

ECONOMIC DEVELOPMENT COMMISSION
Minutes of the Meeting of
June 25, 2008

PRESENT

Members: Chairman Robert Kapusta, Vice-Chairman John DePalma,
Kathy Alagno, Robert Gregory, Tessa Marquis, Bob Stanton

Press: Frank Juliano – CT Post, Susan Misur – Milford Weekly

NOT PRESENT

Ken Brannin, Cyrus Settineri, Peter Spalthoff

I. Call to Order

Chairman Kapusta called the meeting to order at 12:02 p.m.

II. Approval of Minutes of Previous Meeting

A motion was made and seconded to accept the minutes of May 28, 2008 as distributed.

PASSED UNANIMOUSLY

III. Standing Reports

A. Milford Chamber of Commerce – Ms. Alagno stated that the two main projects that the Chamber is working on is the Bic Golf Classic, which is for the benefit of the Chamber of Commerce Trust, which will take place on July 14 at Mill River Country Club.

The second item is that the Chamber is working with Westfield Mall in regard to the fireworks that will take place on July 2.

In conjunction with this event, the Chamber will be running a raffle for two tickets on Southwest Airlines for anywhere in the continental U.S., a flag pole courtesy of Marvin Display, a Costco gas card and a food card from Shop-Rite.

B. Milford Progress, Inc. – Mr. DePalma started off by saying that MPI met on June 24 at noon. The first significant issue was that Ginny Koslowski yesterday was in New York City at a press conference and her focus is going to be the Stay At Home in Connecticut instead of traveling around the country for energy in as many great places in Connecticut.

The second issue is that we put the high tension wire lines underground. Tom Beirne is working on coming up with plans for the downtown area which would start at High Street and end at Daniel Street. He is working

closely with U.I. Ms. Alagno added that MPI is exploring the possibility of the concept.

MPI feels that the Wave Shuttle is extremely important due to the energy crisis. They expect an increase of 20% in ridership. The hours have been expanded on Friday from 5 p.m. until 12 midnight and on Saturday from 12 p.m. noon until 12 midnight.

C. Downtown Milford Business Association – Ms. Marquis stated that the meeting was held on June 20 and part of the meeting was a recap of the Pirate's Ball. There were more than 70 people that attended and this event was to benefit the DMBA and to benefit all of the free events the DMBA puts on. The Captain Kid Treasure Hunt was a huge success with over 2,000 people attending. The movie night came off without a hitch with over 150 people picnicking. The Farmer's Market will open on July 5th in Joe Agro's parking lot. There will be ten Connecticut farmers and activities for children as well. There is a statewide program for seniors to receive a \$15 voucher for free food that can be used at farmer's markets and will be distributed at the Senior Center.

D. Real Estate Trends & Developments – No Report

E. Building Permit Task Force – No Report

F. Stratford Liaison Report – Mr. Stanton has been appointed to attend the Stratford Economic Commission meetings monthly and to report back to the Economic Development Commission.

IV. Devon, Downtown & General Economic Activity – Mr. Gregory stated that the most notable information on this report is the coming out of bankruptcy of 265 Old Gate Lane which is a 15-acre property that has been vacant for many years. The property was formally Aerosol Techniques and then Owens Illinois took it over for a period of time and they made plastic bottles at the location. Mr. Gregory said they are hopeful that this will move the land toward a productive use again.

V. Items & Matters of Continuing Interest

A. Devon Revitalization Program – Mr. Gregory said that after extensive meetings with the DOT they have reached agreement on everything that they had to agree on. Their design team, Milone & MacBroom, is working with the City's purchasing agent and they should be going out to bid in July and completing the project this year.

B. Walnut Beach Redevelopment – Mr. Gregory stated that the paperwork is being processed for a grant of \$1M for the Walnut Beach area, Stowe Farm, streetscape, and further improvements to Walnut Beach itself. The developer of the property called Beach Village consisting of 47 condos and 20,000 square feet of retail space is contributing \$200,000, \$100,000 for facades and \$100,000 for

streetscape. There are a number of new businesses that have opened up at Walnut Beach and some of them are noted in the other report. Mr. Kapusta was told that the one- mile boardwalk which is being planned and constructed by the State of Connecticut expects to break ground some time in the fall.

- C. Correspondence – A copy of a letter to the Mayor regarding the Building Department was noted.
- D. Proposed Courthouse Expansion/Milford Post Office/Downtown Parking Structure – No Report
- E. Welcome Letter to New Businesses – Mr. Gregory stated that the next set of letters will be going out and this will be a regular monthly item which is co-signed by the Mayor and Chairman Kapusta.
- F. Status of Signage Regulations – Wayfinding Signs – Ms. Alagno commented that there was a meeting last week with the Mayor, David Sulkis, City Attorney's office and members of the committee to look over the latest revision. Milford Progress approved the report with the changes and now the report has been sent back to Planning and Zoning.

There has been a sub-committee on Wayfinding Signs that has been established with Ms. Alagno, Lynda Smith, Buddy Prete and Joe Hebert who will be trying to set up a meeting with the City of Bridgeport and Stratford to explore and examine the method in which they got their signs.

- G. Available Business Sites – The CERC Sitefinder listing is included in the package. Mr. Gregory said he spoke with the person who runs the Sitefinder program and Milford is still in the top four receiving hits on Sitefinder.
- H. Business Visitation Program – Mr. Gregory stated that they have identified 25 businesses are sending out five letters each week. The first visit was made to Pilgrim Furniture. Mr. Gregory said that he would let the Commission know when future visitations will be scheduled for so any member could visit if they wished.

VI. Old Business – Tessa Marquis inquired if the Commission had any information from the Stratford Airport Committee. Mr. Gregory commented that he called Mr. Ivanovich and Mr. O'Connell and he only spoke with Mr. Ivanovich as of yet. The last meeting that they attended was a rehash of things that had gone before and nothing new was discussed. He promised to keep Mr. Gregory advised and a copy of their minutes will be included in the EDC meeting package.

VII. New Business – Tessa Marquis said she received an email from the New Haven Manufacturer's Association regarding the IRS increase in mileage

rates. The IRS is increasing it to 58.5 cents for reimbursement for wear and tear on a vehicle.

We have a 2010 initiative that the Mayor signed on to a resolution a couple of years ago. Ms. Marquis looked up the clean energy fund in the Internet and found out that we are only at 8% of our goal for 2010. Tom Ivers is the contact for the clean energy fund issue. Ms. Marquis was wondering if the Commission could get some information from Mr. Ivers about the status of this fund. There was a resolution a couple of years ago that Milford promises to attempt to get to 20% clean energy use by 2010. It started out with press conferences and the first thing that happened was that if we could get 200 individual meter holders to agree to pay a little bit extra we could get free solar panels. The City achieved that about one or two years ago but have not had much growth since then.

VIII. Guest Speaker – Carl Russell stated that he is the Executive Vice President at George J. Smith Realtors with Frosty Smith. He has been with Frosty for about 35 years. Mr. Russell said that the market is broken down into four major segments; residential, retail, office and industrial. Every type of property falls under one of these segments. The two that Mr. Russell will be commenting on is industrial and office.

The basic vacancy rates in and around Milford for industrial space is somewhere between 8% or 10%. Of the four product types, industrial from a brokerage standpoint, tends to be the strongest right now. The largest demand still tends to be in the range of a 5,000 to 15,000 square foot user. Most of the time it is a lease situation, however, in the last couple of years more demand for purchases has taken place. More calls are for purchase than for lease. The leasing rates are a range of between \$4.50 and \$6.50 per square foot in annual numbers. It is on a triple net basis. It is as if the tenant owns the space. The tenant will pay for their share of taxes, insurance and CAM (Common Area Maintenance) everything from snow plowing to lawn or building maintenance. Most of the leases for light industrial space are falling in the \$5.50 square foot triple net range, which is a very good price both in terms of landlords and tenants.

Milford has a couple of large properties that are still “hurting the market”. One property is Owens Illinois and the bankruptcy judge is allowing this property to go to auction. This same situation happened years ago and Mr. Russell and Mr. Smith represented a client who forced the issue of having the City foreclose on the property due to back taxes and they gave notice, the client bid and bought the tax lien. Then because of State and Federal law the owner has 12 months to pay off the lien and still retain ownership of that property and at the last hour Mr. Berger showed up and paid off that lien. This property is still on the market.

The former Robertshaw building, has coming on line upwards of 100,000sf within the next couple of months. U.S. Motors between now and the end of the year has about 60,000 to 70,000 square feet coming on line and all of this property will be marketed by reputable brokers. Mr. Russell’s guess is

the majority of this space will be filled up in fairly short order to maintain Milford's 8% to 10% vacancy.

The light industrial market is very healthy in Milford. The economy may not be so great but the industrial base in the State of Connecticut and Southern Connecticut is still strong. Not the least of which is Sikorsky feeding a ton of business because they are booked for the next 20 years making helicopters.

Mr. Russell mentioned flex space and most of the tenants that looked at a flex building really want a combination which is 10% to 30% office space or showroom and the rest is warehouse distribution or storage. A flex building allows for this to take place where as a straight light industrial building may not because of ceiling heights, walls that are in place, etc.

There are three classes of office space which are Class "A", "B" and "C". Class "A" space is simply the best in the market and will usually command the highest price. The Class "B" space is the next level and Class "C" office space is the oldest and the worst out there. Milford has a couple million square feet of Class "A" office space on Wheeler's Farms Road and it has always been the toughest inventory to keep full. Their vacancy rates are running between 15% and 20% up there right now. The brokers handling the space are willing break down sub-leases and/or leases. These Class "A" buildings lease for \$22.00 to \$23.50 a square foot. They tend to be on a gross basis. They usually get everything included except electrical and cleaning. Mr. Russell wanted to make a very candid remark that it seems that Milford is losing lease transactions to the Shelton market because it takes too long to get a building permit. Milford takes seven weeks to get a building permit to reconfigure walls and Shelton it takes three to five days to get a building permit. Mr. Russell stated that seven weeks in unconscionable it is not acceptable and an editorial comment. The building permit issue is hurting Milford. A comment made to Mr. Smith is that the Milford Building Department doesn't seem to care.

Mr. Smith continued by discussing retail and residential. Residential today is in depressed. If you take a look at 2007-2006 the number of single family detached homes and condominiums that were sold in Milford was within 1% the same number. The price was within 1% the same price. Everyone was crying about the downturn and it didn't happen in 2007. In 2008 to 2007 the first 5 to 5 ½ months the number of sales are down about 35% and the price on median is down about 5% to 10%. Most people in downturns say that they are just not going to sell and they are not going to change their price. On the resales when a person wants to go buy house B they have to sell house A first. Then house A isn't selling so B isn't selling.

On a larger scale, they sold the property on Wheeler's Farms Road to Avalon for 165 age-restricted units. The market is horrible so they can't sell the units so they are not going to build the units. They are going to wait as long as they have to wait. Mr. Gregory commented that in spite of the facts in

the latest permit activity for housing Milford is third in the State in terms of the number of permits per year but it is down from last year by 20 units. Mr. Smith commented that Mr. Gregory has a good point that if you are going to locate somewhere, Milford is a good place whether you are talking about the coastline, the community spirit, the number of volunteers, the education system, or the confluence of Route 15, Route 1 and I-95, Milford is a terrific place to be and it is all relative. Milford is doing well compared to other municipalities.

The retail area is an interesting area and Mr. Smith took a long look at retail in 1999 through 2003 crunch and a lot of units, commercial, industrial, and office space were being foreclosed but McDonald's was still building new units and the retailers were still building new units. George J. Smith sold the Ryder Trailer Park to Ceruzzi and the rest is history with Walmart and all of the buildings in that shopping center.

They were charged with an interesting assignment by the Ruben and Greenbaum families who own the property where Wayside is since Yale Ruben bought the property in 1920. They did not want to sell the property and they own the property free and clear. They said they wanted George J. Smith to lease the property at a very optimistic number but they will not put a mortgage on the land, which banks and insurance companies are hesitant to do, because if the project goes under they can't foreclose on the land.

There is a 31,000 square foot vacancy, which was Wild Oats food store, which has been purchased by Whole Foods. Whole Foods wanted 40,000 square feet so they have been negotiating for the last year with El Torrero and the motel next to them. They have 3.7 acres and about two weeks ago they finalized a letter of intent for land lease so that the developer, CBL, will be leasing those 3.7 acres and they will be expanding and Whole Foods will be coming there.

At Gloria's they put Wines Unlimited several years ago and Aldi's food store will be going in there also. They will take about 12,000 to 15,000 square feet on that property.

When these large retail projects go in they sometimes they attract other small tenants out of other locations to go in the larger area. Sometimes they simply compete head to head and some of the small users survive and some don't. Walmart does about 10% of the food grocery sales in the nation every year. The last statistic Mr. Smith saw for Stop and Shop they had 52% of the Connecticut grocery market. The superstores usually range around 65,000 square feet and it is the Stop & Shop, Shop-Rite, Shaw's and Big Y. Their electric bill from last year to this year has increased \$20,000 per month for their food store. We are talking about \$4.00 a square foot increase in the cost of occupancy for those food stores. The electric is really hurting people and it is just going to continue to go up. The bottom line is you almost have to be a national to survive. Mr. Smith mentioned that one thing he cherishes about Milford center is the fact that we have a bunch of Milford oriented people.

As recently as today, he spoke with the cinema people who own the abandoned old drive-in cinema that is about 7 acres on Cherry Street and they have been asking \$12M. They are now negotiating with a developer who has a tenant in tow. They will know within the next 30 days what is taking place there. The retail market all goes back to the tenant and how much the tenant will pay.

The meeting was adjourned at 1:10 p.m.

Respectfully submitted,
Donna E. Holden