

STATE PROPERTIES REVIEW BOARD

Minutes of Meeting Held On June 11, 2018 450 Columbus Boulevard, Hartford, Connecticut

The State Properties Review Board held its regular meeting on June 5, 2018 in Suite 2035, 450 Columbus Boulevard, Hartford, Connecticut.

Members Present: Edwin S. Greenberg, Chairman
Bruce Josephy, Vice Chairman
Jack Halpert
John P. Valengavich, Secretary

Staff Present: Dimple Desai
Thomas Jerram

Guests Present: Garret Healy, DAS Intern

Chairman Greenberg called the meeting to order.

Mr. Valengavich moved and Mr. Halpert seconded a motion to enter into Open Session. The motion passed unanimously.

OPEN SESSION

ACCEPTANCE OF MINUTES OF May 31, 2018.

Mr. Valengavich moved and Mr. Halpert seconded a motion to accept the minutes of May 31, 2018. The motion passed unanimously.

COMMUNICATIONS

REAL ESTATE- UNFINISHED BUSINESS

PRB #	18-078
Transaction/Contract Type:	RE/Administrative Settlement
Origin/Client:	DOT/DOT
Project Number:	301-176-21
Grantee:	City of Norwalk
Property:	10 Water Street, Norwalk, CT
Project Purpose:	Walk Railroad Bridge Replacement
Item Purpose:	Acquire two Easements to construct and maintain bridge (total are 7,305±SF) and three construction Easements (total area 44,129±SF). In addition temporary rights will be acquired: Rights to remove tent, Right to remove fire escape, Right to remove deck and ramp.

At the May 17, 2018 SPRB meeting this file was suspended for the following reasons:

- Submission of the completed proposal with signatures from the City; and
- Conduct site inspection.

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The City of Norwalk has since signed the Administrative Settlement on May 22, 2018, and the State DOT will sign upon approval of this Settlement by the State Properties Review Board. And, a site visit was conducted by the Board on May 22, 2018.

In the interim SPRB Staff have requested DOT revise the original Settlement Statement to accurately reflect what the DOT is seeking the Board to approve.

The Administrative Settlement Statement presented to the Board for approval, as revised, is requesting:

- Approval of monetary damages due to the Easement = \$2,165,000; and
- Approval of an initial payment of \$10,365,718 to facilitate the functional replacement effort through design, acceptance of a construction contract via lowest bid and initial construction.

Total damages = \$12,530,718

SPRB Board Members instructed Staff to obtain all contracts supporting the DOT request of \$10,365,718, as the Board will not take action on the issue without such information.

REAL ESTATE – NEW BUSINESS

PRB #	18-093
Transaction/Contract Type:	RE/Voucher
Origin/Client:	DOT/DOT
Project Number:	301-176-40
Grantor:	City of Norwalk
Property:	61 Crescent Street, Norwalk, CT
Project Purpose:	Walk Railroad Bridge Replacement
Item Purpose:	Construction Easement Acquisition

The Department is proposing to acquire a construction easement within a 11,130 square foot parcel of land from a larger 122,839 sq.ft. parcel at 61 Crescent Street, Norwalk in conjunction with the Walk Bridge Replacement project. This easement is acquired for the purpose of storage of construction materials and equipment.

Subject Property Description, Before the Taking: The subject property consists of a 122,839± square foot parcel improved with an 8,875 square foot one-story warehouse building constructed in 1982. The improvements are not permanently affected by the State's easement acquisition.

Subject Property Description, After the Taking: The subject property will be subject to a construction easement encompassing 11,130 square feet for a three-year period. The construction easement will be restored by removal of a small metal building and Jersey Barriers, and grading.

Valuation: A before and after appraisal was done by DOT Appraiser Matthew Malia, as of 02/28/2018. Based on the sales data comparison approach, the appraiser concluded that the fair market value of the entire property before taking is \$2,457,000 (\$20/sf of land) plus "X" (X being the value of improvements not affected). The fair market value of the entire property after taking is appraised is \$2,457,000 (\$20/sf of land) plus "X".

The table shows the appraiser's summary of damages:

Item	Estimated Value (Rounded)
Before: 122,839 sf @ \$20.00/sf =	\$2,457,000
Affected Site Improvements	\$0
Buildings	\$0
Fair Market Value Before	\$2,457,000
After: 122,839 sf @ \$20.00/sf =	\$2,457,000
Total Site (rounded)	\$2,457,000
Affected Site Improvements	\$0
Buildings	\$0
Fair Market Value After	\$2,457,000
Damages (Value of Acquisition)	\$0

The conclusion of ***\$20.00/sf in land value*** is consistent with the DOT appraisals for this project, where land values are indicated to be in a range from \$17.08/SF to \$32.40/SF.

Temporary Damages

In addition to the Damages based on the value of the acquisition, Appraiser Malia estimated Temporary Damages.

The State will be acquiring a construction easement for the purpose storing construction materials and equipment related to the Walk Bridge Project in Norwalk. The construction easement will be restored by the removal of small metal building and Jersey Barriers, and grading. The easement will be extinguished upon completion of the project, unless sooner extinguished by the State.

Appraiser Malia calculated Temporary Damages due to the Temporary Construction Easement as follows:

$$\text{Temporary Damages } 11,130 \pm \text{sf} \times \$20/\text{sf} \times 15\% \times 3 \text{ yrs} = \$100,000 \text{ (rounded)}$$

RECOMMENDATION: SPRB Staff recommend suspension of PRB #18-093 for the following reasons:

1. Reconcile Malia’s estimate of 15% rate of return “based on the nature of the temporary construction easement.” Rates of return granted to other owners with construction easements involved in the Walk Bridge project were 12% rate of return, which would indicate damages of \$80,000 (rounded), thus saving the State \$20,000.
2. Need clarification as to how this easement helps the project, the reason being that this is at distance from the project, as the other 15 construction easements granted are proximate to the actual project.
3. How many additional construction easements are in works to support this project?

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PRB #	18-094
Transaction/Contract Type:	RE/Administrative Settlement
Origin/Client:	DOT/DOT
Project Number:	135-307-2
Grantor:	1308 East Main Street, LLC
Property:	1308 East Main Street, Stamford
Project Purpose:	Replacement of Bridge #00315, US Route 1 over Noroton River
Item Purpose:	Construction Easement – Area = 1,864± Sq.Ft. Right to Temporarily Relocate Overhead Wires – Area = 24± Lf Right to Install Temporary Cofferdam – Area = 7± LF

The Department is proposing to acquire a construction easement within a 1,864 square foot parcel of land from a larger 21,680 sq.ft. parcel at 1380 East Main Street, Stamford in conjunction with the replacement of Bridge #00315 over the Noroton River. This easement is acquired for the purpose of:

- Constructing a temporary bridge, sidewalk, roadway and cofferdam;
- Installing temporary barriers, impact attenuators, traffic drums and overhead wires on existing pole;
- Removal of concrete wheel stops; and
- Temporary relocation of utilities and removal of fence.

Other rights acquired include: #1. Right to temporarily relocate overhead wires acquired, area = 24± L.F.; and #2. Right to install temporary cofferdam – Area = 7± L.F.

Subject Property Description, Before the Taking: The subject property consists of a 0.4977 ±AC (21,680±-SF) parcel improved with a 4,051 square foot 1.75-story commercial building utilized as a restaurant (owner-occupied), constructed in 1959, in overall average condition. The site includes parking to the rear and utilizes state-owned land for parking of five vehicles in front of the building. The improvements are not permanently affected by the State's easement acquisition. Only a sign base and wiring valued at \$1,000 is affected by the easement.

Subject Property Description, After the Taking: The subject property will be subject to a construction easement encompassing the entire frontage of the property. DOT will shift the roadway toward the improvements during the reconstruction of Bridge # 00315 over the Noroton River. The temporary roadway will move to within 10± feet of the front of the building and include a temporary sidewalk that is proposed to be within 3± of the building. Included within the construction easement area are temporary barriers and impact attenuators, all present during the three-year construction period. There will be no parking in front of the building during the three-year construction period.

Valuation: A before and after appraisal was done by independent fee appraiser Steven E. MacCormack, as of 11/13/2017. Based on the sales data comparison approach, the appraiser concluded that the fair market value of the subject land and site improvements before the taking is \$1,280,000. The fair market value of the land and site improvements after the taking is appraised at \$1,279,000 and established a unit value of \$59.00/sf.

The table shows the appraiser's summary of damages:

Item	Estimated Value (Rounded)
Before: 21,680 sf @ \$59/sf =	\$1,279,000
Affected Site Improvements	\$1,000
Buildings	\$0
Fair Market Value Before	\$1,280,000
After: 21,680 sf in Fee @ \$59/sf =	\$1,279,000
Affected Site Improvements	\$0
Buildings	\$0
Fair Market Value After	\$1,279,000
Damages (Value of Acquisition)	\$1,000

In addition to the Damages based on the value of the acquisition, Appraiser MacCormack estimated Temporary Damages.

The State will be acquiring a construction easement for the purpose of replacing Bridge #00315 over the Noroton River. This easement is acquired for the purpose of: Constructing a temporary bridge, sidewalk, roadway and cofferdam; Installing temporary barriers, impact attenuators, traffic drums and overhead wires on existing pole; Removal of concrete wheel stops; and Temporary relocation of utilities and removal of fence. The construction easement will be restored by the removal of all temporary appurtenances/equipment and by grading and seeding disturbed areas. The easement will be extinguished upon completion of the project, unless sooner extinguished by the State.

Appraiser MacCormack calculated Temporary Damages due to the Temporary Construction Easement as follows:

$$\text{Temporary Damages } 1,864 \pm \text{sf} \times \$59/\text{sf} \times 10\% \times 3 \text{ yrs} = \$32,993$$

Appraiser MacCormack calculated Temporary Severance Damages to the property as currently improved. MacCormack estimated the market value of the building at \$1,175,000 (\$290/sf), with the damages estimated at 50%, if permanent, or \$587,500. Based on the subject property being a restaurant, a typical holding period for investors of this type of property would be 10 years, therefore, temporary damages factor could be calculated to arrive at a factor of 30% (3/10), calculated as follows:

$$\$1,175,000 \times 50\% \times 10\% \times 3 = \$176,250$$

Total Temporary Damages are then $\$32,993 + \$176,250 = \$209,243$.

Total Permanent and Temporary Damages are then $\$1,000 + \$209,243 = \$210,243$, rounded to \$211,000.

An offer of \$211,000 was made to the owner. The owner obtained an appraisal performed by Christopher La Greca (not provided to Staff), that valued the property at \$1,825,000 (\$451/sf). Based on this appraisal, the owner demanded \$320,749, as he applied the same methodology of the DOT Appraiser.

Subsequent negotiations between the parties arrived at a settlement amount of \$238,000, which is \$27,000 greater than DOT's initial offer.

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RECOMMENDATION: Board approval 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 approval will preclude the costs associated with potential litigation and the possibility of an unfavorable judgement related to the severance component in the damages.

OTHER BUSINESS

VOTES ON PRB FILES:

The Board took the following votes in Open Session:

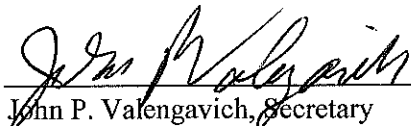
PRB FILE #18-093 – Mr. Valengavich moved and Mr. Halpert seconded a motion to suspend PRB FILE #18-093, pending additional information from DOT. The motion passed unanimously.

PRB FILE #18-094 – Mr. Halpert moved and Mr. Valengavich seconded a motion to approve PRB FILE #18-094. The motion passed unanimously.

Next meeting Tuesday, June 12, 2018.

The meeting adjourned.

APPROVED: _____


John P. Valengavich, Secretary

Date: _____

6/11/18