

Report to The Norwich City Council

Norwich Site Development
Committee for the Former
State Hospital

The Assignment

July 6, 2009

- “... oversee the continuing due diligence examination of said property and records pertaining to same, to consider, plan and recommend to the Council of the City of Norwich potential development for said site, to meet with interested parties and perspective developers interested in the development of said site, including representatives of the Town of Preston and to organize, conduct and participate in such meetings or forums as may be helpful to the process...”

The Committee

- Alan Bergren
- John Bilda
- Tucker Braddock
- Alderman Desaulniers
- Peter Davis
- Mayor Lathrop
- JP Mereen
- Robert Mills
- Kathleen Murphy
- Alderman Nash
- Michael O'Neil

Committee Objective

- Increase the body of knowledge regarding the development of the site;
- Develop an understanding of:
 - Major Issues
 - Major Risks
 - Reasonable Benefits
 - A Responsible Community Approach

The Approach

- Define Types of Costs
 - Cost of Acquisition
 - Carrying / Holding Costs
 - Pre-Development Costs
- Identify Economic Returns
 - One Time Land Sales / Leases
 - Long Term Tax Streams
 - Long Term Utility Revenues
- Identify Grant & Loan Opportunities

Basic Tenets

- Protect Norwich Taxpayers Interests
- Defer / Spread Norwich Investments
- Define Optimum Grant /Loan Opportunities
- Contemplate Maximum Developer Involvement
- Investigate Management Approach

Leadership Challenge

- **Leave it to the State**

- Limited Federal \$
- State is Outside Norwich Control
- Press Political Leadership
- Hope

- **Norwich Control**

- Manage Risk
- Expedite Process
- Define Preferred Outcome
- Zoning/ Design Standards

Known's vs. Unknowns

Reasonably Known Now

- Not Attractive To Developers As Is
- Cost ~\$100k to Know Environmental Conditions
- Grants Available for This Work
- Manageable Process

Known Post Acquisition

- Exact Cost
- Exact Work to be Done
- Exact Sources of Funds to Do The Work
- Defined Uses
- Development Partners

Major Issues

- **Costs**
 - It's Expensive
 - Operating Budget, Capital Budget or Bonding
- **Markets**
 - Are Thin and Currently Depressed
 - Preston Potential to Drive Market
 - Timing
- **Define Desired Outcomes**
 - Create Value Proposition

Findings- Acquisition Costs

- Title Search (PI Environmental)
- Title Insurance
- Filing Fees
- Legal
- Surveys
- Appraisals
- Closing -
 - Total Acquisition Cost at Closing- \$28,000

Findings- Carrying / Holding Costs

- Maintenance (Yr 1) \$ 165k
- Maintenance (Yr 2+) \$ 55k
- Security (24/7/365) \$ 223k
- Security- OPTION- \$ ~26k Norwich Police
- Insurance \$ 38k
- Loss of P.I.L.O.T. (Yr 2+) \$82k

Total Carrying Costs-

Year 1 - \$ 229,000

Year 2 + \$ 201,000

Findings- Pre-Development Costs

- Environmental
 - Assessment- Including PII,PIII,RAP \$ 100k
 - Abatement & Demolition- \$3.75M
 - Soil Remediation- \$ 1.2M

Sub-Total Environmental \$5.0M

Findings- Pre-Development Costs

- Infrastructure

- Utilities on RT 12

\$2.8M

- Planning

\$200k

Subtotal Infrastructure Costs

\$3.0M

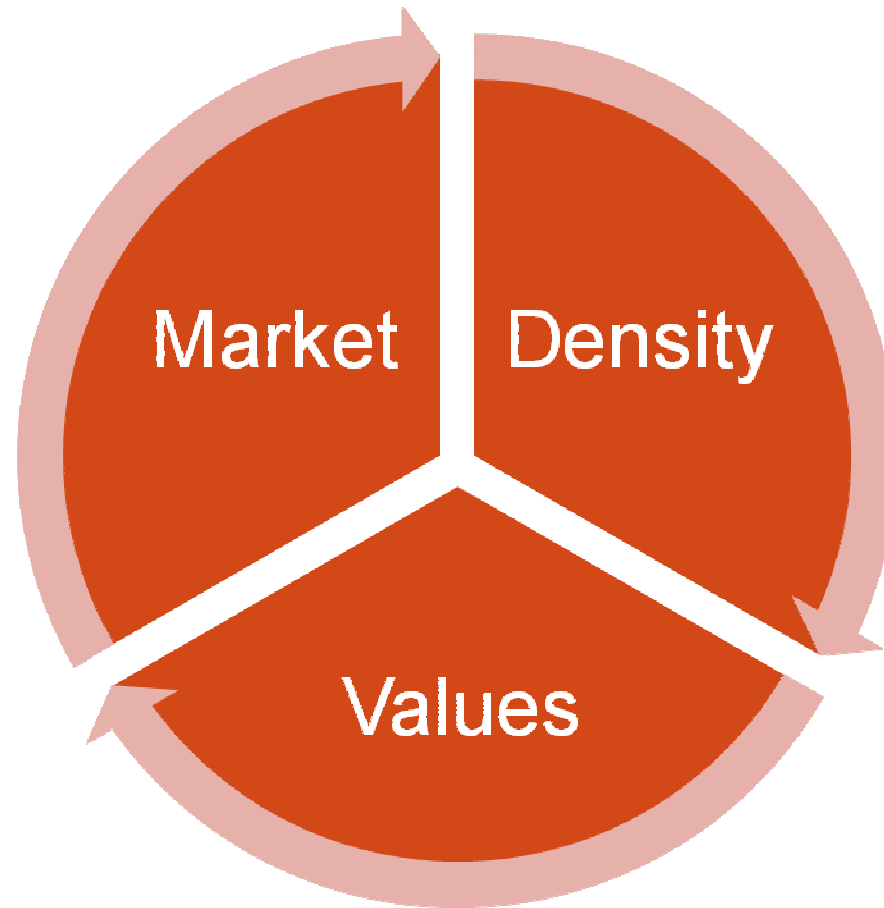
Total Pre-Development Costs

\$8.0M

Offsets- Potential Grants

- Planning
- Environmental
- Infrastructure & Development

Potential For Development



Findings- Benefits

- Land Sales
- Taxes
 - Real Estate
 - Personal Property Taxes
 - Motor Vehicle
- Utilities
 - Electric
 - Gas
 - Water
 - Sewer
- Control

Going Forward

- Develop a Road Map For Success