Meetings be posted in the Town Clerk's Office not less than 24 hours prior to the time of such meeting. No other business shall be considered at this meeting than that listed on this Agenda.



HD2 Development

May 4, 2006

Mr. Peter Souza
Town Manager
Town of Windsor
275 Broad Street
Windsor, CT 06095

Dear Mr. Souza,

On behalf of HD2 Development, LLC, I want to thank you and Mr. Burke for continuing to meet and work with us in response to our February 14, 2006 request for funding under the Town of Windsor's Economic Development Incentive Program (EDIP) for the soon to be constructed, 100,000 square foot unified retail development at 599-703 Poquonock Avenue.

As we have discussed, the EDIP was designed to "encourage quality economic development which will help the Town attain its goals". We believe, and the TPZ concurred by its approval on February 15, 2005, that our project meets the goals of the Town's recently approved Plan of Conservation and Development and will provide important services and "quality of life" not now available in the Town. It will also aid the Town in its continuing efforts to encourage more quality economic development.

As stated in the program description, the "EDIP is designed to encourage development by having the Town fund infrastructure improvements in the public right-of-way or public easements which benefit the requester". Due to the current traffic configuration proximate to our site, the location of our site and the proximity of the site to the Town's major non-residential tax generator, the Day Hill Road Corporate Area (DHCA), we believe many more people and businesses than just the "requester" will benefit from the infrastructure improvements that we will be undertaking. HD2's willingness to complete all of the offsite improvements requested by the Town and the State Traffic Commission (STC) will result in traffic safety improvements for the traveling public as well as increased development potential in the DHCA.

The EDIP program description asks the requestor to address specific items that are to be the basis for the decision making process utilized by the EDC and Town Council. These items are delineated and addressed below:

Site Master Plan

Prior to beginning the design of the site, HD2 took into consideration all of the input and concerns previously provided by Town Staff, the TPZ Commissioners and the public. The Plan of Conservation and Development states that the "area should be consolidated or cooperatively developed with retail and/or office uses that do not conflict with the DHCA by producing significant peak-hour traffic or adding curb cuts in an already critical accident location". To address these points, HD2 assembled all of the properties included in "Opportunity Area #6" and developed a unified site plan that eliminated several existing curb cuts and provided for a single, signalized access to this entire site as well as the other large traffic generator in the area, the River's Bend Apartments/Condos.

HD2 addressed the other significant neighborhood concerns of noise and light by carving the buildings into the ground, orienting the noise generating activities as far away from the residences as possible and including other noise eliminating strategies (i.e. sound deadening screening walls, etc.) in our plans.

Innovative Ideas. Simple Solutions.



We also worked very hard to create a site design that was as aesthetically pleasing as feasible. The site design that was approved will be far more expensive to construct than others that would have met the "letter of the law" but due to our long-term commitment to the community we felt that it was something that we had to do. As such we were quite pleased when a TPZ Commissioner was quoted the night of our approval as saying the "proposed layout of the development site is 'optimal'" (JI 2/16/05).

Development Time Table

We anticipate that site work will begin in Spring 2006, building construction will begin in Fall 2006 and occupancy of the new structures will begin in Summer 2007.

Size of Project and the Number of New Jobs to be Created

The entire project will encompass approximately 100,000 square feet of space. Development costs for the entire project will exceed \$17 million of private capital investment. The components will include:

- 64,300 square foot full service grocery store
- 6,600 square foot freestanding restaurant
- 12,000 square foot multi-tenant retail building
- Aesthetic improvements and site reconfiguration of a 17,100 square foot multi-tenant retail building.

It is anticipated that completion of the project will result in the creation of more than 300 permanent jobs. This is in addition to the hundreds of jobs that will be created during the construction phase.

Amount of Financial Assistance Requested

HD2 requests EDIP funding in the amount of \$420,000. This money will be used to offset the following offsite improvements that HD2 will be undertaking:

- Installation of new traffic signal at intersection of Conestoga Street and Poquonock Avenue
- Widening and reconfiguration of Poquonock Avenue from just south of the I-91 north entrance ramp to a location 500+ feet south of Conestoga Street
- Installation and relocation of drainage
- Installation and relocation of traffic signs
- Traffic Protection (private duty police officers) during construction
- Design, engineering and construction oversight

We have attached our engineer's estimate of the construction costs for the improvements in the public right of way.

Background, Experience and Resources of the Requester

The principals of HD2 both have long records of serving and investing in the Town of Windsor. The principals have spent a good portion of their professional careers working to improve the Town of Windsor. The principals have been actively involved in many of the largest development projects in the region in the past twenty years. All financing, in addition to the EDIP request, required for the completion of this project is in place.

How Long it will take the Town to Recoup the EDIP Expense through New Tax Revenue

Total new annual taxes paid to the Town as a result of this project will exceed \$300,000. As a result, it will take the Town less than one and one-half years of full taxes to recoup its proposed EDIP investment.

Conformance of the Project with all Planning, Zoning and Other Applicable Regulations

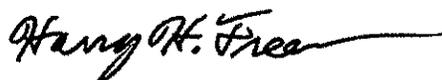
The project received its final required local approvals (TPZ, Inland Wetlands and Watercourses) in February 2005. We received our final State (STC/DEP) and Federal (U.S. Army Corps of Engineers) approvals in April 2006.

During our discussions you and Mr. Burke have inquired about the timing of the request and why the EDIP funding is necessary now while it was not anticipated to be necessary when we received the local approvals. Following receipt of the local approvals in February 2005, we had fully intended to begin construction in the spring of 2005. Unfortunately due to the non-local approvals, specifically the U.S. Army Corps of Engineers process, taking almost a full year longer than anticipated, we will begin construction a year later than expected. We made the request for EDIP funding in February 2006 when we were finally able to quantify the cost increases due to both the year delay and the additional costly requirements placed on the project by the Corps of Engineers, DEP and STC. We received the final approvals from all the agencies just a few weeks ago, two months following our EDIP application.

Since receipt of all local approvals, our construction costs have increased by more than \$1.7 million due to the agencies and issues discussed above. The major components of this increase include: general cost increases, many related to increased fuel costs (\$165,000); additional road and signal work required by the STC (\$600,000); A different type of retaining wall system required by the STC due to the proximity to I-91 (\$725,000); offsite wetlands mitigation required by the Corps of Engineers (\$100,000) and additional engineering and legal expense (\$150,000). Fortunately, it appears that ING is going to pay for approximately \$500,000 of the additional road and signal work required by the STC since it is more closely attributable to the traffic that will be generated by their new facility than our project. Even with ING paying their share, our construction costs have increased by more than \$1.2 million, none of which will be reimbursed by our tenants. When we agreed on the financial aspects of the project we had built in a construction contingency of \$750,000. If the town does provide the requested \$420,000 of EDIP funding we will still be starting the project already having exhausted all of our contingency funds, which is a very daunting proposition. If the town does not provide EDIP funding, the potential return on our \$17 million investment of private capital does not meet the risk/return threshold.

The principals of HD2 have exhibited our commitment to the Town of Windsor and high quality real estate development for many years. When we began discussing how we wanted to develop this important piece of property, we committed to doing it in such a way that it would make us all proud and serve as an exceptional gateway to the Town that we call home. Working with our design professionals, we believe that we accomplished our goal. We did not choose the least expensive design; we chose a design that will meet the needs of our tenants and their customers, as well as the aesthetic and functional desires of the Town and its residents. As we stated before, when we went through the local approval process, we had fully intended to fund this project with private financing. Unfortunately, this is no longer feasible due to increased costs, which have resulted from the non-local approval process, significant increases in fuel/energy costs and "extras" that have been added to the project by regulatory authorities. We respectfully request the Town's positive response to our request for EDIP assistance so that we can assist the Town to achieve "quality economic development which will help the Town attain its goals".

Sincerely,



Harry H. Freeman
Principal

TOWN OF WINDSOR
Roadway Improvements, Route 75 At I-91 For HD2 Site
ENGINEER'S COST ESTIMATE - March 1, 2006

SPEC	ITEM	DESCRIPTION	UNIT	QUAN.	UNIT PR.	SUM
100	1	Clearing, Grubbing & Site Preparation	L.S.	1	\$5,000.00	\$5,000
105	2	Earth Excavation	C.Y.	1771	\$8.00	\$14,168
115	3	Formation of Subgrade	S.Y.	2452	\$2.00	\$4,904
120	4	Bank Run Gravel Subbase	C.Y.	681	\$15.00	\$10,215
130	5	Processed Aggregate, Med. Grade.	TON	0	\$18.00	\$0
110	6	Processed Aggregate Drive	S.Y.	0	\$10.00	\$0
140	7	Test Pits	EA.	0	\$200.00	\$0
200	8	Mill Bit. Conc. Pavement	S.Y.	4280	\$5.00	\$21,400
200	9	Bit. Conc. - Class 2	TON	3	\$55.00	\$165
200	10	Bit. Conc. - Class 1	TON	1056	\$55.00	\$58,080
200	11	Bit. Conc. - Class 4	TON	846	\$55.00	\$46,530
201	12	Bit. Concrete Driveway	S.Y.	0	\$25.00	\$0
205	13	Bit. Conc. Lip Curb	LF.	1272	\$2.50	\$3,180
208	14	Saw Cut	LF.	1605	\$1.50	\$2,408
251	15	Brick Pavers	S.F.	0	\$10.00	\$0
251	16	Conc. Sidewalk	S.F.	964	\$6.00	\$5,784
300	17	12" RCP-Class 5	LF.	0	\$30.00	\$0
300	18	15" RCP-Class 4	LF.	452	\$30.00	\$13,560
300	19	15" RCP-Class 5	LF.	0	\$35.00	\$0
310	20	Convert CB To MH	EA.	7	\$1,200.00	\$8,400
310	21	Type 'C' CB	EA.	10	\$1,400.00	\$14,000
310	22	Type 'C-L' CB	EA.	0	\$1,400.00	\$0
340	23	Storm MH	EA.	1	\$1,500.00	\$1,500
350	24	Intermediate Riprap	C.Y.	0	\$40.00	\$0
400	25	Filter Fabric Fence	LF.	1160	\$3.00	\$3,480
400	26	Soil Eros./Sed. Cont. & Prot. of Wet.	L.S.	1	\$5,000.00	\$5,000
411	27	Daily Cleanup & Dust Control	L.S.	1	\$5,000.00	\$5,000
450	28	Loam & Hydroseed	S.Y.	939	\$4.00	\$3,756
500	29	RB-350 MBR	LF.	80	\$20.00	\$1,600
500	30	Type 1 Terminal End Section	EA.	2	\$700.00	\$1,400
600	31	Trafficmen (Town Police Officers)	HR.	80	\$60.00	\$4,800
600	32	Maintenance & Protection of Traffic	L.S.	1	\$10,000.00	\$10,000
625	33	Construction Staking	L.S.	1	\$5,000.00	\$5,000
655	34	Epoxy Resin PM, 4" Double Yellow	LF.	395	\$0.50	\$198
655	35	Epoxy Resin PM, 4" Yellow	LF.	370	\$0.35	\$130
655	36	Epoxy Resin PM, 4" White	LF.	1971	\$0.35	\$690
655	37	Epoxy Resin PM, 12" White	LF.	111	\$2.50	\$278
655	38	Removal of Painted Pave. Marking	LF.	0	\$1.00	\$0
655	39	Epoxy Resin Sym. & Leg.-Type III	S.F.	426	\$4.00	\$1,704
657	40	Sign Face - Sheet Aluminum	S.F.	20	\$35.00	\$700
657	41	Relocate Sign	EA.	5	\$50.00	\$250
695	42	Traffic Control Signal	L.S.	1	\$125,000.00	\$125,000
695	43	Modify Traffic Control Signal	EA.	0	\$50,000.00	\$0
702	44	Relocate Hydrant	EA.	1	\$1,500.00	\$1,500
0	45	Relocate Bus Shelter	L.S.	1	\$5,000.00	\$5,000

SUBTOTAL \$379,800

5% CONSTRUCTION CONTINGENCY \$19,000

5% GEN. CONDS./O.H./FEES \$19,000

TOTAL \$417,800

From: Kosofsky, Steve
Sent: Tuesday, April 11, 2006 12:09 PM
To: Burke, Jim
Cc: Souza, Peter
Subject: RE: Assessment Estimate for HD2

Jim,

Projected values/cost and taxes for the Supermarket/Retail/Restaurant project on Poquonock Ave are as follows:

	<u>Value</u>	<u>Assessment</u>	<u>Taxes @</u>
30.57 Taxes/SQFT			
Real Estate: \$2.89	11,259,300	7,881,510	\$240,937.76
Personal Property:	<u>4,285,714</u>	<u>3,000,000</u>	<u>91,710.00</u>
Total:	15,545,014	10,881,510	\$332,647.76

Any questions, please call or e-mail me.

Stevek

NOTE: At the time this estimate was made by the Assessor the Town Council had not concluded its budget deliberations. The Assessor used a mil rate (\$30.57/\$1,000) that was consistent with the Town Manager's recommended budget. Subsequently, the Town Council adopted a budget that includes a lower mil rate (\$30.30/\$1,000). The effect of the lower rate is outlined below:

	<u>Value</u>	<u>Assessment</u>	<u>Taxes @ 30.30</u>
Real Estate:	11,259,300	7,881,510	\$236,445.30
Personal Property:	<u>4,285,714</u>	<u>3,000,000</u>	<u>90,900.00</u>
Total:	15,545,014	10,881,510	\$327,345.30