

Prepared for:
Town of Sprague

Feasibility Analysis for Baltic Mills: Appendices



PREPARED BY:



Turner Miller Group
planning consensus community

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Appendix A: Programs that May Assist the Baltic Mills Site

Program/Organization	Local	State	Federal	Administered by	Program Description	Contact Name	Contact Phone	Contact Email	Website
Tax Increment Financing	x			Local	By forming a redevelopment agency under chapter 130 of the Connecticut General Statutes and then preparing a project plan under that section, Sprague can become enabled to issue bonds for the purpose of providing a grant to a private redeveloper of a brownfields property. The bonds may be issued as general obligation bonds of the municipality.				http://www.ctsprague.org/Board%20of%20Selectmen.htm
Tax Abatement 12-65b	x			Local	Section 12-65b of the Connecticut General Statutes allows municipalities to provide tax abatements to any party owning or proposing to acquire an interest in real property in such municipality, fixing the assessment of the real property and all improvements thereon or therein and to be constructed thereon or therein, (1) for a period of not more than seven years, provided the cost of such improvements to be constructed is not less than three million dollars. Shorter abatement schedules are permitted for smaller projects.				http://www.ctsprague.org/Board%20of%20Selectmen.htm
Tax Abatement City and Town Development Act	x			Local	The City and Town Development Act grants municipalities the power to make agreements for payments in lieu of taxes for up to 20 years and to issue bonds to support development projects. Voters must approve the use of this Act at a local general election.				http://www.ctsprague.org/Board%20of%20Selectmen.htm
Tax Abatement Brownfields	x			Local	Under section 12-81r of the State Statutes the Town is permitted to abate or forgive taxes on any property undergoing remediation and to "forgive all or a portion of the principal balance and interest due on delinquent property taxes for the benefit of any prospective purchaser who has obtained an environmental investigation or remediation plan approved by the Commissioner of Environmental Protection...."				http://www.ctsprague.org/Board%20of%20Selectmen.htm
Local Enterprise Zone Tax Abatements	x			Local	For projects that do not qualify under the State Enterprise Zone Corridor program the municipality may provide a 7 year Phase in of assessment from real property improvement projects with 100% of the increase abated in the first two years, 50% in year 3, 40% in year 4, 30% in year 5, 20% in year 6 and 10% in year 7. The Enterprise Zone Corridor program may also permit additional abatements at the discretion of the Town.				http://www.ctsprague.org/Board%20of%20Selectmen.htm
Special Contaminated Properties Remediation and Insurance Fund (SCPRIF)		x		DECD	Provides financial assistance to investigate the environmental conditions of a site, remediate the site and ultimately encourage property redevelopment that is beneficial to the community. Assistance is provided through low-interest loans that have a term of five years. Eligible activities include: Phase II environmental site assessments, Phase III site investigations, including remedial action work plans, Building lead and asbestos surveys prior to demolition or rehab, Lead abatement and asbestos removal (prior to demolition), Demolition (full not partial), and Remediation.	Ned Moore, SCPRIF Program Manager	(860) 270-8148	edwin.moore@po.state.ct.us	www.ct.gov/ecd/cwp/view.aspx?a=1101&q=249824

Program/Organization	Local	State	Federal	Administered by	Program Description	Contact Name	Contact Phone	Contact Email	Website
Brownfield Municipal Pilot Program		x		DECD	This program was created by Public Act 07-233. It provides for grants to up to five municipalities for the investigation and clean up of brownfields properties.		(860) 270-8095	OBRD@ct.gov	http://www.ctbrownfields.gov/ctbrownfields/cwp/view.asp?a=2620&q=416724
Small Town Economic Assistance Program (STEAP)		x		OPM, DECD	Funds economic development, community conservation and quality of life projects for localities that are ineligible to receive Urban Action (CGS Section 4-66c) bonds. This program is administered by the Office of Policy and Management. Like Urban Action, STEAP funds are used for capital projects. Localities may receive up to \$500,000 per year if they are not designated as a distressed municipality or a public investment community, and the State Plan of Conservation Development does not show them as having a regional center.	Lisa DuBois	(860) 418-6209	lisa.dubois@ct.gov	http://www.ct.gov/opm/cwp/view.asp?a=2965&q=382970&opmNav_GID=1793
Municipal Industrial Park Program		x		DECD	Grant program for the planning and development of municipal industrial park projects. Planning grants would include funding for an environmental impact evaluation of the proposed project and for environmental site investigations. It would be more likely to use this program if the intended end use of the property is for economic base, non-residential uses.	Peter Simmons	(860) 270-8149	peter.simmons@ct.gov	www.ct.gov/ecd/cwp/view.asp?a=1101&q=249820
Enterprise Corridor Zone		x		DECD	80% tax abatement on real and personal property for five years; and a 25% or 50% State corporate business tax credit for 10 years. Enhanced State corporate business tax benefit is subject to meeting a minimum hiring threshold. Available to manufacturers and certain qualifying service sector firms in the Northeast Enterprise Corridor Zone. Eligible facilities include newly constructed facilities, older facilities idle for at least one year prior to being acquired through lease or purchase, and facilities that are substantially renovated or expanded. Leased facilities must be for a minimum initial term of five years with a renewable option for five years or the option to purchase within the first five years. (Three-year lease with three year option for companies with less than 10 employees.)	Anne Karas	(860) 270-8143	anne.karas@po.state.ct.us	www.ct.gov/ecd/cwp/view.asp?a=1099&q=249764
Industrial Site Investment Tax Credit		x		DECD	Encourages private investment in environmentally contaminated properties by providing investors with a dollar for dollar corporate tax credit of up to 100% of their investment, up to a maximum of \$100 million. For an eligible industrial site project requiring remediation, the minimum capital investment is \$5 million.	Richard LoPresti	(860) 270-8205	richard.lopresti@ct.gov	www.ct.gov/ecd/cwp/view.asp?a=1101&q=249822
Urban Site Investment Tax Credit Program		x		DECD	Offers investors a dollar for dollar corporate tax credit of up to 100% of their investment up to a maximum of \$100 million. An eligible project is an investment that will add significant new economic activity, increase employment in a new facility and generate significant additional tax revenues to the municipality and the state. The minimum capital investment is \$5 million for projects in an Enterprise Zone, a designated distressed municipality, or in a community of greater than 100,000 in population. Otherwise the minimum capital investment would be \$50 million.	Richard LoPresti	(860) 270-8205	richard.lopresti@ct.gov	www.ct.gov/ecd/cwp/view.asp?a=1101&q=249842

Program/Organization	Local	State	Federal	Administered by	Program Description	Contact Name	Contact Phone	Contact Email	Website
Cleanup Revolving Loan Program		x		DECD	DECD received a grant from U.S. EPA to operate a cleanup revolving loan fund. The program allows 40% of the funds to be used as grants to eligible projects. There is an annual national competitive funding round. The program requires a 20% local cost share.		(860) 270-8095	OBRD@ct.gov	http://www.ctbrownfields.gov/v/ctbrownfields/site/default.asp
Manufacturers Assistance Act		x		DECD	Provides grants and loans to assist development projects for economic base type businesses. Eligible expenses include site remediation and the purchase of environmental insurance. This program may apply if the facility is to be purchased and redeveloped for a manufacturing or similar business. Assistance can be provided directly to the business or through the Town or a designated non-profit organization.		(860) 270-8000		http://www.ct.gov/ecd/cwp/view.asp?a=1095&q=300162
Dry Cleaners Establishment Fund		x		DECD	This fund provides grants of up to \$50,000 per year to a maximum of \$150,000 to clean former dry cleaning sites	Chet Camarata, Program Manager	(860) 270-8140	chet.camarata@ct.gov	http://www.ctbrownfields.gov/v/ctbrownfields/cwp/view.asp?a=2620&q=319328
Urban Site Remedial Action Program		x		CT DEP, DECD	Facilitates the transfer, reuse and redevelopment of potentially polluted commercial and industrial real property which otherwise would remain vacant and unproductive for the economy. DECD will work with DEP to expedite the review, inspection, and approval of the clean-up planning and implementation. The state may seek to recover its funds. PROJECT CAP: \$15 million	Peter Simmons	(860) 270-8149	peter.simmons@ct.gov	http://products.cerc.com/briinfo.nsf/ALL/C063AA6950B7CE0885256A6400520E09?OpenDocument
Targeted Site Assessment Program (TSA)		x		DEP	DEP has given Connecticut DEP a Targeted Site Assessment Grant to help fund Phase II environmental site assessments. The investigations are conducted by a consultant under contract to DEP. DEP obtains the reports and provides them to the Town. There are no required local matching funds.	James Byrne, EPA Targeted Brownfields Assessment Program Lead	(617) 918-1389	byrne.james@epa.gov	http://www.epa.gov/ne/brownfields/programs/targeted.htm
Emergency Spill Response Funds		x		DEP	The Department of Environmental Protection has funding to undertake emergency site cleanup projects. The ESF can also fund investigation and non-emergency cleanup activities. DEP would put a lien on the property for the cost of the cleanup.				http://www.ct.gov/dep/cwp/view.asp?a=2692&q=322570&depNav_GID=1648
Connecticut Underground Storage Tank Cleanup Account Program		x		DEP	"This program was established in 1989 to provide financial assistance for the investigation and clean-up of sites impacted by leaking underground storage tanks and to enable petroleum tank owners to meet the financial responsibility requirements of federal regulations. The Account provides coverage of up to one million dollars, per release, for taking corrective actions and for third party liability costs. Notwithstanding such financial coverage, the responsible party for a release must bear all corrective action and third party liability costs less than ten thousand dollars."	Jacques Gilbert, Program Coordinator	(860) 424-3370	jacques.gilbert@po.state.ct.us	http://www.kids.ct.gov/dep/cwp/view.asp?a=2717&q=325322&depNav_GID=1652
Connecticut Brownfields Redevelopment Authority – Tax Increment Financing		x		CBRA, subsidiary of CDA	Provides developers and companies tax incremental financing (TIF)-based incentives to redevelop brownfields sites. Incentives are repaid from a portion of future incremental property taxes paid to the municipality by the project.	Cynthia Petruzzello, Vice President, Brownfields Redevelopment, CBRA	(860) 258-7833	cynthia.petruzzello@ctcda.com	www.ctbrownfields.com
Connecticut Brownfields Redevelopment Authority – Loans		x		CBRA, subsidiary of CDA	Provide loans, loan guarantees and equity-equivalent investments to qualified owners and lessors to pay for redevelopment of industrial sites.	Cynthia Petruzzello, Vice President, Brownfields Redevelopment, CBRA	(860) 258-7833	cynthia.petruzzello@ctcda.com	www.ctbrownfields.com

Program/Organization	Local	State	Federal	Administered by	Program Description	Contact Name	Contact Phone	Contact Email	Website
Connecticut Brownfields Redevelopment Authority – Loan Guarantees		x		CBRA, subsidiary of CDA	Provide loans, loan guarantees and equity-equivalent investments to qualified owners and lessors to pay for redevelopment of industrial sites.	Cynthia Petruzzello, Vice President, Brownfields Redevelopment, CBRA	(860) 258-7833	cynthia.petruzzello@ctcda.com	www.ctbrownfields.com
Connecticut Historic Structures Rehabilitation Tax Credit Program		x		CCT	Public Act 06-186 section 82 establishes a tax credit for the conversion of historic commercial and industrial buildings to residential use, including rental or condominium units. Partial tax credits are available for buildings converted to mixed residential and commercial uses. A new program historic structures tax credit provision was created solely for mixed use projects. It is expected to be codified as section 10-416b of the Connecticut general Statutes. This new program will have a higher per building cap of \$5 million and a greater credit if the project has an affordable housing component.	Julie Carmelich	(860) 256-2762	julie.carmelich@ct.gov	http://www.cultureandtourism.org/cct/cwp/view.asp?a=2127&q=331966&cctPNavCtrl=%7C49151%7C
CHFA - Low Income Housing Tax Credit		x		CHFA	CHFA allocates the tax credits to owners of qualifying low-income housing projects. This is a dollar-for-dollar reduction in tax liability, not a tax deduction. Approximately \$6 million in tax credits will be available in each tax credit round. Tax credits are awarded on a competitive basis to for profit and nonprofit developers. MINIMUM SET-ASIDES: 20% or more of the units must be rented to tenants with income at or below 50% of the area median income limit (adjusted for family size). As an alternative, 40% or more of the units must be rented to tenants with income at or below 60% of the area median income limit (adjusted for family size).	Sheila Stone	(860) 571-4237		www.chfa.org/TaxCredits/taxcredits.asp
CHFA Financing		x		CHFA	CHFA offers financing under favorable terms to for profit and non-profit developers of affordable housing.				http://www.chfa.org/TaxCredits/taxcredits.asp
EPA Targeted Site Assessment Program (TSA)			x	U.S. EPA	This is the funding source for the current Phase II assessment. The investigations are conducted by a consultant under contract to EPA. EPA obtains the reports and provides them to the Town. There are no required local matching funds. EPA also provides grants to State and regional entities under this program.				http://www.epa.gov/ne/brownfields/guidance/tba.htm
EPA Brownfields Cleanup Grant Program			x	U.S. EPA	Grants of up to \$200,000 are available for site clean up. There is an annual national competitive funding round. The applicant must own the site and it is important that there be a definite plan for site redevelopment. The program requires a 20% local cost share.				http://www.epa.gov/swerosps/bf/
EPA Brownfields Cleanup Revolving Loan Program			x	U.S. EPA	Grants of up to \$1,000,000 are available to create revolving loan funds for site clean up. The program allows 40% of the funds to be used as grants to eligible projects. There is an annual national competitive funding round. The program requires a 20% local cost share. The Grant Recipient cannot lend or grant itself funds.				http://www.epa.gov/brownfields/rflst.htm
EPA Brownfields Tax Credit Program			x	U.S. EPA	Allows eligible remediation costs to be written off in the year in which they were incurred rather than capitalized and deducted over a number of years.				http://epa.gov/brownfields/matters.htm

Program/Organization	Local	State	Federal	Administered by	Program Description	Contact Name	Contact Phone	Contact Email	Website
HUD – BEDI			x	U.S. HUD	\$32 million in grants were awarded in 2007 nationwide with a cap of \$2 million per project. Grants must be used in combination with the HUD section 108 loan guarantees				http://www.hud.gov/offices/cpd/economicdevelopment/programs/bedi/index.cfm
EDA			x	U.S. EDA	Brownfields project re eligible for funding under this grant program. The project must fulfill a pressing need of the region and must: (a) improve the opportunities for the successful establishment or expansion of industrial or commercial plants or facilities in the region; (b) assist in the creation of additional long-term employment opportunities in the region; or (c) primarily benefit the long-term unemployed and low-income residents. The applicant must have the required local share of funds committed (generally 50% of project cost).				http://www.epa.gov/swerosps/bf/applicat.htm
Federal Historic Preservation Tax Incentives			x	National Park Service	Administered by the National Park Service in conjunction with State Historic Preservation Offices (SHPO), the program offers a 20% federal tax credit for qualified rehabilitation expenses. A project must be "substantial" in that the qualifying rehabilitation expenses must exceed the greater of \$5,000 or the adjusted basis of the building. The building needs to be certified as a historic structure by the National Park Service. Rehabilitation work has to meet the Secretary of the Interior's Standards for Rehabilitation as determined by the National Park Service.		(202) 513-7270	NPS_HPS-info@nps.gov	http://www.nps.gov/history/hps/tps/tax/index.htm

Appendix B
Part A – Public Official Interviews

Public Official Interview – Baltic Mill

Name **Linda Spencer, CT Commission on Culture and Tourism** Date **5/23/08**

1. What program or programs do you administer that may apply to the project?
 - **State Historic Structures tax credit program.**
2. Geographic area of eligibility.
 - **Statewide.**
3. Obtain program description if possible –electronic format.
4. Describe any recent changes to the program (last 3 years).
 - **Original program 10-416a, \$2.7 million cap. New program 10-416b, \$5 million cap. The regulations have not been approved for the new program so it is not up and running yet. New program is solely for mixed use projects. If the project has an affordable housing component it will qualify for a greater credit.**
5. Ask for a project list (database) including a description of the project, location, developer name and contact information, local official name and contact number.
 - **No database of developers.**
6. Does the program apply to limited reuse options? If so what reuses are eligible?
 - **416a residential reuse only. 416b allows mixed use projects.**
7. Do you have any suggestions for developers that may be candidates for this project?
 - **Linda will check on developers that might be candidates for the Baltic Mill and get back to us.**
8. Other
 - **Have we contacted State Archeologist for help with the Mill race restoration project?**
 - **Check with Quinnebaug Shetucket Historic Corridor regarding potential funding.**
 - **Look at new Face of CT program – PA 5873 - for brownfields language.**
 - **Linda will check to confirm that the Baltic Mill project will be eligible for the federal tax credit program. If you piggyback the State and federal programs you can get a maximum tax credit of 45% (if rental housing).**
 - **Check with Portland to see if they got funding for their Quarry project.**
 - **Possible joint venture with non-profit partner, particularly for any portion of the project that is a park reuse.**

Name **Cynthia Petruzzello, CDA/CBRA**

Date **5/30/08**

1. What program or programs do you administer that may apply to the project?
 - **Tax Increment financing program for Commercial, Industrial and Mixed use projects. Pure housing projects have not been funded to date but CCDA will look at all applications. Minimum TIF (tbd), maximum \$10 million.**
 - **Loan program for site remediation. 10 year term, rates comparable to commercial rates, not job based. The loan is for the cost of clean up. Clean up must be done first as the first step in the development project. Minimum loan about \$250,000, maximum loan \$5 million.**
 - **Loan guarantees for up to 30% of the project are available for property clean up but have not yet been used for this purpose.**
 - **The grants from CDA for site assessments are no longer available.**
 - **CDA can also finance the end use of the complex if commercial/industrial.**

2. Geographic area of eligibility.
 - **Programs are available statewide.**

3. Describe any recent changes to the program (last 3 years).
 - **Only recent change is the suspension of assessment grants.**

4. Ask for a project list (database) including a description of the project, location, developer name and contact information, local official name and contact number.
 - **No developer database.**
 - **They have done a number of retail projects with major developers. These are typically tenant driven. For example Ceruzzi (Stop and Shop) and Hayes Kaufman (Stop and Shop).**

5. Does the program apply to limited reuse options? If so what reuses are eligible?
 - **Pure housing projects are generally not eligible. Residential condo projects are particularly difficult because the repayment of the TIF is based on a large number of condo owners rather than a single credit worthy entity.**

6. Do you have any suggestions for developers that may be candidates for this project?
 - **Suggest contact Cherokee.**
 - **Suggest that we talk to John Di Bella (developer looking for brownfields projects). John Di Bella, Managing Partner, Commercial Mortgage Brokers, LLC, phone number is (860) 249-7265.**

7. Other
 - **Some of the uses that Cynthia has talked to developers about include Medical offices, Self Storage.**
 - **Environmental firms are often well connected to developers so contacting them is an alternate marketing approach. (EPOC list – CT LEPs).**
 - **The Town is on the right track with its efforts to characterize and clean up the property. Developers will become more interested as the assessment and clean up process progresses.**
 - **Cynthia would be willing to feature the Baltic Mill on the CBRA web site when the Town is ready to kick off its marketing effort.**

- **Cynthia has seen a strong response to developer RFPs for brownfields sites.**
- **Cynthia suggests that the Town consider advertising in the New England Real Estate Journal (check with Bristol and Newtown first).**

Name **Jeremiah Morrison, DECD**

Date **5/30/08**

1. What program or programs do you administer that may apply to the project?
 - **State has Urban Act funding that can be used for the clean up and redevelopment of the property. Usually funding under this program is related to an identified end use. Coordination with the Town’s legislative delegation is necessary to initiate this funding process. Department funding is tight because bonding availability is limited. MAA funds are also a possibility but will require a planning process and a local match.**
2. Geographic area of eligibility.
 - **Sprague is an Urban Act Town.**
3. Obtain program description if possible –electronic format.
4. Describe any recent changes to the program (last 3 years).
5. Ask for a project list (database) including a description of the project, location, developer name and contact information, local official name and contact number.
 - **No developer database.**
6. Does the program apply to limited reuse options? If so what reuses are eligible?
 - **Urban Act applies to a full range of reuse options.**
7. Do you have any suggestions for developers that may be candidates for this project?
 - **Suggest contact Winstanley Developers.**
8. Other
 - **Jerry indicates that a positive market study will help influence the department to fund a project.**
 - **Jerry suggests that we talk to Jeff Vose regarding Windham Mills redevelopment and potential developers.**
 - **Fafnir Booth Street project in New Britain might be a model to follow. DECD assisted in acquiring the site, demolishing buildings and completing clean up to prepare the site for reuse. The Fafnir project followed the municipal development plan process through Chapters 132 and 588 of the Connecticut General Statutes.**
 - **The Rotoprint building project in Occum (Norwich) used Urban Act funds for the creation of a park. This is another project that might be a model for the Baltic Mill project.**
www.epa.gov/NE/brownfields/success/06/op_norwich_ct_tba.htm
 - **Jerry indicates that the project could be funded by a TIF with local authority through Chapter 130 or 132.**
 - **The Baltic Mills site is relatively remote from the major highways. This is a challenge in terms of determining a marketable reuse.**

Public Official Questions – Baltic Mill

Name **Tom Marano, Northeast Utilities**

Date **5/30/08**

1. What program or programs do you administer that may apply to the project?
2. Geographic area of eligibility.
3. Obtain program description if possible –electronic format.
4. Describe any recent changes to the program (last 3 years).
5. Ask for a project list (database) including a description of the project, location, developer name and contact information, local official name and contact number.
 - **No developer database.**
 - **Tom showed the Mill to two residential developers in the past but neither was interested.**
 - **Suggests contacting Minot Weld 908-705-0842. Minot is a site selector working with several developers looking for Mill projects.**
 - **Find out who bought the Peniman Mill in Norwich (mixed use residential/retail)?**
6. Does the program apply to limited reuse options? If so what reuses are eligible?
7. Briefly describe the Baltic Mills project. Ask how they can assist the Town of Sprague to advance the reuse of the site. Moving forward on assessment and clean up. Finding a developer and providing incentives for the reuse.
8. Do you have any suggestions for developers that may be candidates for this project?
9. Other
 - **Tom met with the Sprague EDC a number of times but hasn't been out there in about 2.5 years. Tom is willing to meet with Town officials or with the EDC. Tom thinks that completing the characterization of the site will be a key to attracting developer interest.**
 - **Tom's ideas regarding marketing of the property.**
 - **Echo tourism use related to the Shetucket River.**
 - **Possible destination retail that can benefit from proximity to the River and the casinos.**
 - **Thinks fishing can be a draw. Kayak launch.**
 - **Suggests uses to support recreational fishing – bait, tackle, boats etc.**
 - **Thinks town is underserved by retail and that there is a lack of restaurants.**
 - **Most developers looking at Mill buildings are interested in residential uses.**
 - **Difficult to create a critical mass of retail when the Town allows residential uses on the first floor in the downtown area.**
 - **Suggests seeking Park funding and making the creation of a park part of the reuse plan.**
 - **Other economic development ideas for Sprague.**
 - **Suggests efforts to create a clear community identity. Tom would help the town go through a consensus building process for community economic development – what does the town want to be?**

- **Suggest community event – “Riverfest” – fishing focus.**
- **Town may have to take risks and experiment with extraordinary approaches to develop a clearer identity.**
- **Best economic development opportunity may be to create a light industrial park near the paper plant.**

Public Official Interview – Baltic Mill

Name **Barbara Strother, Groton**

Date **5/30/08**

1. What program or programs do you administer that may apply to the project?
- 2.
3. Geographic area of eligibility.
4. Obtain program description if possible –electronic format.
5. Describe any recent changes to the program (last 3 years).
6. Ask for a project list (database) including a description of the project, location, developer name and contact information, local official name and contact number.
 - **No recent mill projects in Groton.**
 - **Suggests calling Chris Rixon, Mystic Island Realty, 860-536-4100 X10. Chris is working on the Mystic Color Lab project in Stonington.**
 - **Suggests calling Bill Haase, Town Planner in Stonington (formerly town Planner in Westerly, RI).**
 - **Suggests calling Jeff Vose, formerly in charge of the Windham Mills project.**
 - **Suggests calling Debra Donovan, SECTER.**
7. Does the program apply to limited reuse options? If so what reuses are eligible?
8. Briefly describe the Baltic Mills project. Ask how they can assist the Town of Sprague to advance the reuse of the site. Moving forward on assessment and clean up. Finding a developer and providing incentives for the reuse.
9. Do you have any suggestions for developers that may be candidates for this project?
10. Other
 - **Significant current economic development activity in Groton.**
 - **Pfizer is closing its manufacturing operations in Groton but continues to expand other functions.**
 - **Electric Boat is undertaking \$100 million in dry dock and other improvements reflecting the company's confidence in the future of its submarine building and maintenance operations.**
 - **The Airport Industrial Park is going very well. There are 14 lots and 13 of them are sold. Six buildings are under construction for light industrial use including a couple of industrial condo buildings.**

Name **Liz Appel, DECD, Brownfields Office**

Date **5/30/08**

- 1, What program or programs do you administer that may apply to the project?
 - **EPA funded Clean up Revolving Loan Fund. Up to 40% of funds can be used as grants, the balance for loans. \$1m in total funding of which \$250,000 is for petroleum clean up projects.**
 - **State brownfields pilot program. Funded for the first time on 5/30/08 with \$2.25m state authorization. 5 pilot projects statewide, one for towns with less than 50,000 population, one for towns regardless of size, three for towns with population greater than 50,000.**

1. Geographic area of eligibility.
 - **RLF and brownfields pilot both statewide.**

2. Obtain program description if possible –electronic format.

3. Describe any recent changes to the program (last 3 years).

4. Ask for a project list (database) including a description of the project, location, developer name and contact information, local official name and contact number.
 - **No database of developers.**
 - **Developer – POKO Partners LLC – residential conversion of mills in Norwich and elsewhere.**
 - **225 Westchester Avenue
Port Chester, NY 10573
Phone 914-937-5129
Fax 914-937-4390**
 - **<http://www.pokopartners.com>**
 - **Joseph Vallone, Architect, Westport. In January 2008, Gov. M. Jodi Rell announced a \$1.2 million grant for work at the former Roosevelt Mills complex on East Main Street to convert the complex into 68 apartments and 10,000 square feet of commercial space known as Loom City Lofts.**

5. Does the program apply to limited reuse options? If so what reuses are eligible?

6. Do you have any suggestions for developers that may be candidates for this project?

7. Other
 - **Suggest that we contact Elizabeth Swenson, Economic Development Coordinator for Plainfield. Plainfield did Developer RFP for InterRoyal Mill. 25 developers toured the facility but only 1 submitted a response to the RFP and the response was not acceptable. Liz suggests that the lack of response may have been due to the fact that the site was not completely characterized (environmentally).**
 - **Is Sprague part of SE CT CEDS? EDA could be a possible funding source. Liz thinks that Plainfield got an EDA grant either through a competitive application or through an earmark in Congress.**
 - **Another funding source – BEDI, HUD.**

- **Issue related to State and federal funding – is there a responsible party? If yes government may take liens on the property and would seek restitution from the responsible party.**
- **DECD funding is tight. Generally DECD will only be interested in funding projects if the end use is determined and the public investment is justified in terms of the economic activity that will result.**
- **Given the experience of other Towns Liz thinks that Sprague has been prudent to continue to characterize and clean up the property because these are generally prerequisites of private development interest.**
- **Liz suggests that we look at Public Act 08-174.**
- **Check flood plain status. This is an issue with State funding.**

Part B – Interviews with Real Estate Professionals

Real estate professionals' interviews were incorporated as part of the feasibility study to gain insights on approaches and issues related to undertaking the redevelopment of the Baltic Mill. Nine interviews were conducted in February of 2009. The individuals interviewed had varying degrees of specific knowledge about the Baltic Mill site. The interviewer provided basic background information to the interviewees in order to elicit relevant observations. This section of the report summarizes these interviews while keeping the contact information confidential. The summary attempts to capture the range of opinions offered, not to present a consensus view.

Individuals interviewed had the following backgrounds:

- Regional developers with experience in mill redevelopment and other adaptive reuse projects.
- A regional developer specializing in commercial development.
- A former public official who managed a major mill redevelopment project.
- A Fortune 500 corporate real estate professional experienced in the disposal of excess industrial properties.
- A planning and real estate professional working for a national firm that undertakes both clean up and redevelopment of brownfields properties.

General Observations

- A common theme in the interviews was that the project must be market driven. It must respond to a need in the real estate market for the space to be created.
- For many uses the site is at a disadvantage because local population is small, the area is not a job center and the site is not close to the highway. This will require the identification of niche markets for the commercial space.
- The space must be able to be delivered at a market rent. Brownfields clean up or mill redevelopment issues may impose extraordinary costs or the relatively rural location may translate to a lower market rent for the space. In either case government subsidies or incentives would be needed to offset the added costs or reduced rents.
- One developer mentioned that its interest would be significantly increased if the property was remediated before it acquired title from the Town. Most developers interviewed have brownfields redevelopment experience so they are familiar with the issues related to acquiring title before the clean up is done.

- An RFP for development should not be issued until after the EPA phase III study is complete. Selecting a preferred developer is a complex process. If a selected developer dropped the project when they received the phase III environmental site assessment, the Town would need to repeat the process at additional cost and the developers not selected in the first round may have second thoughts about submitting a new proposal.
- Several developers thought that the developer RFP should be issued now. They felt that the sooner the preferred developer is on board the better, particularly in helping to guide the balance of the phase III environmental assessment work.
- The present difficult real estate market conditions will add to the challenge of finding a redeveloper. Financing for this type project is difficult to obtain.
- It will be beneficial to choose a developer that is willing to spend the money now for permitting and environmental work so that the project can be ready to start construction when market conditions improve.
- The redevelopment of the property will be a long term endeavor that will require a compatible working relationship between the Town and the developer. Essentially the Town and developer will be “partners” with a mutual goal of successful redevelopment. In selecting a preferred developer it is important to carefully consider not only the developer’s track record and financial capacity but also its commitment to the project.
- The scale of development allowed by zoning will influence economic feasibility. If fixed costs can be spread over more square feet it may help make the project more economically viable.
- Some of the developers said that they would only be interested if the project was at least 50,000 square feet. Others said it needed to be at least 100,000 square feet of development or 80-100 housing units.
- In general, the ambience of an old mill is created by such features as the exposed brick and stone walls, exposed beams, and wood ceilings. It will be a challenge for the redeveloper to create this ambience given the structural condition of the mill.
- It is important to know whether the property is in the 100 or 500 year flood plains.
- The adequacy of local utility capacity and services will be important because it will be difficult for the developer to absorb significant off site costs.
- Given the size and location of the project it may be best suited to a local developer.
- The town can split the project into components. This may require subdivision of the site to meet requirements of various funding programs. This may allow the Town to maintain

ownership and control of portions of the site to be developed in future phases. This may also allow the town not to have the same developer for all project components.

- Some developers would only be interested if they were the master developer of the entire site, others may be interested in doing parts of the project.
- In order for the project to be a long term success the developer will need to create high quality space to attract and retain tenants.
- It will be expensive to rehabilitate a former mill to create attractive space that meets current codes and the functional requirements of business.

Suggestions

- The RFP should not be issued until after the EPA phase III study is complete. Selecting a preferred developer is a complex process. If a selected developer dropped the project when they received the phase III environmental site assessment, the Town would need to repeat the process at additional cost and the developers not selected in the first round may have second thoughts about submitting a new proposal.
- However, a couple of developers thought that the developer RFP should be issued now. They felt that the sooner the preferred developer is on board the better, particularly in helping to guide the balance of the phase III environmental assessment work.
- Get flexible zoning in place ahead of time so that the developer doesn't have to spend time and money on this part of the development process. Market conditions are difficult now and it is impossible to know what market segment will recover first. Flexible zoning will allow the developer to quickly respond to market opportunities. If the zoning will require mixed use, be as flexible as possible. Don't impose rigid and unreasonable minimums for different types of uses and don't dictate which use is to be done first. Let market conditions determine the sequencing of the project.
- Select a firm with substantial environmental expertise to lead the redevelopment team. Cost effective remediation can be a key to economic feasibility.
- Be sure to conduct careful due diligence on the developer because the Town will have a long term relationship with the developer through the remediation phase, the development phase and beyond. Due diligence should include a check of the developer's track record on previous projects, its credit report and references, its bank references, conversations with other Towns in which the developer has worked and personal meetings with the developer. If possible take the time to visit other projects and speak in person to officials of the other Towns.

- The Town should be careful about the municipal costs that are related to the development such as additional school costs if there is a residential component. If the town provides tax increment financing assistance it should be even more careful in estimating its future costs before entering into a TIF agreement.
- Don't transfer title on all or a portion of the property until construction financing is in place and the development is ready to commence.
- Due to its size and proximity to the mill, the adjacent "smoke stack property" should be under control of the master developer or be redeveloped at the same time as the main site.
- Allow advertising for the project and a cell tower on the adjacent smoke stack.

Programs

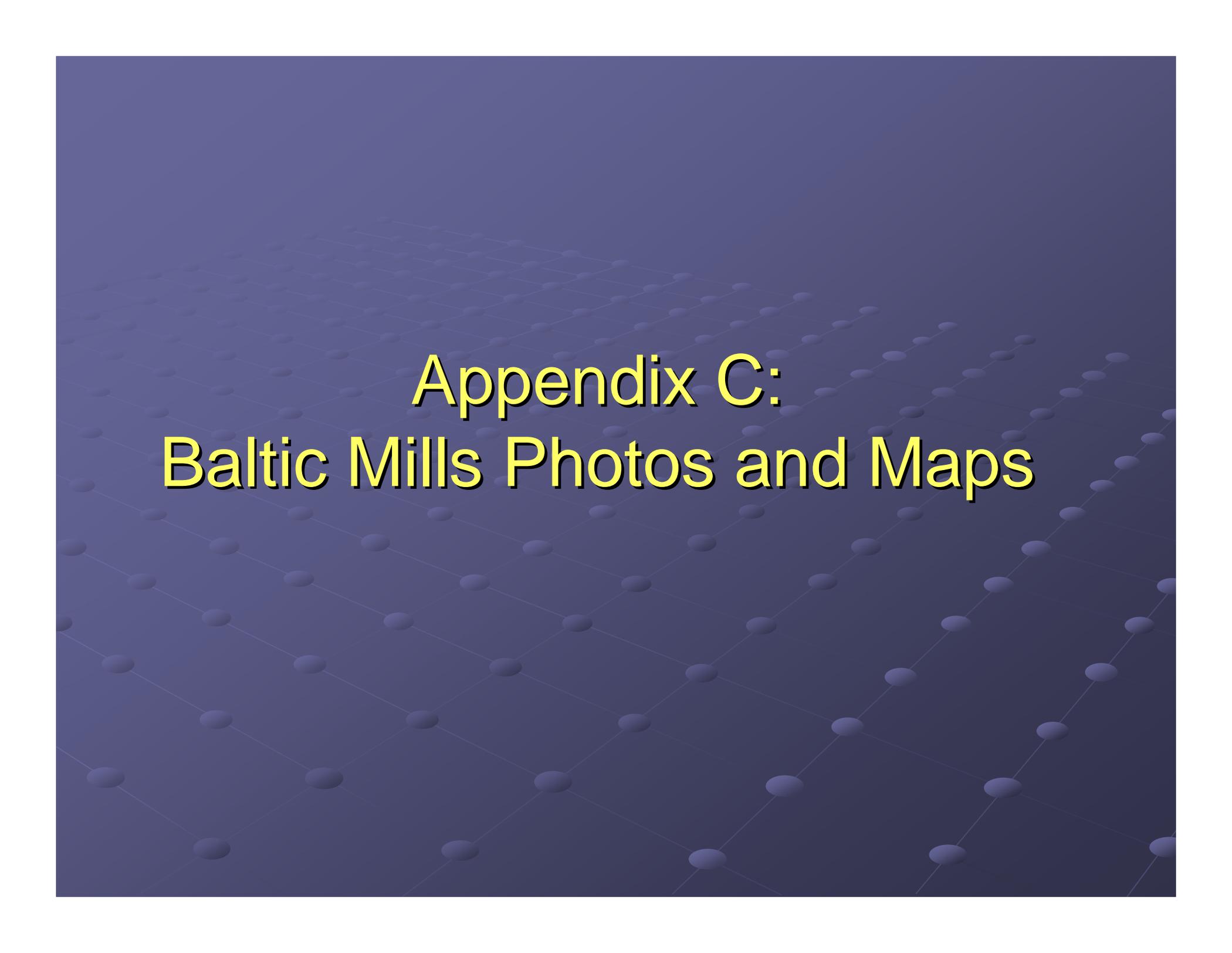
Following is a list of some of the programs formerly used by or actively considered for use by interviewed developers on similar projects. Also provided are some brief comments related to these programs.

- Several developers used State historic structures tax credit program and said that they thought it would be critically important for the Baltic Mills project. One developer said that he tried to use the program and that the added cost to meet the historic restoration requirements exceeded the benefit of the credit.
- A few developers had used the low income housing tax credit program. Critiques were mixed. Some developers noted that the market for the sale of the tax credits has changed so that they are harder to sell and need to be more heavily discounted. One developer did not use the low income housing tax credit program any more because it requires rental housing, has many strings and requires the developer to hold the property for a long period making it difficult to get their profit and investment out of the deal.
- Local property tax abatement was used by one developer. This incentive is less costly and burdensome for the developer to obtain.
- A number of developers thought that the Town would need to give away the property as an incentive to a developer.
- Multiple developers used tax increment financing (TIFs) particularly for environmental clean up and for infrastructure costs. The TIFs were issued by Towns for residential projects and by the Connecticut Development Authority for commercial projects.
- One developer was using HUD section 221D financing for a rental housing redevelopment project of a mill property. He likes this approach because the financing is 40 year, non-recourse.

- One developer suggested that the Town help position the property by using federal stimulus funds to address off site road and utility issues.
- A municipally designated local development agency used Connecticut Department of Economic and Community Development funds through Manufacturers Assistance Act/Municipal Industrial Park and Urban Act programs for commercial portions of the redevelopment of a mill property. The portions of the project funded through these programs were not allowed to have a residential component.
- A municipally designated local development agency received \$1.4 from EPA's Superfund program to help clean up a mill site.

Uses

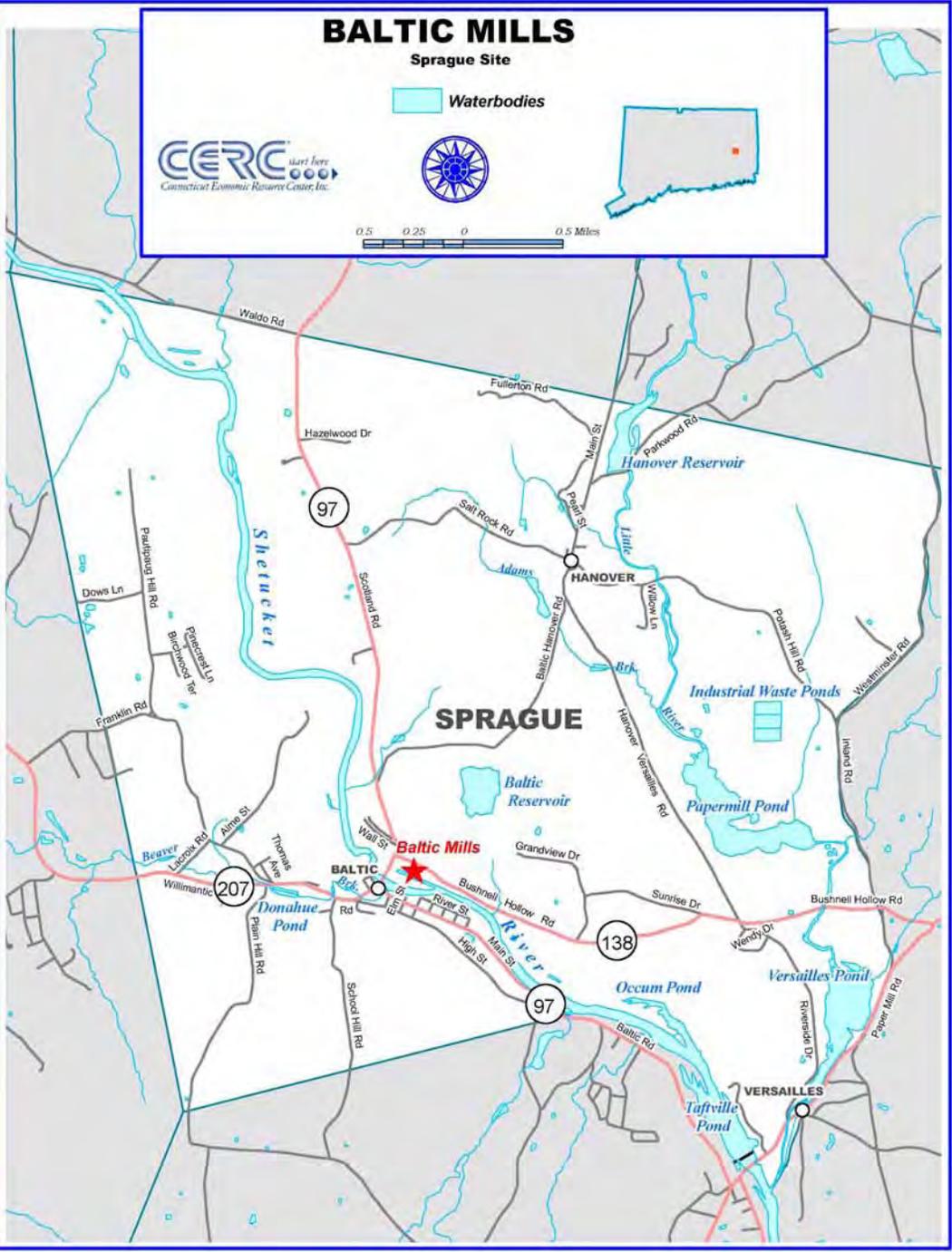
In addition to housing some of the potential uses that were mentioned include; a boutique hotel, restaurants, a brew pub that would produce beer branded by one of the casinos, medical offices or clinics, a culinary institute to provide training for food service workers at the casinos, a country store, a farmers market.



Appendix C: Baltic Mills Photos and Maps

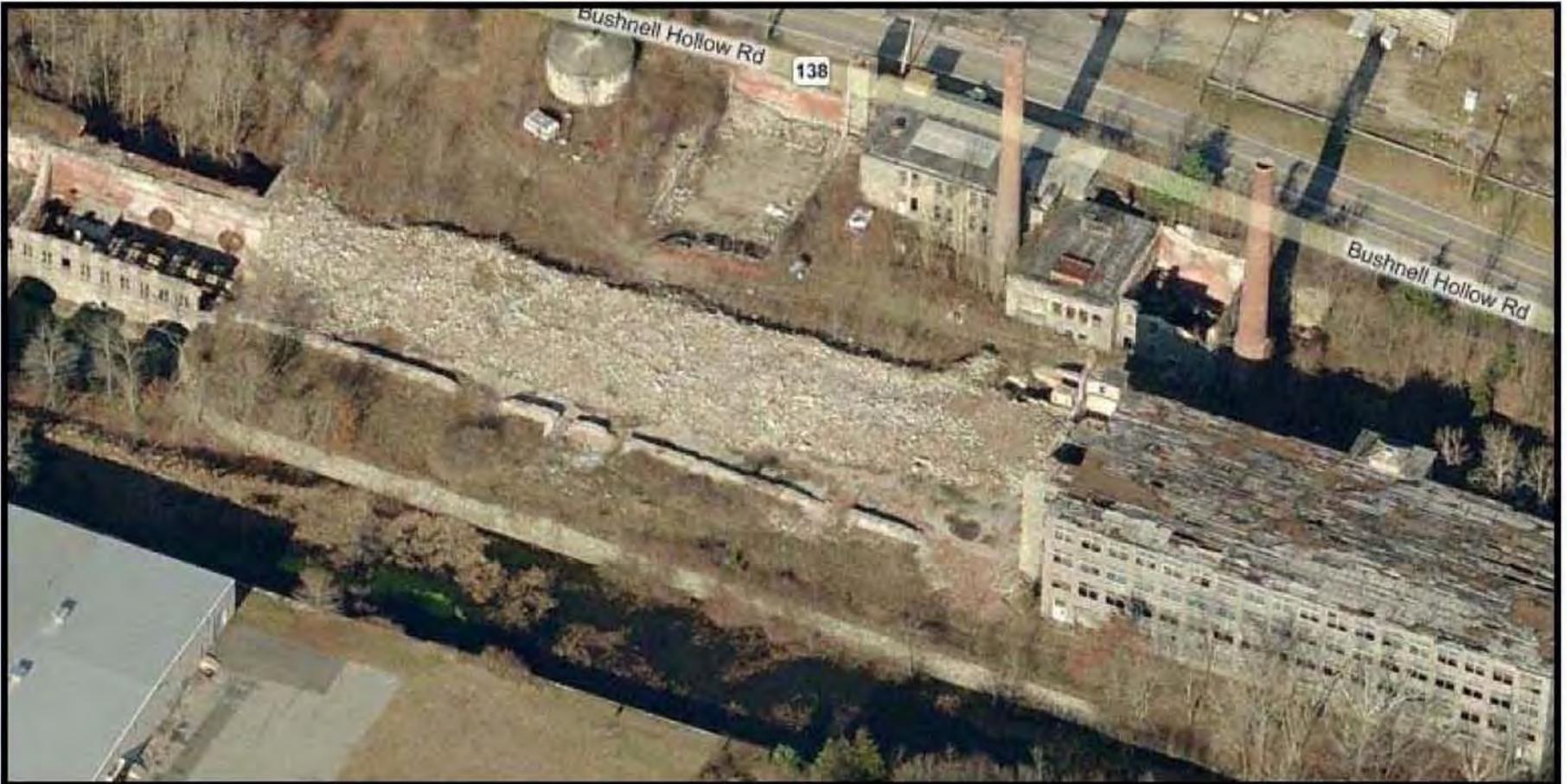
BALTIC MILLS

Sprague Site



BALTIC MILLS

Sprague Site





BALTIC MILLS

Sprague Site

































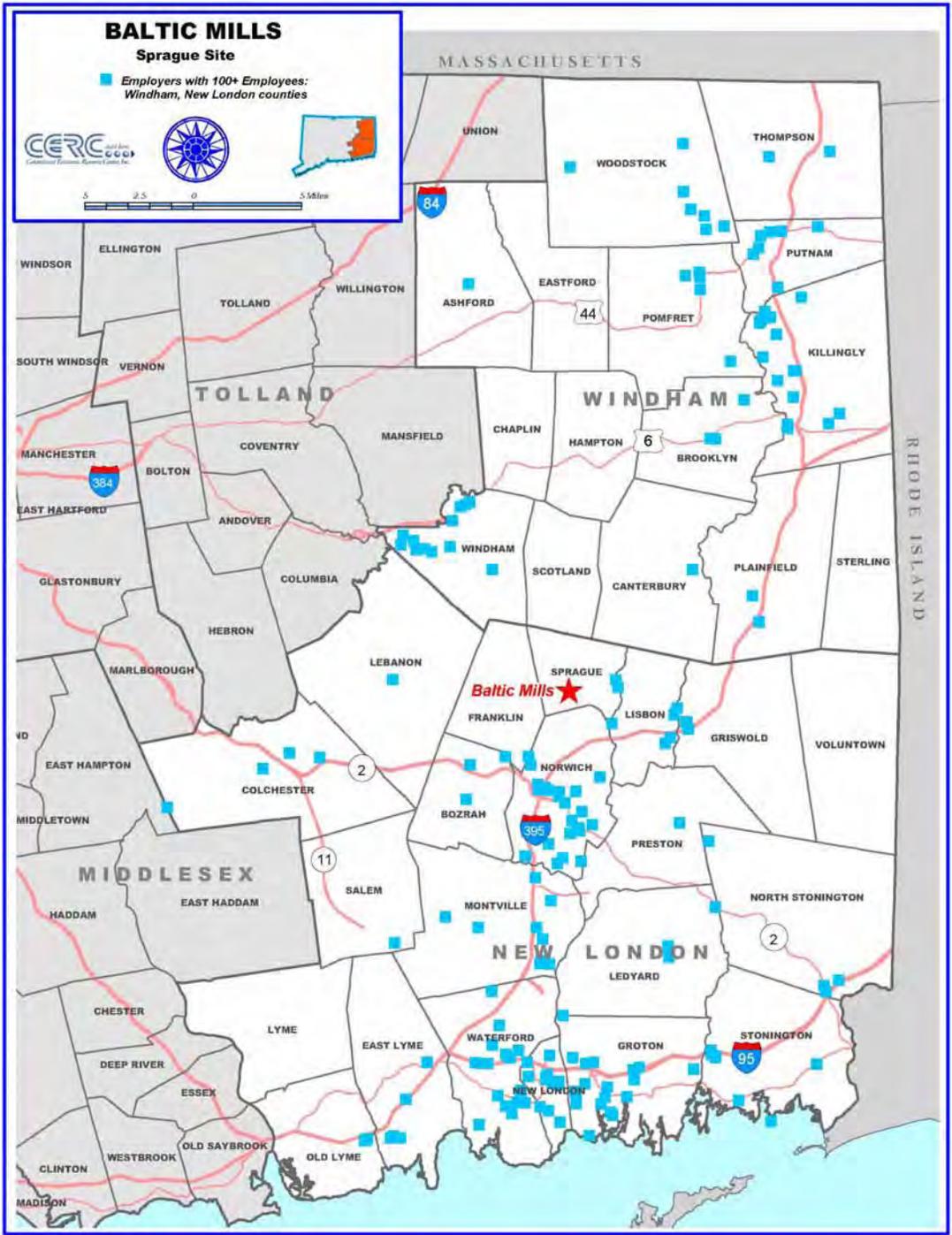


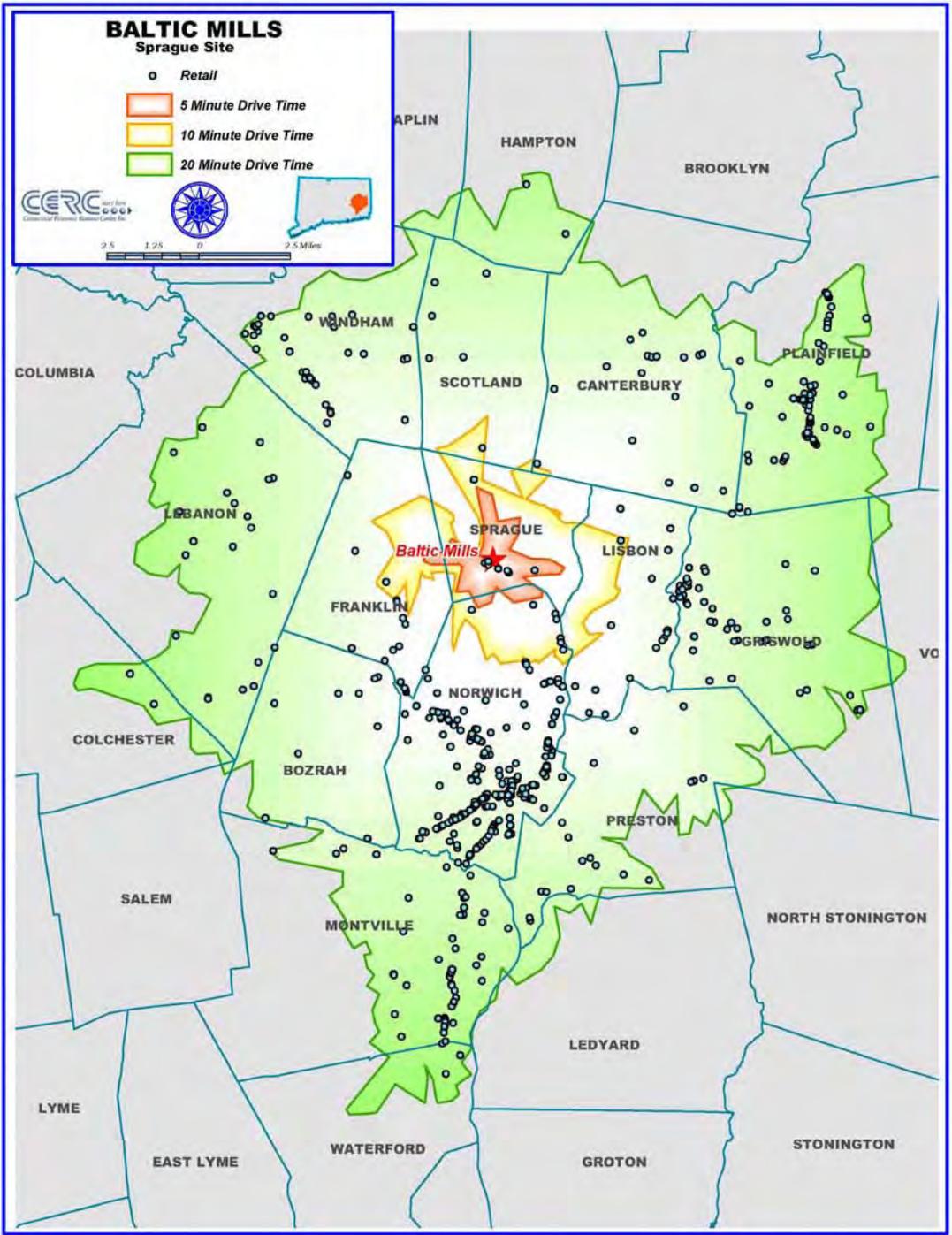


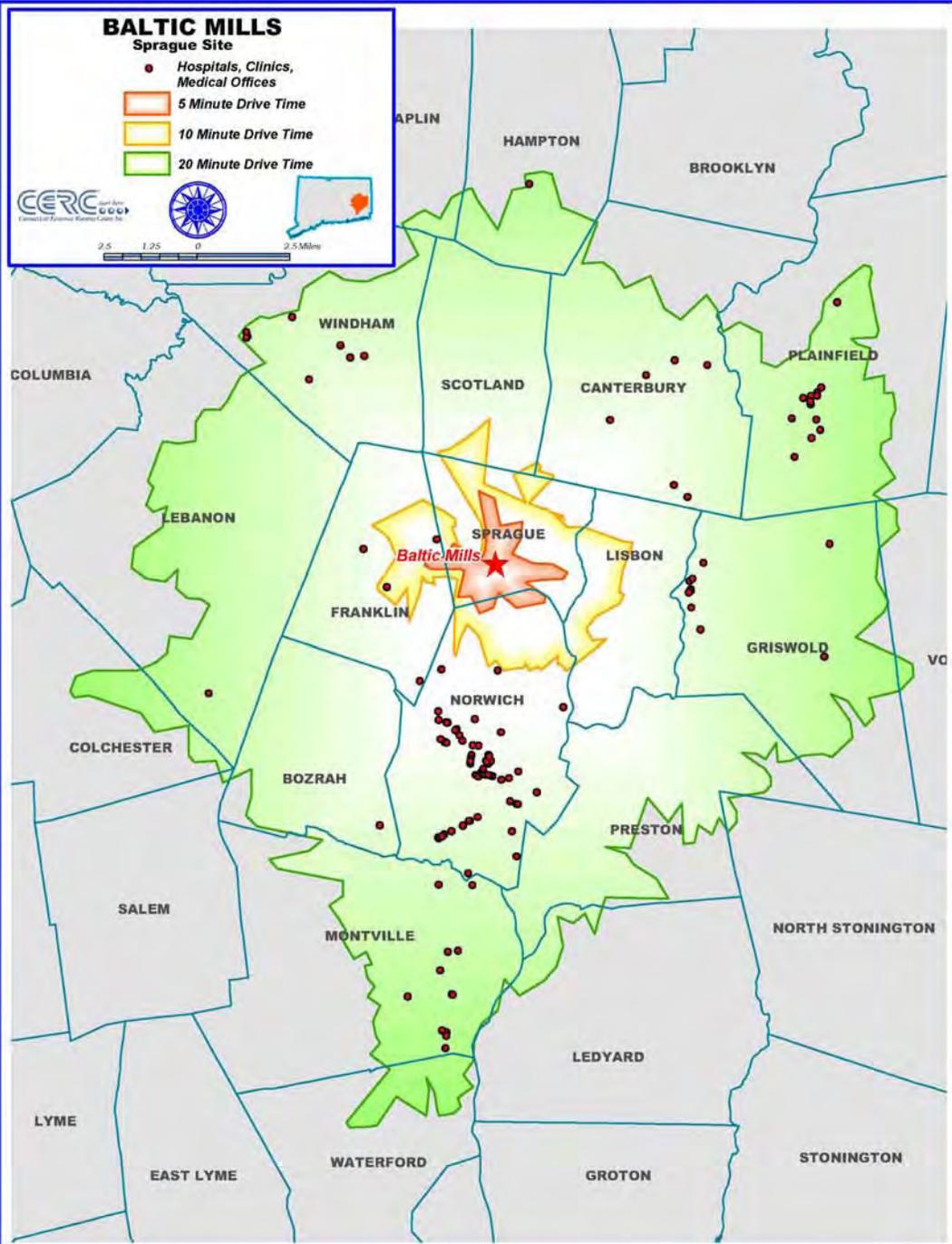












BALTIC MILLS

Sprague Site

Vineyards



10 5 0 10 Miles

