

# **ECONOMIC DEVELOPMENT COMMISSION**

## **Minutes of the Meeting of July 23, 2008**

### **PRESENT**

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

Guest: Thomas J. Ivers – Chairman, Clean Energy Task Force

Press: Frank Juliano – CT Post, Susan Misur – Milford Weekly,  
Brian McCready – New Haven Register

### **NOT PRESENT**

Ken Brannin

#### **I. Call to Order**

Chairman Kapusta called the meeting to order at 12:00 p.m.

#### **II. Approval of Minutes of Previous Meeting**

A motion was made and seconded to accept the minutes of June 25, 2008 as distributed.

PASSED UNANIMOUSLY

#### **III. Standing Reports**

- A. Milford Chamber of Commerce – Ms. Alagno stated that she would have two very brief items. The fireworks took place at Westfield Mall on July 2 and it turned out to be a very beautiful night. Westfield did an incredible job at presenting the fireworks for Milford and the Chamber was very happy to participate with them. A mini-business expo took place at the event.
- B. Milford Progress, Inc. – Mr. DePalma stated that there was no meeting on July 22.
- C. Downtown Milford Business Association – Ms. Alagno stated that the DMBA is getting prepared to do the Pearl Trail, which will take place on the Friday before the Oyster Festival and they are also putting together the “Open Doors of Milford”. They are currently looking for sponsors for this event.

D. Real Estate Trends & Developments – Mr. Spalthoff commented that he wanted to follow-up on the last report that the EDC received from Carl Russell on the positive news. Everybody is taking a hit and real estate in general has seen the downside. Mr. Spalthoff continued by saying that he has always compared Milford to Stratford in the big picture and compared Milford to Orange in the smaller picture. In 2007 Stratford in the first six months sold 210 homes compared to 150 this year and that is about a 28% loss. The big thing that he sees is the loss in the value of homes that went from \$280,000 down to \$260,000, which is not necessarily a big thing unless you are the person selling the home. Orange took a bigger hit in the value of homes from \$409,000 down to about \$375,000 again still single digit but still a good chunk. In Milford the home sales went from 199 in 2007 to 145, while it was a 27% decrease the cost of the average home only went from \$335,000 down to about \$318,000 about a 5% loss. Milford has not taken the big hits that Fairfield County and some of the neighboring areas have.

Mr. Spalthoff stated that one of the neat things that he has read is recent U.S. Census figures. The census in 2007 Connecticut saw for the first time in a while an increase in the population of about 6,500 people. Of that 6,500 people 1,000 of them migrated to Fairfield County area. The point is Milford had a growth record in 2007 of 532 people.

Ms. Marquis posed a question is if this number are people who moved to Milford or are they part of the population growth. Mr. Spalthoff stated that his report was only on the numbers and does not know whether they came from the hospital births or the migration from other areas. Mr. Spalthoff was pointing out the fact that Fairfield County has a 15% growth and Milford alone had an 8% growth. It goes to what the Commission has always talked about and to enhance what Mr. Smith and Mr. Russell talked about. How positive it is to live in Milford and homes are still selling for \$1M and \$1.2M and Milford has always held their own.

Mr. Gregory stated that as a further note that in the package is the building permit data for the state, Milford is third again. The numbers from 2007 to 2008 were 93 as opposed to 107 building permits issued for housing starts. In the State you see many towns that are not reporting any building permits. Mr. Spalthoff commented that a positive but also a negative is the fact that Milford only has just less than 200 acres to be developed. Mr. Gregory stated that Milford is a highly developed community and a significant piece of the acres are farmland or open space which Milford is trying to preserve.

E. Building Permit Task Force – Mr. Settineri commented that he greatly appreciated Carl Russell coming before the Commission last month and supporting what the Commission has been dealing with over the past year regarding the Building Department. Mr. Settineri stated that his comments were accurate, intelligent and needed from someone other than the Commission or the contractors and the builders in town. This

is an independent person saying this is affecting our City. With regard to the investigation of the Building Department, Mr. Settineri was told by the Mayor's office that the entire situation has been handed over to the new City Attorney Max Case and it is a top priority for him.

- F. Stratford Liaison Report – Mr. Stanton apologized to the Commission because he was not able to attend the Stratford Economic Commission's previous meeting because of a conflict with work and when the meeting is scheduled. Mr. Stanton stated that he has copies of the minutes of their previous meeting and a statement off of their website about their Economic Development projects going on at this time. Their meeting for August is cancelled. Mr. Stanton tried to speak with Bruce Alessie directly but he is out of town until July 31. Mr. Stanton will not be able to attend the September meeting. Mr. Stanton continued by saying that if the Board chooses they may elect someone else to attend the meetings that he is unable to attend.

Mr. Stanton commented that he did find interesting the fact that the Stratford Economic Commission is considering forming an Economic Development Corporation. They are actually thinking about incorporating and it is still in the exploratory phase. Mr. Stanton would like to understand why the Commission feels this is necessary and what the advantages and disadvantages would be. Mr. Stanton will contact Bruce Alessie when he returns at the end of July to find out more information on this item. Chairman Kapusta commented that the minutes do discuss this issue and they apparently have a feeling that this would be a brand new commission because they have a charter change. Ms. Marquis commented that she could cover for Mr. Stanton if the Commission would like her to. A discussion continued regarding this matter.

- IV. Devon, Downtown & General Economic Activity** – Mr. Gregory stated that a major disappointment is that Schick is moving part of their office staff to a building in Shelton. It was a decision that was reached by Energizer, which is their parent company, but fortunately the manufacturing will remain and is actually expanding.

Mr. Gregory also stated that he did put extra in the wording about the new East Devon Substation. As power is becoming a major issue not only in the State but also in the country, the City has a number of projects moving forward involving energy.

**V. Items & Matters of Continuing Interest**

- A. Devon Revitalization Program – Mr. Gregory said that the bid specifications are prepared for Phase III, which will involve streetscape from Kerema Avenue to Naugatuck Avenue on US1. They were delivered to the purchasing office on Friday, July 18 and will be out to bid with a return of one month so construction should still be completed this year.

- B. Walnut Beach Redevelopment – Mr. Gregory stated that they have another \$1M commitment for that area, which is still winding its way through the legal system. Mr. Gregory is hopeful that the funds would be available in a month. The boardwalk status is still the same.
- C. Correspondence – None
- D. Proposed Courthouse Expansion/Milford Post Office/Downtown Parking Structure – No Report
- E. Welcome Letter to New Businesses – Mr. Gregory stated that there were new businesses but letters were not sent out this time so the next set of letters will be going out for the next EDC meeting.
- F. Status of Signage Regulations – Wayfinding Signs – Ms. Alagno commented that there has been contact with the Mayor's office in Stratford and the Mayor's office in Bridgeport. The signs that are currently displayed in Stratford were done five or six years ago and the program was put together by someone who has retired. The same type of situation happened in Bridgeport. The assistant's in both Mayors' offices will get back to Ms. Alagno.
- G. Available Business Sites – The CERC Sitefinder listing is included in the package.
- H. Business Visitation Program – Mr. Gregory thanked Ms. Marquis, Ms. Alagno and Mr. Stanton for assisting with the visits. The good news with the visitations is that they have heard a number of positive business stories. There are some negative issues and they are being addressed with the individual businesses. A discussion continued regarding the companies that were visited.

**VI. Old Business** – None

- VII. New Business – Guest Speaker** Mr. Thomas Ivers stated that he has been working with Mr. Gregory in the Community Development office for the last seven years coordinating the Community Development Block Grant Program, which is primarily a housing and public facility and infrastructure program. Mr. Ivers' background consists primarily in housing development though he has spent many years working in the solar energy and construction fields as they relate to housing applications. The industry since the 80's had dissolved after the Reagan administration and in recent years with energy costs being what they are starting to come back and it is interesting to see a lot of the technology being reintroduced that had become fairly well advanced in the late 70's and early 80's.

The City decided to create a Clean Energy Task Force and wanted to bring together different people with different areas of expertise related to energy and Mr. Ivers was asked to act as a clerk of the works with the group and provide some guidance. The materials Mr. Ivers had put together run with a

chronology of the history of the task force. It was created through an entity known as Connecticut Innovations created by the state to promote the incorporation of clean energy into the energy use mix and part of that campaign is involving municipal energy consumption. The campaign goal is 20% by 2010, which seeks to have municipalities purchase 20% of their electric energy purchased from clean energy sources by the year 2010. Mr. Ivers has included the resolution that outlines what the philosophical underpinnings and what the mission was and it addresses global warming, public health, economic benefits and recognizes renewable energy as an important part of the solution to all of these problems. He also has included a list of the present members of the task force and a press release that the clean energy fund put out on Monday announcing that the Town of East Lyme has signed on for the campaign. Mr. Ivers has noted that it is the 81<sup>st</sup> community to sign onto the campaign and they have hit the halfway point so 50% of the communities in Connecticut have now made the commitment that Milford has to the 2010 campaign.

The task force is a clean energy task force not a cheap energy task force though economics is clearly part of what the task force is trying to do. Once established they have also acted as kind of a liaison between the City and the CT Clean Energy Fund in programs and other promotional activities. A lot of what they are doing is a marketing campaign essentially to get people to buy into this clean energy options program. The task force was awarded a \$5,000 grant to support efforts to educate the public in clean energy and to encourage people to sign on. There is a web page for the City of Milford on the CT Clean Energy website that tracks our programs and activities related to and how many people have signed up and other details about the resolution, etc. It also has a link to the Lisman Landing Marina facility, which has a 4kw system.

Mr. Ivers thanked the local papers and the regional papers for the recent stories regarding clean energy. This has resulted in phone calls and emails and he usually gets half a dozen contacts a week now with people wanting to know how to sign up for clean energy and what programs and subsidies might be available to them for the installation of conservation devices or solar equipment. There is a solar rebate program that is sponsored, which covers usually up to half the cost of photovoltaic systems. There is an onsite generation that is for commercial applications for proposals that would generate power at a local site. This is an adjunct to what clean energy fund has hosted programs known as project 100 now project 150, which are renewable energy projects for commercial investors looking to pump electricity into the grid and those are a minimum of a 1 mega watt system. They are usually not for local applications because they wouldn't supply a given building and facility they would pump into the grid.

The City of Milford was approached aggressively when the programs were first announced because of the wastewater treatment plant and its potential for fuel cell applications particularly using methane there. A lot of private investors were very anxious into signing leasing agreements with the City so that they could put generating systems there at no cost to the City and we

gain money from leasing the space. The City wisely did not move in that direction as it would have generated no power for the municipality and it would all go into the grid and the potential benefits that the City would realize would be really minimized. It was one of the smartest things that the City didn't do with regard to clean energy opportunities.

Connecticut Innovations had determined that the City of Milford consumed 21 million kilowatt hours of electricity every year so they said 20% of that is 4.2M kilowatts so that is how much clean energy we need to acquire to meet our goal. The portfolio standards for the electric power companies are required to incorporate 7% into the electricity that we already purchase so our 20% goal was immediately 7% on the way and so it is really a 13% gap that they are looking to make up. There is a 153 different electric meters that the municipality pays into and they are spread out all over the place. They contacted U.I. to see if they could give them information on the electric use. The data gave them what was used in the last 2 ½ years. One of the biggest problems is information management.

Mr. Ivers continued by saying that what he likes to do, not only for electricity but for all energy use, is work towards developing systems whereby we can keep track of how much we're using, where and when so that we can make decisions about how to use it more efficiently. The task force also wanted to look into the City's energy cost as a whole so they did some digging on records for oil and electricity. Mr. Ivers created some spreadsheets on oil and electricity for the Parson's Complex. The costs have gone from 88 cents a gallon to about \$2 a gallon last year to probably about \$4 a gallon this year. The oil bill is going to go from \$50,000 to over \$200,000, which is astronomical. The electricity is just over \$200,000 a year at the Parson's Building. There are some serious challenges. A discussion continued regarding cost per kilowatt-hour for electricity for the Parson's Complex and how much square footage.

Mr. Ivers stated that it has become apparent that the task force was not going to be able to satisfy this clean energy acquisition by installing solar panels or installing fuel cells between now and 2010 so they fell back on a more traditional approach. They made a recommendation to the Board of Aldermen that they purchase renewable energy certificates that would phase in over a period of time between 2006 and 2010 to reach that goal by 2010. They also suggested at that time that they consider using a particular company that had given the task force a proposal for purchasing those requisitions. It would cost about \$18,000 a year to meet that purchase goal. The task force also suggested to the Board of Aldermen that they expand the task force's goal so that they might look into conservational alternatives so that they could save enough energy to cover that cost and maybe more and to look at other energy use sectors other than just focusing on electricity to also look at gas, oil and transportation fuels. In December of 2006 the recommendations were adopted and the Board of Aldermen passed a resolution to move in that direction. They have not purchased those certificates yet, but would need to do so by the end of the year. Now for 2008 those requisitions cost \$40,000 a year to meet the goal.

Mr. Gregory commented that he has spoken with Mr. Ivers and the Mayor's office to look into conservation methods and the usage of the Parson's building at night. We have three conference rooms that are used sporadically and we should look at who is using them and if they should be transferred to other buildings that are open so that we could close this building down totally on certain nights to save on electricity costs.

Mr. Ivers continued referring to the GASB34, which states that municipalities need to create an asset statement that means every park bench, every building, every vehicle, every bridge, every fence is an asset and it is also a liability. To accurately reflect the integrity and the financial position of the municipality as a financial entity you need to quantify your assets and put them in an order of their value. This is a way to measure the financial stability of a municipality. The finance department has someone from outside do this for the City. A discussion continued regarding GASB34.

Mr. Ivers stated that the next idea that the task force suggested was adding a fuel cell at the wastewater treatment plant. Milford's Housatonic plant happens to be one of the few in the State that uses an anaerobic process that generates Methane that's recoverable. This is one of the reasons why the city became a target for alternative energy producers is that we were one of the few that had the right infrastructure for this as an opportunity. Mr. Ivers met with the Engineering and Wastewater people and they sat down with representatives from Fuel Cell in Danbury for a 300-kilowatt fuel cell. The system would cost just over \$1M and about half of that would come from subsidy funding through the clean energy fund. We are a municipality and we do not pay any taxes and we do not need any tax shelters. The bottom line is that they found a 300-kilowatt system would generate about 2 million kilowatts a year and show an internal rate of return of over 10% and that is based on capital at 12%. This would pump the power directly into the Housatonic wastewater plant. The 2 million kilowatt hours that this would generate would be the 13% clean energy that we need for 2010. It would also eliminate the need to spend \$40,000 in requisitions every year.

The task force also made a recommendation to the state that they expand the neighborhood assistance tax credit program, which provides tax credits to non-profit organizations that are receiving charitable contributions from business firms who pay corporate income taxes. The existing program provides 60% tax credits for contributions. We now have 100% tax credits for non-profits doing energy conservation work.

The arrangement that participating communities have with the clean energy fund has followed a certain program structure that has been adopted by the board of the CT Clean Energy Fund and that arrangement is up for renewal. They are looking at a variety of policy changes, which will change the way that we interact with them for programs and subsidies. For the next photovoltaic system when they reach 400 signups the next building that they qualify for a new photovoltaic system they have to demonstrate that

they have addressed all the conservations in that building that have a five year pay back or less. They are thinking why should we be putting high tech photovoltaics on a building that is wasteful. A discussion continued on benchmarking, getting points and qualifying sooner for solar equipment.

The meeting was adjourned at 1:22 p.m.

Respectfully submitted,  
Donna E. Holden