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WEST HARTFORD TOWN COUNCIL
PUBLIC HEARING

VOLUME 13
JULY 1, 2004

West Hartford Town Hall
50 South Main Street
West Hartford, Connecticut

Reporter: Sandra V. Semevolos, RMR, CRR, LSR #00074
Brandon Smith Reporting Service
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1 A P P E A R A N C E S:

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3 Present for Town Council:

- 4 Jonathan A. Harris, Mayor
- 5 Scott Slifka
- 6 Joseph Verrenga
- 7 Barbara Carpenter
- 8 Kevin M. Connors
- 9 Charles T. Coursey
- 10 Maureen K. McClay
- 11 Timothy Brennan

12 Also Present:

- 13 Joseph O'Brien, Esq.
- 14 Corporation Counsel

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1 (Public Hearing commenced at 5:09 p.m.)

2 MAYOR HARRIS: I call the continued

3 hearing to order. If we could please rise for the
4 pledge of allegiance.

5 (Pause.)

6 MAYOR HARRIS: Roll call, please,
7 Mrs. Cronin.

8 MS. CRONIN: Mr. Verrengia, sitting for
9 Mr. Bouvier.

10 MR. VERRENGIA: Here.

11 MS. CRONIN: Mrs. Carpenter.

12 MRS. CARPENTER: Here.

13 MS. CRONIN: Mr. Connors.

14 MR. CONNORS: Here.

15 MS. CRONIN: Mr. Coursey.

16 MR. COURSEY: Here.

17 MS. CRONIN: Mr. Harris.

18 MAYOR HARRIS: Here.

19 MS. CRONIN: Mrs. McClay.

20 MS. McCLAY: Here.

21 MS. CRONIN: Mr. Slifka.

22 MR. SLIFKA: Here.

23 MS. CRONIN: Mr. Spada is absent.

24 Dr. Thornberry is absent. And Mr. Brennan.

25 MR. BRENNAN: Here.

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1 MS. CRONIN: Thank you.

2 MAYOR HARRIS: Thank you, Mrs. Cronin.

3 Welcome to everyone here tonight and of course to all

4 of those tuning in, and again, thanks to WH-TV Channel

5 5 for their coverage and of course for all of the
6 volunteers that have helped to make it possible to
7 bring this process, important process into people's
8 living rooms. Tonight we expect this to be the last
9 piece of the Council hearing, the public hearing
10 process on Blue Back Square.

11 Tonight we are going to start off and
12 focus and probably will only focus on the financial
13 issues. There could be some mop-up questions at the
14 end. We'd like to try to, you know, we want to ask all
15 the questions, but TP&Z does have a meeting scheduled
16 for about an hour from now. Out of respect for that
17 body, if we could be efficient in our questions and
18 answers, that would be appreciated. But of course ask
19 and answer everything.

20 Mr. Slifka, I think you had some.

21 MR. SLIFKA: I'm up first. Mr. Francis,
22 I have two questions or for anyone from the Town, I
23 think Mr. Francis, you are the right one, two questions
24 of a general nature on the finances that I know you've
25 addressed already, but in the almost, I think, the

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1 follow-up letters and e-mails that we have received
2 from citizens that indicate that they'd like further
3 clarification of certain things that were covered, I
4 think these two matters address that.

5 One is on the issue of interest rates.
6 We had a lengthy discussion about that during your

7 original presentation, and our original period of
8 questioning and explained, I believe, that the assumed
9 rates were about 4-and-a-half percent and that they
10 float to 5 basis points. We've gotten some
11 correspondence, as I indicated, that that may be too
12 conservative -- people are concerned that may be too
13 conservative. Yesterday I know that the fed raised at
14 least short-term interest rates and have indicated an
15 eye towards doing that more in the future.

16 Can you just once again address this
17 issue and address, I think in particular, the concern
18 that people would have is that we get a little bit into
19 this project, if approved, and suddenly interest rates
20 are double what they are today, and we can't afford to
21 commit what we had intended to to the project, or there
22 won't be enough money, even with the bonding cap that's
23 in the Master Agreement, there wouldn't be enough
24 capital available to complete the project properly.

25 So if I made any sense, could you please

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1 address that.

2 MR. FRANCIS: You made perfect sense,
3 and I'll do what I can to try and clarify that. We did
4 identify one of the major risks being the interest rate
5 risk that might occur in this project, because it has a
6 length of time, over two years of construction
7 scheduled, and we wouldn't be bonding immediately, and
8 so we identified that early as a potential area of

9 risk.

10 And just a little history on that, we
11 look at that all the time when we bond. We are out in
12 the bond market every year as a municipality, and so we
13 look at when it might be appropriate for us to sell and
14 issue bonds. We also look at what the timing might be
15 on that, and as an example, back in '94, 1994, the feds
16 tightened the money supply at that time, and we had
17 extreme rise in interest rates from, as we had -- not
18 extreme like -- yesterday was not extreme, but we did
19 have a rise in interest rates over a short period of
20 time, and during that two-year period really of '94
21 through '96, when the fed raised rates, I think about,
22 I want to say almost 3 percent, 3 full percentage
23 points, 300 basis points, we only had our bonds change
24 100 basis points during that time from about 4 and a
25 quarter to about 5 and a quarter.

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1 But at the same time, we also have the
2 advantage of trying to structure our bonds to
3 anticipate that, and so we have the advantage of
4 requiring of our bonds that we could refund those
5 bonds, and so we would look at that. We would
6 structure any sale that we could potentially refund
7 them at a later date at a lower interest rate. We
8 could -- and I'll get back to that a little later,
9 because again that's not something new for us.

10 Again, as a history, going back a little

11 bit in the period of 1996 through 1998, we bonded 65
12 million dollars. It was three different issues. It
13 was the time when we were completing the school
14 projects for the high schools, and what we did is we
15 separated the issuance into three different ones over a
16 two-year period of time. We restructured those. We
17 then refunded those in January of 2003 and had a -- not
18 all of them, but we did refund 20 million dollars of
19 that debt. Our interest rate at that time was an
20 average of 5.1, and when we refinanced them, we had an
21 interest rate of 3.2. So that allowed us to cut the
22 debt service considerably on those bonds, and so we
23 have that as an option.

24 I spoke about the process of perhaps
25 hedging or interest rate swaps that would be an option

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1 to the Town. That's a more complicated formula. We
2 would certainly look at that. In the bond ordinance,
3 that does specify if we went into that kind of a
4 provision, we would come back to the Council to get
5 your okay to do that. It's fairly a common tool. We
6 did use it, again, when we refunded in 2003 as a tool,
7 but it is a way to reduce your interest rate cost if
8 you anticipate that you may be higher than desired.

9 As you mentioned, there is somewhat of a
10 float in the model itself, so rates could go up about a
11 half of a percentage point, and we still believe the
12 model would cover that. We also believe we've made

13 conservative revenue estimates, so the situation could
14 be that your revenue comes in higher than what we've
15 projected to cover any higher interest rate that might
16 occur.

17 We also have provided for provision to
18 have a reserve of about, we said we'd build it up to 4
19 million dollars, and that's slightly more than one
20 year's annual debt service payment, if we ran into that
21 difficulty, and then there is, again, the timing, that
22 is, when do we actually issue this debt. There is
23 nothing -- while we had to model a certain timing to
24 come up with some estimates, we have a lot of
25 variability and flexibility as to when we might issue

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1 that debt, so there are ways we could do that to
2 minimize the interest rate that we might pick up with
3 that and the interest costs that we would have.

4 As an example on that, we said in the
5 model that we would have two one-year BANs, Bond
6 Anticipation Notes. The first year of that, most of
7 the costs in the first year of the model are costs that
8 are associated with renovation of Town Hall or the
9 library, which would be general capital improvement
10 projects that we would do as a matter of course. We
11 modeled that we would issue the BAN before
12 construction, so that we would have the money prior to
13 construction. We don't have to do that. We could have
14 the construction make the payments and issue the BAN

15 after the construction, which would give us about a
16 year's period of time.

17 That's typically what we have done in
18 the past with construction projects. It's because we
19 have enough financial strength to do that, we could
20 essentially make the market timing of our issuance to
21 our advantage and lessen any interest costs.

22 So these are all options that we have.
23 We don't know exactly when we'd have to issue, assuming
24 the project would get approvals, but those are options
25 that we would have. We would go through and look at

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1 all of those options upon approval, and once we got
2 past that Town parcel closing date, because we'd have
3 to wait for that also, before we would issue anything,
4 and we think those, those different options and
5 mechanisms are means whereby the assumption, the
6 4-and-a-half assumption that we used in the model,
7 would make it fit. The probability of that, those all
8 working within that model, we believe are very high.
9 And so we feel comfortable with it.

10 If we issued today, for instance,
11 because of the quarter point raise, that had absolutely
12 no impact on the municipal bond market. As you said,
13 that's an interest rate increase the feds did on
14 short-term money, and it had no effect on long-term
15 money, which is what we would be looking at, 20-year
16 issuance and pay back. So the cost of us borrowing

17 from yesterday to today did not change. We'd be
18 looking right now, if we went out in the market, at
19 about 4 percent interest rate.

20 MR. SLIFKA: You mentioned hedging, and
21 when I hear that, it sounds to me like another word for
22 delay, and in the current market, concern seems to be
23 more that by waiting will we be -- we would be doing it
24 to our detriment because rates are only going to go up
25 from today, and thus are we considering options --

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1 there is a two-part question, one, are we considering
2 options where your hedging would be to take the debt
3 out earlier to take advantage of the lower rate, and
4 then two, which was going to be my second general
5 question later, you've addressed this turnkey approach
6 to the financing, that we don't take the debt, incur
7 the debt until certain things happen, and then on the
8 other end, revenues ought to be coming in. That fits
9 according to a certain schedule, but if you have to
10 adjust it, in other words, move up the debt schedule to
11 take advantage of interest rates, how does that affect
12 the turnkey plan?

13 MR. FRANCIS: Yeah, the hedging can work
14 two ways. You could certainly use that to advance and
15 lock in a rate, and so the answer to your first
16 question would be yes, we would look at both, issuing
17 it perhaps earlier as well as later if we thought we
18 could get a good rate and lock it in.

21 would be no parking revenue, and we'd be left holding
22 the bag and the obligations of those bonds. Since
23 they'd be general obligation bonds, they would fall
24 back on the taxpayer.

25 I believe, if I can summarize what

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1 you've explained through your presentation is that that
2 scenario does not occur because, first, certain
3 preconditions are being met, in other words, the key is
4 being turned before we incur some debt, and at the same
5 time, as that schedule moves along, there is revenue
6 coming in on the back end from elements of the project
7 being completed. One, can you confirm that's true?
8 And two, can you just give a brief summary of that
9 process again, if I am correct?

10 MR. FRANCIS: You are correct, and I
11 would confirm what you just said. There is essentially
12 a number of doors, in terms of the locking the door and
13 unlocking it. At the very beginning, there isn't going
14 to be any debt issued. There isn't going to be any
15 transfer of property. There isn't going to be any debt
16 service required until the 10 or 11 conditions that
17 were in the Town parcel closing date are met, and we've
18 talked about several of those. I don't know if you'd
19 like me to go through all those again, but we talked
20 about several of those that would have to occur, and
21 last night, for instance, we talked about the equity
22 funding, and that would have to be in place. The

23 construction loans have to be in place, those types of
24 things.

25 MR. SLIFKA: Jim, if I could, maybe, I

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1 know we had quite a lengthy dissertation on that last
2 night, maybe what I would like you to address more is
3 the issue of the revenues, and we know what has to
4 occur before the debt is out, but this plan is premised
5 on money coming in once all that happens, so could you
6 concentrate on that?

7 MR. FRANCIS: Yes. The revenues begin
8 in a a number of ways. In terms of the Special
9 Services District tax, those revenues begin by building
10 when the first CO for the -- for any nonresidential
11 tenant has been issued, so you need one CO in the
12 building to begin the entire tax for the building on
13 the SSD part of it. And so that will occur as those
14 buildings are built and the CO for the tenant is
15 issued, and then once that occurs, there is no
16 interruption of that revenue stream until the bonds are
17 paid off.

18 The general property tax continues from
19 day one. We assess the value of the property based on
20 the construction and where it is, and so the general
21 property tax would start day one and flow into the Town
22 and build to that, upon fully development, would build
23 to the 2.8 million that we have estimated on that.

24 The garages, obviously the revenue will

25 start when we open the doors, and we don't buy the

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1 garages until we can open the doors, and what that
2 means is not only does the CO have to be issued for the
3 garage, but in the North Garage circumstance, you have
4 to have the CO for Building B-1 issued; you have to
5 have the tenant, at least one tenant occupy that
6 building so the CO has to be issued for that, so
7 that -- and we would assume there would be more. You
8 have to have all of the environmental remediation
9 certificates from DEP issued and met by the developer
10 before we would accept the garage, so there has to be
11 essentially traffic in there that would generate
12 parking in that garage. They also have to have 70,000
13 square feet of retail space, of space leased in either
14 Building A or Building B-1.

15 Now, the South Garage, they have to have
16 40,000 square feet in Building C, which is the Hartford
17 Hospital building, and they have to have obviously the
18 CO for the garage issued. They have to have the CO for
19 Building C, the Hartford Hospital building, issued, and
20 they have to have a CO for at least one tenant in that
21 building issued. So again, that has to be open for
22 business at the time that we take the garage so that
23 the revenue starts at that point.

24 We then, even when the garage opens, we
25 did not assume that it would be at its full

1 utilization, so we assumed that they started, both
2 garages started at about 40 percent of the projections
3 and worked themselves up over a period of about 17
4 months until they were at full use, and I don't mean --
5 by full use, I don't mean that they are at capacity,
6 but they are at their maximum use, in terms of things
7 being -- the project being completed. So that we were
8 trying to be conservative in terms of how much revenue
9 came in, into that stream.

10 So what would happen is we would have
11 both the SSD taxes coming in and garage revenue taxes
12 coming in before we had to make the first payment on
13 the debt service, and it would come in anywhere from or
14 start coming in anywhere from approximately a year or
15 less from the date that we would actually make our
16 first payment on debt service.

17 MR. SLIFKA: Sorry, Mr. Mayor, I have
18 one follow-up. Back to the interest rates for a
19 moment, it just occurred to me, one of the
20 preconditions, I think, that was discussed is that
21 there be no pending litigation, and we know from past
22 experience that development projects of all sorts can
23 be delayed for that or for some other reason, and I
24 guess hypothetically, you could suppose that some
25 precondition, be it litigation or not, would delay the

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1 project by a year or two, three years, and in that time
2 there could be a lot of fluctuation in the interest
3 rate market as opposed to, I think you are projecting
4 out two, three years from today.

5 At that point, if that did occur, does
6 the Town's bond commitment, in other words, the 48
7 million dollars, stay exactly the same no matter what
8 time the project does begin?

9 MR. FRANCIS: It does. The 48.8 million
10 does stay the same. There is no adjustment to that
11 amount. The other point would be that, at the time for
12 the Town parcel closing date, that's a two-year period
13 of time from July of 2004 through 2006, and at that
14 point in time, then you can reconsider whether or not
15 to stay with the deal or not, both sides could.

16 MR. SLIFKA: So to the extent that the
17 48 million, hypothetically, were not enough, that risk
18 is borne by the applicant, by the developer; correct?

19 MR. FRANCIS: That's correct.

20 MR. SLIFKA: And I assume, if I can turn
21 to Mr. Heapes, I guess, that because you have agreed to
22 the language in the SSD that you are prepared to assume
23 that risk?

24 MR. HEAPES: That's correct.

25 MR. SLIFKA: Thank you very much, and

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1 thank you, Mr. Francis.

2 MAYOR HARRIS: Thank you, Mr. Slifka.
3 Mrs. Carpenter.

4 MS. CARPENTER: Yes. Mr. Francis,
5 we've been discussing this. My question is that this
6 public hearing has certainly highlighted the myriad of
7 needs that are in our community, both in Elmwood and on
8 both ends, in Elmwood and on Bishop's Corner, and what
9 I'm looking at right here is from the book, your
10 financial report, and I'm looking at the page that
11 says, How do we spend 48.8 million dollars? It's quite
12 specific, site improvement, South Garage, financing and
13 issuance, library addition and the North Garage. And
14 the one area that I'm really having a problem
15 struggling with and approving is the Town Hall
16 renovation or the consolidation of services.

17 Back in, I think January or February,
18 that amount, I believe, was at 9 million dollars, and
19 we were shown an architectural design which was thought
20 to be in excess of what we needed. Now the amount is
21 down to 7 million dollars, which I still believe to be
22 too much. And I think that our goal is certainly to
23 reduce the debt service, and I'm really having a
24 difficult time approving that amount when I really
25 don't know what it includes, what the renovation is

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1 going to be, what the consolidation is going to be,
2 and how do we approve an amount when we really don't
3 know what the plans are or what we are really getting

4 for that money.

5 And my follow-up question would be
6 whether or not some of the 7 million dollars could then
7 benefit other Town projects, again, citing the great
8 needs in our community, throughout our community.

9 MR. FRANCIS: The 7 million that's in
10 the bond ordinance for Town Hall, you, being the
11 Council, would be presented the plan for the renovation
12 of Town Hall prior to us undertaking that project, so
13 that you will have a final say as to what is done to
14 this building and how much you will authorize to spend.
15 So that if you would show -- if you would approve this
16 bond ordinance, that does not mean that we are going to
17 go out and bond for 7 million dollars for this project.
18 It means there are certain steps still that need to be
19 taken with you as a Council to approve both the Town
20 Hall renovation, and I'd add the library also addition,
21 for final plans and specs and costs to be submitted to
22 you and approved. So that to the extent that you did
23 not approve that and you approved some lesser amount,
24 then we would adjust the bond to that amount, so that
25 we would reduce -- if, as an example, you authorized

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1 only 2 million instead of 7 million, then we would
2 reduce the bond by that 5 million dollars.

3 Now, in terms of your second question,
4 you couldn't take that 5 million and then go spend it
5 somewhere else, because the bond ordinance and the

6 rules on that are that you have to specify exactly the
7 project you are going to spend it on. So it's in not
8 listed in the bond ordinance, then you couldn't spend
9 it. Now, that wouldn't mean that you couldn't take
10 then and adopt another bond ordinance for some project
11 of 5 million dollars if you so chose to do some other
12 project. You can adopt a bond ordinance whenever the
13 Council approves of a bond ordinance.

14 MS. CARPENTER: Thank you so much.
15 You've given some real incentive for us to work very
16 hard. I know that Mr. Van Winkle did say with some
17 hard work it is possible to consolidate services
18 without doing too much renovation or at least addition
19 to this building, and I know just personally that's a
20 personal goal of mine, and I hope that we can really
21 work towards that as the project continues.

22 My next question has to do with a
23 question about, as a Town, we are really struggling to
24 finance, as we know, our schools and our public
25 services. We are going through a referendum. It's

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1 been a difficult budget season. I pose the question
2 that actually you posed to us, Mr. Feldman, which was
3 you believe that the greatest risk in our community
4 right now is the risk of doing nothing, which is why
5 you really pursued the Blue Back Square development in
6 the proposal, and I respect you for that.

7 Now I'm going to pose that same question
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8 to you, Mr. Francis. In terms of the financial future,
9 what do you think is going to be -- what would be the
10 greatest risk financially if we were to do nothing at
11 this time?

12 MR. FRANCIS: The result of doing
13 nothing at this time would be that there would not be
14 any increase, I believe, in the general tax property
15 tax revenue coming to the Town in the sense of new
16 development. You wouldn't have, obviously, the
17 development going on. You wouldn't generate new taxes
18 from that development, and as we showed over, at least
19 the last five years earlier, we have very little growth
20 in our grand list, and it's been under 1 percent, an
21 average of .77 percent over the last five years, which
22 puts us way behind the other AAA communities, and
23 certainly behind other communities that are of the same
24 size.

25 When that happens, what that means is as

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1 the cost of providing services to the community rises,
2 that you are going to have to increase the mill rate to
3 cover those costs, because the base will stay the same,
4 and in doing that, that means a higher burden of taxes
5 on the property owners of the Town, and as we've seen
6 with the revaluation, when that happens, eventually
7 you'll have even more of a transfer to the property
8 owner rather than the -- residential property owner
9 rather than the commercial areas. What this does,

10 what this project does is puts somewhat of a hold on
11 that and also benefits the taxpayer. As an example of
12 that, we ran some numbers, and I had a hand-out a
13 number of days ago. I don't know if you've got that
14 right at your disposal, but it showed what happened to
15 an individual's property tax with and without Blue
16 Back, and what we did is we took the median price of a
17 home, which was in Town, which is 165,000, and said,
18 well, what was -- under the adopted budget for '05
19 fiscal year and with the mill rate of 42.12 that you
20 adopted, there was a -- that house would have taxes of
21 4,868 dollars, and that was a tax increase of 6.1
22 percent.

23 If Blue Back had been developed and was
24 fully developed at this point in time, that increase to
25 the taxpayer would have been 3.7 percent, and they

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1 would have saved almost -- well, it would be 40 percent
2 less of a tax for them, so there would have been a
3 substantial impact to the residential taxpayer and will
4 be if this development occurs.

5 Without it, again, in terms of the
6 future, and we all have, you know, a point in time,
7 the development will take a lot longer, and it won't be
8 as extensive here and, you won't get that benefit. I
9 mean, it's really the increase in the grand list that
10 this causes, that's the benefit to the taxpayer.

11 MS. CARPENTER: Thank you so much.
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12 Actually this is just my last question, and it was a
13 question that was brought up last night about the 2.8
14 million dollars going into the general fund. I just
15 wanted to understand why you thought that was the best
16 way that that money be put into a general fund and that
17 perhaps, I don't know, just sometimes when you spend
18 money, it's better just set aside for a specific
19 project, and I just wanted to get your feel as we come
20 to the financial agreement, if the 2.8 million dollars
21 might be better served in a specific fund for a
22 specific Town project, rather than going into the
23 general fund.

24 MR. FRANCIS: One of the principles that
25 we had on the financing was to allow the public policy

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1 flexibility, in terms of your policy setting, and so
2 that's why we pursued the course of preserving the
3 property tax at 2.8 million to the general fund, and
4 that this project would not use any of those funds to
5 pay back the debt, and that's how we pursued that. We
6 did that expressly for that public policy reason, so
7 that you as a Council could determine how best to use
8 that money that came in, and that we would look at that
9 certainly as that's a Council privilege, and we
10 wouldn't assume that.

11 MS. CARPENTER: So year by year the
12 Council could decide where that revenue is going to go?

13 MR. FRANCIS: Absolutely.

14 MS. CARPENTER: Thank you so much.

15 MAYOR HARRIS: Thank you,
16 Mrs. Carpenter. With the indulgence of my colleagues
17 at the table, I was going to call on some other
18 people, but I just wanted to follow up on a piece that
19 Mrs. Carpenter said, because I think it fits together.

20 Mr. Francis, you spoke in terms of the
21 risk of not doing this from a property tax perspective,
22 and yet through this process, there have been some
23 other issues that people have disagreed on in the
24 testimony, but that also could be a risk of not doing
25 it, and perhaps this is for Mr. Van Winkle. One of the

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1 questions on the table for us is, how does this
2 proposal, if passed, mix with the existing Center?

3 There has been a lot of commentary on
4 Canton's project, on Evergreen Walk in South Windsor,
5 on Glastonbury's project, on Berlin's project, and what
6 that does to the market. But in your opinion as an
7 economist, is there a risk in not doing this that we
8 aren't able to keep our market share in the Center?

9 MR. VAN WINKLE: Mr. Mayor, Ron Van
10 Winkle, certainly that's one of our basic premises.
11 It's really twofold; one, that we keep our market
12 share; and secondly, that we strengthen the Center. It
13 is our belief that this development, the anchors that
14 it brings, the customers that it will bring to the
15 Center, the activity it will bring to the Center will

16 strengthen the Center, both sides, bring new activity,
17 new customers. It will bring new activities, new
18 customers to the existing stores in the Center. Those
19 stores will be more successful. The landlords that own
20 those stores will be more successful, and the Town's
21 revenue that comes out of the existing Center will go
22 up because of the success of the entire Center.

23 It's been the premise we worked on in
24 the Center over the last decade of trying to strengthen
25 the Center, and our goal was to increase property tax

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1 yield that came out of the Center. That's what
2 occurred, and we believe that with this change, the
3 existing Center will also increase the amount of taxes
4 it will yield to the community.

5 MAYOR HARRIS: Thank you, Mr. Van
6 Winkle. Mr. Connors.

7 MR. CONNORS: I kind of had a similar
8 question to that. With the Center as it is now, it's
9 been testified that it's been able to roll with the
10 economy somewhat because of its size, and as you
11 increase the size of the Center now and we look out
12 five or so years and the economy starts struggling,
13 for whatever reason, high cost of medical care,
14 because medical insurance companies aren't paying as
15 much as they did anymore, people having less disposable
16 income. That will affect all of the developments that
17 are occurring around West Hartford, and it will reduce

18 the amount of disposable income.

19 At that point West Hartford could see a
20 bigger problem than it might have had if it remained
21 smaller, if you could just comment on that. I mean,
22 there are -- Connecticut Labor Department is saying
23 that Connecticut is still not regaining the jobs that
24 other states are, and if that trend continues, do we
25 find ourselves in a recession, and are these

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1 developments not going to be able to be supported, and
2 do we find ourselves with empty space, parking revenues
3 not enough, and SSD taxes being a problem to be made?

4 MR. VAN WINKLE: Ron Van Winkle, noted
5 economist. Your point is well taken. The Connecticut
6 economy has lagged the national recovery, yet in the
7 last two months we've seen some good job growth
8 numbers, and the expectation is that those numbers are
9 beginning to catch hold. Unemployment claims are
10 dropping substantially in the state, so it looks like
11 our state's economy is back in the saddle and ready to
12 grow and most economists are forecasting that this year
13 we will see that growth. Changing makeup of how we
14 spend our money, higher medical costs and all that play
15 with us, including higher energy costs that are truly
16 just a tax on our incomes, those all obviously reduce
17 disposable income in some way.

18 In the state of Connecticut, wage income
19 is rising at about 3-and-a-half percent. That's well

20 above inflation. Individuals on average are getting
21 better off, and it is that increase and total income
22 that should sustain the economy.

23 If we actually were a state in which our
24 disposable income were declining, we would be in awful
25 shape. We'd be talking about a state that was slipping

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1 into perhaps depression. That would be unlikely in
2 Connecticut, in the state of this economy. We may be
3 growing slower than Nevada or a state that will
4 continue to grow and continue to be strong. The
5 economy continues to change, the makeup, the mix and
6 how we spend our dollars continues to change.

7 One thing that happens as we move from
8 younger families who are thinking about kids in
9 elementary school to empty nesters who are thinking
10 about going out to dinner, enjoying some of the good
11 things of life that they've put off for many years, as
12 the age of the community goes up, we tend to be richer.
13 At 20, we struggle and perhaps eat more hamburger. At
14 50, we eat more steak. And it's an inevitable
15 demographic within this economy and within West
16 Hartford.

17 So I wouldn't forecast a decline in
18 disposable income in this, and I would also say that
19 some of the demographic numbers would suggest that we
20 are going to strengthen our spending and not see it
21 decline despite energy issues, despite medical issues

22 that we are facing.

23 MR. CONNORS: Just your comment about
24 the community aging, right now it would be debatable to
25 say that the community is aging, at least from my

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1 perspective. I actually think we are at the point now
2 where the community is starting almost at its lowest,
3 I mean, with the number of younger families moving into
4 the community.

5 I've heard comments made, and I can
6 agree with it myself, the current Center as it is does
7 not -- does not avail to me a lot of shopping
8 opportunities because of, you know, other than Pfau's,
9 Herb's Sports Shop and stores like that. We are not at
10 the point, because of our family, to be spending money
11 on some of the amenity items that the Center offers.
12 We are going to be adding to that, I believe, that
13 same type of shopping, and the perception of needing
14 the more affluency to support these types of shops, if
15 there is, again, you are saying that you don't believe
16 that there is going to be a problem with the disposable
17 income, but if there was that problem, you know, you
18 would not see the people spending that kind of money.
19 People would be spending the kind of money we spend,
20 which is money for things that we need, versus things
21 that we'd like to have.

22 So I mean, making it bigger could
23 exacerbate that problem if there is a slowing up of the

24 economy. I'll let you just comment. I'm not saying
25 you need to give me a remedy. I'm just throwing it out

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1 there. Thank you.

2 MR. VAN WINKLE: Actually what happens
3 when we add shopping in Blue Back Square to the
4 shopping in the Center, we create a shopping
5 destination. Right now the shopping in the Center is
6 really not a destination kind of shopping, although
7 people go to the Center to shop, to walk around to do
8 something, the food is more of a draw. The restaurant,
9 the atmosphere, the place is more of a draw, and so
10 when you hop in your car on Saturday, West Hartford
11 isn't necessarily the place to think of when you go to
12 shop if you are just out for a stroll and to shop.

13 The additional stores, it creates a
14 place where it is a good place to shop as well as an
15 evening place to shop. These stores will be open, and
16 I would expect that we'd see more stores in the Center
17 open now, that when they do open, they don't get a lot
18 of shoppers that come in their door, but because we are
19 going to have a Center which draws shoppers, when the
20 Center stores do open, they will sell more, because the
21 people on the street will be there not only to have
22 dinner, but to shop.

23 Again, I just don't think disposable
24 income is a declining issue. If it truly were in the
25 state of Connecticut declining, we would be in very bad

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1 straits. It will not increase at the rates of other,
2 some other states in the south and the west, and some
3 states that have much younger populations than the
4 state of Connecticut.

5 Just to go back to your point on our
6 age, our age has declined in the last few years. We've
7 seen a decline since 1990, and your street sample of
8 strollers would reflect that. That's what we all see,
9 a lot more school children, a lot more going on, but we
10 are still a median age of 40. That's an old state
11 compared to some of the western and southern states
12 that we look at. So the northeast is an old place, if
13 you will, although we are perhaps stabilized in the
14 aging of our community. We are not what you would
15 classify as a young community.

16 MR. CONNORS: This is one quick comment.

17 MR. FRANCIS: Mr. Connors.

18 MR. CONNORS: So over the next ten
19 years, you would imagine the community would age, it
20 may not have the backfilling of the younger families,
21 but just because of the cycle that it has now, and all
22 of us moving up in age would have the community
23 demographic be different; is that what you are saying?

24 MR. VAN WINKLE: The community
25 demographic will change by next year. We are looking

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1 for a peak in the school population to occur somewhere
2 in the next few years. It's been forecasted for 2002;
3 it didn't occur. We are looking for that peak to occur
4 to flatten out here. When that occurs, the population
5 that starts to grow are the early part of that growing
6 school age population. The 20 somethings, the 30
7 somethings slow down. There is a baby boom and a baby
8 echo, a girth in the middle. That has had huge effects
9 on the nature of Connecticut, of West Hartford. So
10 yes, in ten years, this community will change. You
11 will probably see fewer kids on the street, not
12 traumatically. You might sense it because you observe
13 those things, but you are not going to see. These
14 numbers don't move like the tide. They move very
15 slowly, and our age might go up from 40.2 to 40.8, so
16 the numbers don't move dramatically, they move slowly,
17 but the change is somewhat inevitable and very easy to
18 forecast because those people are already out there.
19 One demographer once said that one thing we've learned
20 from demographics is that every ten years we age about
21 ten years and his forecast worked pretty well that way.

22 MR. CONNORS: Thank you.

23 MAYOR HARRIS: Thank you, Mr. Connors
24 and Mr. Van Winkle. Thank you for reminding me of my
25 20s when surf and turf was hot dog and tuna salad. I

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1 appreciate that, I feel lucky now.

2 Any questions, Mr. Verrengia.

3 MR. VERRENGIA: I just have a few. Just
4 to follow up what Mr. Francis said, there has been a
5 lot of talk about this 4 million dollar reserve fund,
6 and in the event that interest rates were to increase,
7 that that 4 million dollars would cover one year debt.
8 Did I understand, is that correct, if we had to use
9 that?

10 MR. FRANCIS: The 4 million dollars
11 would cover the entire debt for one -- more than the
12 entire debt for one year, yes.

13 MR. VERRENGIA: At what year are we
14 projected to reach that 4 million dollar reserve? It
15 would seem to me that we are most vulnerable with
16 respect to increased interest rates at the first few
17 years, and possibly we would not be at that 4 million
18 dollar reserve rate, so at what year would we reach
19 that 4 million dollar reserve rate fund?

20 MR. FRANCIS: When we looked at it, we
21 are looking at building it up probably over the first
22 six years of the project. What we've said is we'd take
23 any excess revenue from the garages first to put into
24 that reserve, so to the extent that we had revenue in
25 excess of our projections, it would go first.

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1 Secondly, we said that we would reserve

2 20 percent of the excess property tax that came in per
3 year to build that up, and so we are looking at about a
4 six-year period of time.

5 MR. VERRENGIA: Okay. I'm just trying
6 to get a sense for the margin of error with respect to
7 the parking projections, and I'm just going to think
8 out loud for a minute, kind of give you a scenario,
9 and see if the projections would cover this scenario.

10 In thinking out loud, my scenario would
11 be during the week p.m. from 5:00 p.m. to 2:00 a.m., I
12 would imagine that potentially there could be
13 approximately 200 employees during those hours and/or
14 additional cars that are going to be visiting this
15 Center from 5:00 p.m. to 2:00 a.m., maybe 2, 300 cars
16 taking up garage spaces.

17 My concern is that the parking garage
18 closes at 1:00 a.m., so for all intents and purposes,
19 between those hours, there is the potential loss of
20 revenue, you know, 200 cars. So I guess my question
21 is, in your projections, is there a comfort level? Is
22 that scenario accounted for?

23 MR. FRANCIS: Let me answer that a
24 couple of ways. First of all, we designed it -- we
25 used that as the model, as you know, the 1:00, because

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1 we had to fix the model, but the Council, I think, as
2 we talked yesterday, will set the hours of those
3 parking lots, and if we found the scenario you just

4 mentioned to be true, that there were roughly 200 cars
5 there after that hour, I would think we would be back
6 to you suggesting that it's worth our while to keep the
7 station open to collect the revenue an hour longer, so
8 that we wouldn't lose that. So we, again, in terms of
9 that financial policy of keeping public policy
10 flexibility, that was one of the reasons we felt that
11 it was in the best interest of the Town to control the
12 operation of the garages, because you would have the
13 flexibility to set those hours of operation.

14 MR. VERRENGIA: Thank you. You had
15 indicated in your opening remarks, and I apologize
16 because I just know you made reference to Moody's and
17 Standard & Poors, that you had checked with them, you
18 went over this plan with them, and kind of a thumbnail
19 response, can you just reiterate that for me?

20 MR. FRANCIS: Sure. I've met with them
21 at least three times formally, and had various phone
22 conversations with both Moody's and Standard & Poors.
23 They have said, we asked them to take it to their
24 committees, the rating agency committees to review,
25 and they have told us that the issuance of this amount

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1 of debt would not affect our AAA rating, and that's
2 true even if we didn't have any revenue to offset it.
3 To the extent that revenue offsets the debt service,
4 then in calculating the various ratios, they would
5 discount it.

6 MR. VERRENGIA: Do we have any of that
7 in writing or other type of documentation?

8 MR. FRANCIS: I do not have anything in
9 writing. I do have from their opinions that they've
10 given us on our last rating, where they've mentioned
11 this potential development in Town, but what I've just
12 said to you I do not have in writing, no.

13 MR. VERRENGIA: The other question I had
14 was with respect to the annual facility and maintenance
15 cost data sheet that I have in front of me. I don't
16 know if you guys -- I'll give you a minute to get that.
17 And basically what this is, from what I understand, is
18 an annual estimate with respect to the cost of the
19 maintenance of Blue Back Square, and again, I'm just
20 going to kind of think out loud here and maybe help me
21 through this. My first thought was that we were going
22 to have a savings of over 230,000 dollars as a result
23 of not maintaining the Board of Education building.
24 However, we are going to assume a cost of 122,000,
25 123,000 dollars to maintain the public areas of Blue

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1 Back Square, and in maintaining that, we are talking
2 about snow removal, sweeping, lighting, et cetera,
3 catch basins.

4 My question is, I'm having a hard time
5 wrapping my arms around that in the sense that if one
6 building, if we are going to save on one building over
7 200,000 dollars, how is it that the cost of maintaining

8 a much larger area is only 122,000 dollars? I mean,
9 am I barking up the wrong tree? Am I misreading that?
10 I'm trying to look at it in simple terms.

11 MR. FRANCIS: The costs that go into
12 maintaining a building are varied. You've got anything
13 from salaries and benefits of people, custodians and
14 that sort of personnel, to contracted services. For
15 instance, there is an elevator in the Board of Ed
16 building, and we contract for maintenance and repair on
17 that. You have insurance costs to cover that building
18 from liability. You have tremendous energy cost to
19 maintain it, and that's what goes into that 232,000 to
20 maintain that building, all of those various elements.

21 When you look at the cost of maintaining
22 the public space essentially, it really -- you already
23 have staff in place, and so you are using time and
24 effort on their part, but you are not necessarily
25 expanding what you already have in place, and that's

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1 how we based it. These would be also incremental
2 changes, so for instance, we right now plow Isham Road,
3 and we will continue to do that, so we didn't look at
4 plowing of that road as being an additional cost. It's
5 a cost we have now and it's offset.

6 So the costs that are listed there are
7 incremental costs that we would have on top of that.
8 The snow removal, the shoveling for instance, that
9 first line that's there, that would be the additional

10 snow removal that we would have. We currently,
11 obviously, remove snow from that -- from those
12 locations, but this would simply be the additional that
13 we would have to that.

14 MR. VERRENGIA: A follow-up to the snow
15 removal cost, I'm looking at, under Notes, Item I, and
16 I'm just confused because it says "Actual cost to haul
17 snow 1700 dollars average per storm." So we are
18 talking about actual cost and average in the same
19 breadth, so I'm just trying to understand the cost of
20 snow removal.

21 And I think there is a distinction, so
22 that everybody knows what I'm talking about, is there
23 there is a difference between the snow plowing and the
24 snow hauling. The snow hauling that takes place in the
25 Center is a pretty intense and impressive operation,

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1 and it seems like this 1700 dollar figure to do that
2 sort of operation, I'm not sure, is that, again, Mr.
3 Francis, is that per storm or is that --

4 MR. FRANCIS: Yes, that was for the
5 season. We only did it twice last year, and that's the
6 average for the per season, it should be, not per
7 storm. In other words, we spend an average of about
8 1700 dollars each winter season clearing the meters.

9 MR. VERRENGIA: Okay. And are you
10 including in that the hauling of it?

11 MR. FRANCIS: Yes. That's when we haul

12 the snow out of the Center. We clear the Center of the
13 snow by hauling it out. That's what we mean by that.

14 MR. VERRENGIA: And that's not per
15 storm. I guess without getting too specific is, what
16 I'm thinking is the operation that takes place in the
17 Center now, there is approximately five dump trucks and
18 two payloaders, so using the figures in item A, that
19 the average is \$32.45, and there are seven people
20 working there, involved in that operation, that's 1800
21 dollars in just one operation, and I'm just trying to
22 figure out, it just seems like a low number, I guess is
23 what I'm saying, and then if you average, if you use
24 your average of ten storms, the figure --

25 MR. VAN WINKLE: We don't clean for ten

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1 storms. Most of the storms the snow sits there.
2 Again, last winter we did two storms. Dana Hallenbeck,
3 the director of public works, suggested that in a harsh
4 winter, they might do four storms. Last year it was
5 two. But they actually picked the snow up after it
6 accumulated after perhaps several storms and took it
7 out of the Center.

8 It is a huge revenue raiser, on the
9 other hand, because now people will feed the meters.
10 When we block off the meters, we don't get the revenue,
11 and so we really don't go after that snow until it
12 becomes problematic to the meters.

13 MR. VERRENGIA: Right. And it makes

14 sense to do that, I don't disagree with the operation,
15 just the cost.

16 The other thing under the notes on the
17 bottom page, it says that the public works would
18 purchase a multiuse piece of equipment for snow and
19 grounds maintenance. It's my understanding that a
20 piece of equipment, I don't know what pieces you are
21 looking at, but that could run into the hundreds and
22 thousands of dollars, and my question is: Is that
23 something that was ever considered to split the cost of
24 that equipment with the developer?

25 MR. FRANCIS: This is roughly a 30,000

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1 dollar piece of equipment. It's a small one-person
2 operation to clean the sidewalks in the area.

3 MR. VAN WINKLE: The piece of equipment
4 that you are thinking of and what we had some
5 conversation about that they use in some areas, they
6 melt the snow. They put a fire under it. There is a
7 big box that they put the snow into, in this day and
8 age of energy conservation, and then they put a fire
9 under it, and they melt the snow into the storm system.
10 A really big box would be hundreds of thousands of
11 dollars. It's not an option we have yet -- I don't
12 think the big box and the hundreds of thousands of
13 dollars is an option we would even look at. There is
14 still some discussion about how they will maintain the
15 snow areas and whether we need to melt it or remove it,

16 and so we didn't put that number in, but it's going to
17 be a substantial -- if it were a snow melter, it would
18 be substantially less than what you suggested there,
19 because we would be talking about a small operation,
20 not a big operation.

21 MR. VERRENGIA: Okay. I think we are on
22 the same page there, Mr. Van Winkle. Finally, just one
23 last question, in the Master Agreement, there is an
24 article there that indicates that the Town will
25 basically not only maintain the public area, but will

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1 be responsible for any repairs and replacement costs,
2 and I was just wondering if those costs were figured in
3 in any of the projections.

4 MR. VAN WINKLE: It would obviously be a
5 capital repair. We'd be talking about a sidewalk. You
6 know, what we are talking about, in the public realm
7 here, are the plaza, the Blue Back Square area, which
8 is a paved sidewalk area, presumably pavers, curbs, a
9 road system that's in there. This will be brand new.
10 I would expect that there would be perhaps some minor
11 repair in the first ten years, and perhaps some
12 significant repair. We replaced the sidewalks in West
13 Hartford Center with brick pavers. It has saved us
14 significant dollars because the concrete sidewalks were
15 always causing trips and falls. The kinds of repairs
16 where we have done in the Center have been a few bricks
17 that have fallen for some reason, some underground

18 problem, so we haven't seen a lot, and we didn't go out
19 to a 20-year kind of a projection on that for the
20 maintenance, but clearly there would be, at some point
21 a sidewalk itself has got a 50-year life. There is
22 some maintenance that we do to sidewalks now every
23 year. Most of our sidewalks in our communities are
24 hitting that life until we spend about 300,000 dollars
25 a year maintaining the 235 miles of sidewalks we have.

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1 So it's probably, there is a cost there, but it is a
2 ways out on that capital side.

3 MR. VERRENGIA: Okay. Thank you.

4 MAYOR HARRIS: Thank you, Mr. Verrengia.
5 Any other financial questions?

6 I have some and actually one of them
7 involves walking through this chart a little bit that
8 you were on. Mr. Brennan, yesterday you had a question
9 or an issue raised, and it was involving a financial
10 covenant. Can you just quickly refresh our
11 recollection on that, because there was a question that
12 we have as to whether that would serve as the basis for
13 a condition in this case.

14 MR. BRENNAN: Absolutely, Mr. Mayor. We
15 were discussing yesterday basically under the Master
16 Agreement whether and to what extent the Town would
17 have recourse against the developer, and we were
18 inquiring into sort of who the developer is and the
19 fact that it's an LLC and to the extent that it's a

20 limited liability company. We went down the lines of
21 questions and learned that there are no real existing
22 financial covenants that would require -- in the Master
23 Agreement or the Tri-Party Agreement, which has not
24 been drafted yet, that would require the developer to
25 keep, for example, a certain amount of assets or, you

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1 know, certain level of indebtedness or what have you.
2 The response then was, well, they will have
3 construction loans, which will have financial
4 covenants. And so we said, well, gee, if you are going
5 to have those covenants in the construction loans,
6 could we not have the same covenants in the Tri-Party
7 Agreement, and I believe the answer was yes.

8 MAYOR HARRIS: Thank you. Let's see if
9 I can run through a list of questions. First of all,
10 on the annual facility and maintenance sheet that you
11 did, it talks about sidewalk and the snow removal
12 piece, the hauling and the removal, and I think some of
13 the confusion, Mr. Verrengia, there is removal and
14 hauling and it kind of hit upon that too a little bit.
15 There is nothing about the plowing and removal on the
16 garages. Is that because that's part of the garage
17 revenue estimate, and it's being considered in a
18 separate place?

19 MR. FRANCIS: Yes. The removal of snow
20 from the garage tops is part of the operation and
21 maintenance costs in the garage model.

22 MAYOR HARRIS: And for the record,
23 because someone testified that they heard Mr. Van
24 Winkle say it's only 100 bucks, and this woman spent 40
25 for her driveway. What does that cost? Do you have

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1 that available?

2 MR. VAN WINKLE: Just to clarify my
3 comment on 100 dollars was that a fiscal impact study
4 like this, when we did some more detail on it, the
5 impact was going to be de minimus at the end. It was
6 not going to have a significant impact. I used 100
7 dollars as suggesting it wasn't going to have a
8 significant impact. We did this quick study, it had a
9 benefit, if you will. We could be off by some number
10 here, but it's not going to be a significant number no
11 matter how you run this analysis.

12 MAYOR HARRIS: Mr. Francis.

13 MR. FRANCIS: The snow removal in the
14 garages is in there at 10,000 dollars.

15 MAYOR HARRIS: An annualized basis?

16 MR. FRANCIS: Annualized, yes.

17 MAYOR HARRIS: Thank you. There has
18 been talk about one of the benefits of this project if
19 passed would be the increase in the grand list of
20 probably about 3 percent in one year, so tripling what
21 our grand list growth would be in that one year. But
22 of course, we are going to be adding certain expenses,
23 some of which you outlined here. We have an expansion

24 to the library, so my first question, would we need
25 additional library staff?

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1 MR. FELDMAN: Mr. Mayor, that's not the
2 plan. Again, our plan, if anything, is to shrink, not
3 grow.

4 MAYOR HARRIS: And how about the public
5 police officers?

6 MR. FELDMAN: We have, Mr. Mayor,
7 budgeted one additional full-time police officer, and
8 that's subject to additional review on a yearly basis
9 between the chief and I, and then with recommendations
10 to you. But we start with one additional officer.

11 MAYOR HARRIS: How about fire fighters?

12 MR. FELDMAN: No, there aren't
13 additional fire fighters. The only add, I believe, is
14 one additional police officer.

15 MR. FRANCIS: If I could add too, that
16 that's also in the operation and maintenance costs that
17 were estimated for the garages, the police officer
18 cost.

19 MAYOR HARRIS: Okay. When we take into
20 account all of these additional costs and come up with
21 a net figure from that 2.8 estimated increase in
22 property tax value, what is the increase that we would
23 be left with at the end of the day if this passed?
24 What would be the dollars in the general fund that we
25 would be able to every year, as some of the questioning

1 got to, be able to make public policy decisions about
2 as to how to spend?

3 MR. FRANCIS: We believe it would still
4 be 2.8.

5 MAYOR HARRIS: How does that work? Are
6 there washes in there somehow?

7 MR. FRANCIS: The operation and
8 maintenance cost for the garages are -- were discounted
9 from the gross revenue, so that the revenue projection
10 that you have on the garages, the 1.9 million, is a net
11 revenue. We had roughly 759,000 dollars of operation
12 and maintenance cost for the two garages, and again,
13 that was taken off of the gross revenues, so that those
14 are only net revenues that you have.

15 On the other costs, on the sheet that we
16 were just talking about, we believe that that's a wash
17 that comes out. You have costs that you are not going
18 to have, and you are going to incur costs, but in the
19 end, again, using Mr. Van Winkle's 100 dollar figure,
20 we think that that's a wash.

21 MAYOR HARRIS: And the wash in that
22 context is really because you save the 233,000 almost
23 from operation of the Board of Ed building?

24 MR. FRANCIS: That's correct.

25 MAYOR HARRIS: Let's go to the Board of

1 Ed building now. There has been a couple of comments I
2 heard that we are giving away, that was the term,
3 giving away the Board of Ed building and other land. I
4 didn't understand that we were giving anything away.
5 Could you clarify what we are getting for the Board of
6 Ed and the other property if we pass this?

7 MR. FRANCIS: The financial model
8 essentially has that the land that's being transferred
9 is being done in return for the SSD tax, and that's the
10 1.7 annually. On a present value basis, that has a
11 value of over, slightly over 20 million dollars. So
12 that if you add just a cash transaction based on that,
13 you would get 20, I think it's 20.8 million dollars for
14 that land. The land was assessed at 10.8 million
15 dollars.

16 MAYOR HARRIS: The 10.8 million dollars
17 is the Board of Education land and the Memorial Road
18 land?

19 MR. FRANCIS: That's correct.

20 MAYOR HARRIS: And what you are saying
21 is that because we get that SSD tax, which gets created
22 because of this project, if passed, then over the 20
23 years, we recover more than the value of the Board of
24 Ed building?

25 MR. FRANCIS: That's correct.

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1 MAYOR HARRIS: Okay. Parking
2 assumptions. Another comment that was made by the
3 public was that an analysis apparently was done that
4 showed that spots would have to be filled 90 percent of
5 the time in order for us to be able to make the money
6 that we need for that income stream to pay back the
7 bonds.

8 I think you did a chart here,
9 utilization by hours during weekdays, Saturday. Can
10 you just go through that and comment on that particular
11 piece of testimony?

12 MR. FRANCIS: Sure. I can put it up --
13 Richard, can we put that up? I'm sorry. Yeah,
14 Richard, if you can just hold it on there.

15 MAYOR HARRIS: They can zoom in on it
16 here maybe.

17 MR. FRANCIS: What we did with that
18 chart, there are actually three that we handed out a
19 few days ago, and it shows utilization by hour of the
20 day, 8:00 a.m. through midnight, and then capacity.
21 The bars represent the total capacity that's being
22 used. So you see at 8:00 the red line on that
23 represents the consultant projection of the developer,
24 that was Desman Associates' projection of revenue. The
25 blue line that's next to it represents what we actually

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1 used in the financial model, so we didn't take their
2 exact projections. We used a somewhat different and

3 less utilization factors, and it shows it throughout
4 the day, so that again you come to a peak which we've
5 mentioned between 12:00 and 2:00, 12:00 noon and 2:00.
6 Where you are almost at 1:00, you are really at peak
7 capacity, and it is built since the 8:00 number, and
8 then from that period on, you have decreased capacity,
9 so that by 8:00, you are at about 75, a little over 75
10 percent capacity of the garage. By the consultants,
11 you would be under that for our assumptions. By 9:00
12 you'd be down for us, you'd be down about 50 percent of
13 capacity and so on.

14 We also did that for -- the second sheet
15 is the same, except it's for the hours of use on
16 Saturday, depicting the weekend use, and you can see
17 there is a much bigger difference between the
18 consultant's projections and our assumptions on that.
19 We were even more conservative on the weekend usage,
20 and so on the weekend usage actually we get barely
21 above 25 percent capacity at any time of the day, and
22 we did that, again, because we wanted to be very
23 conservative in our revenue estimates, and so the third
24 chart that you have, which is actually a comparison of
25 the net annual parking revenues, again, these are all

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1 assuming that the operation and maintenance costs at
2 759,000 has already been subtracted from this.

3 We had two independent consultants, the
4 Town hired one who gave us an estimate which was

5 slightly above 3 million. It was about 3 million 1 of
6 net revenue per year. We took our own experience in
7 our lots, in our parking meters, and we applied that to
8 this configuration of parking, and that generated a net
9 revenue of about 2.6 million dollars a year.

10 Desman Associates came up with a net
11 parking revenue of 2.4 million dollars a year, and
12 again, the final one on the right, which was the actual
13 based on the assumptions we used in the financial
14 model, show us at 1.9 million dollars per year.

15 MAYOR HARRIS: So we were conservative
16 on this, too. The one thing I'd say our experience
17 though is that parking rates currently in the Center,
18 which of course are lower than what they are planned to
19 be if passed in Blue Back Square, so that experience
20 could differ; correct?

21 MR. FRANCIS: Yes.

22 MAYOR HARRIS: Based on people's
23 reaction to the cost, which though then the Council
24 would have the ability to set and play with.

25 MR. FRANCIS: The Town experience, we

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1 neutralize that in terms of the rates, so that we apply
2 the Town experience in terms of the utilization we've
3 actually experienced at the meters and in the lots to
4 this configuration, to the garages and the meters on
5 this site using the rates that we would use on this
6 part, the east side of the Center.

7 MAYOR HARRIS: Picking up on the way
8 these assumptions were made besides the Town experience
9 piece, I think the testimony was from both the parking
10 expert and our side here, the Town, that basically you
11 take a look at a particular use, and then there is
12 actually a listing, a catalog, if you will, that has
13 different assumptions on the number of parking spaces
14 attached to that; is that correct? Generated.

15 MR. GOLDMAN: Yes.

16 MAYOR HARRIS: Are those on a national
17 average?

18 MR. GOLDMAN: They are created by the
19 Urban Land Institute and catalogued by the Institute of
20 Traffic Engineers, and that is a national model that
21 has variances by month in it. It has variances by time
22 of day, by use, but you are absolutely right, it's
23 based upon gross leaseable area of, for example, of
24 offices, per 1,000 square feet. For theater, it's
25 based upon certain, a number of parking spaces per

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1 number of seats, and it goes through the whole litany.
2 I mean, there were 42 items in that list that you can
3 choose from, including supermarkets, and et cetera.

4 MAYOR HARRIS: It makes certain
5 assumptions then when you use averages that parking
6 behavior say in Omaha, Nebraska or in some other place
7 far away is going to be the same as in West Hartford,
8 Connecticut.

9 MR. GOLDMAN: That's the art, okay.
10 That's the art. And what we did here was to provide a
11 certain capture factor, which means that someone is
12 going to drive to the Center, but they are going to
13 visit more than one venue, and that gets applied
14 regionally or locally depending upon what the
15 activities are and what the features are.

16 You have a lot of restaurants, you are
17 going to have a capture factor in the restaurant for
18 the theater or vice versa, and for the businesses, you
19 have a capture factor for the health club, you know,
20 all of those things were taken into account.

21 MAYOR HARRIS: Thank you. And to the
22 Town is it because of that art piece of it, you know,
23 the part that's not the signs, is that one of the
24 reasons we went to the more conservative assumption?

25 MR. FRANCIS: That's part of it. Again,

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1 just from a financial standpoint, we tried to build the
2 model so that they would be very conservative
3 estimates, so that we took the highest, for instance,
4 operation and maintenance cost. Again, we had several
5 different independent consultants generate a number for
6 that. We took the highest one, and then we took the
7 lowest projected revenue to get into our assumptions,
8 because we knew how critical the garage revenue was to
9 the project, and we wanted to be extremely conservative
10 on the projected revenue.

11 MAYOR HARRIS: So we have cushion
12 basically.

13 MR. FRANCIS: We believe so.

14 MR. HEAPES: If I might just add
15 something, we did a national study, a post-op
16 evaluation in Florida, Texas, Washington and
17 California, testing projects that we were involved
18 with, just as mixed use, because I have always been
19 concerned that when you mix it all up, maybe something
20 happens to the numbers, and found that, in fact, what
21 was predicted in the parking analysis was pretty much
22 what showed up, which I was -- you know, it sounds like
23 a lot of art to me, and I'd rather have more science to
24 it, frankly, so we've tested that to see that it does
25 predict, in a mixed-use basis, what you would expect.

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1 MAYOR HARRIS: Thank you, Mr. Heapes.
2 There was a question about the theater, and it
3 basically was what happens if the theater closes after
4 one year? I know there was testimony that it could be
5 converted to retail, but just let me throw out that
6 general question. What happens if it closes after one
7 year, if there is just not the market for Amelie and
8 some of those other movies.

9 MR. HEAPES: Well, the good news is --

10 MAYOR HARRIS: I did see that, by the
11 way.

12 MR. HEAPES: Good, and I don't go to
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13 those movies personally, so I'm glad you saw them.

14 MAYOR HARRIS: It was good, but I can't
15 tell you why on the record.

16 MR. HEAPES: What we'll have is a
17 ten-year lease that is capitalized, so relative to the
18 SSD payment, which we are guaranteeing anyways, there
19 is no -- should that happen, I can't even imagine why
20 that would happen, that someone would close a theater
21 and continue to pay rent. One of our hurdles is to get
22 good creditworthy theater operators that have the
23 capital to do that, so like Hartford Hospital, like
24 other primary retailers, we will have a, at least a
25 ten-year lease with that theater, of which they will

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1 pay rent whether the space sits empty or not, which
2 means we won't have to hurry into some crazy
3 thoughtless gesture.

4 MAYOR HARRIS: But from our side, all
5 the special taxes and the other revenue being generated
6 by this project would stay the same?

7 MR. FRANCIS: That's correct. The SSD
8 tax has absolutely no relationship to their occupancy
9 or vacancy.

10 MAYOR HARRIS: Thank you. Last night we
11 talked about due diligence on the equity investor and
12 both sides described what that was. There has been
13 concern about what happens if Ronus sells or if the
14 full team, I should say here, sells. It's my

15 understanding through Mr. Alair's testimony and review
16 of the Master Agreement that there are restrictions on
17 transfer during the period in which this is being built
18 and goes online, and then there is some additional
19 restrictions thereafter. But there is nothing that
20 would say, as is often the case with private property
21 in this country, that five years after it's finished
22 that it could be sold. Correct? Mr. Alair.

23 MR. ALAIR: That's correct.

24 MAYOR HARRIS: So when we are talking
25 about restrictions on sale, I know there were

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1 restrictions that you said on sale and transfer during
2 the period of construction until the project comes on
3 line.

4 MR. ALAIR: Till the buildings come on
5 line, yes.

6 MAYOR HARRIS: Thereafter there are no
7 restrictions.

8 MR. ALAIR: That's correct.

9 MAYOR HARRIS: The question is, because
10 I don't really understand the concern, because I know
11 I've heard of buildings being sold in the Center, and
12 people don't even know it, they keep on going to the
13 places, there are leases, the shops, so I guess to put
14 it in the vernacular, what's the big deal if it is
15 sold? How does it affect the Town?

16 MR. ALAIR: Beats me. I don't think

17 there is any impact on us. As a matter of fact, if it
18 is sold, presumably it's sold at a profit which would
19 establish the value of the property for tax purposes
20 going forward.

21 MAYOR HARRIS: Because there was
22 concern, and I didn't quite get what that was.
23 Mr. Heapes.

24 MR. HEAPES: I think it's important to
25 know, be they leases or anything that's involved in the

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1 structure deal that will pass through, I can't imagine
2 what the difference would be, and due diligence on the
3 investor, number 1, it is not purely the decision of
4 Ronus; it is the decision of Blue Back Square
5 Development, LLC. I would tell you the general
6 managers and general partners who run the
7 decision-making process in that are Street-Works. They
8 are not Ronus. They are Street-Works and Bob Wiener
9 of JDA are the two managing partners of that, so Ronus
10 is providing the equity, not the management
11 decision-making.

12 MAYOR HARRIS: Thank you.

13 MR. ALAIR: Mr. Mayor, if I can just
14 follow-up, I want to take a moment, since it's the last
15 night of the hearing, and maybe we need to step back
16 for a second. We need to remember that there are two
17 separate issues here, one is the zoning piece and one
18 is the financial or Master Agreement piece, and I know

19 we are talking Master Agreement and finances tonight,
20 but just need to focus on this notion that for purposes
21 of at least zoning, the land use law regulates use not
22 user. So who owns the property is irrelevant, at least
23 for zoning purposes. I recognize that there may be
24 some desire with respect to the Master Agreement to
25 know who you are dealing with, but in terms of the

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1 ownership of the property, it's not really an
2 appropriate issue for zoning.

3 MAYOR HARRIS: And anyone that purchased
4 would be purchasing subject to the agreements in place,
5 subject to zoning, subject to ordinances, subject to
6 everything else that all commercial entities and
7 citizens are subject to?

8 MR. ALAIR: Subject to the SSD Levy,
9 subject to any cross-easements, subject to all of that,
10 yes.

11 MAYOR HARRIS: Mr. Connors.

12 MR. CONNORS: Thank you. Just a
13 follow-up on that, is there any argument to be made
14 that, if you could maybe correct me, but once the
15 project is completed from a construction standpoint,
16 does the agreement then allow the developer to sell the
17 property, or is there any time beyond that, getting the
18 project up and running to its full capacity, that the
19 developer is supposed to stay as the owner?

20 MR. ALAIR: The language, as I recall

21 it, in the Master Agreement, applies building by
22 building. So that if a building comes up, is
23 completed, a certificate of completion is produced for
24 it, it can at that point be sold. I'll be happy to
25 double check that and confirm it, but it is building by

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1 building, and bear in mind, by the way, that with
2 respect to the residential condominium buildings, of
3 course that has to be the case because once those
4 buildings are built, the units will be sold to
5 unrelated individuals.

6 MR. CONNORS: So because of the vision
7 of the developer, there is still -- there is no
8 argument to be made to have the developer remain
9 involved for any period of time while this project is
10 getting on its feet?

11 MR. ALAIR: The developer will be
12 involved until the last -- I mean, conceivably, let's
13 assume that the developer did what they have stated
14 repeatedly in this hearing that they are not planning
15 to do, and that is build and sell. Until the last
16 building is sold, they would still be in the project,
17 and we've got the Hartford Hospital building. We've
18 got Building D, the condominium building, Building A,
19 and Building B, B-1, B-2, B-3, all coming online at
20 slightly different times, so they would not be
21 available really to be sold because the certificates of
22 completion would not have been issued for them.

23 MR. CONNORS: I raise that just from a
24 bit of my own concern, but there has been this feeling
25 from some people in the public that an eat-and-run type

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1 situation might not be a benefit to the Town, and we
2 can leave it at that.

3 MAYOR HARRIS: Thank you, Mr. Connors.
4 The final financial question, I believe, and I don't
5 want to end on a negative note, but I'm going to. The
6 bottom line is: What is the worst case financial
7 scenario for the Town? If you could kind of in a brief
8 but comprehensive way walk us through, and things fail
9 all along, what is the worst case?

10 MR. FRANCIS: I guess it would be if
11 everything was built, number 1, because if everything
12 gets built, that's when you will have incurred the
13 debt. If it isn't built and we don't buy it, of course
14 you don't incur it. So you have to assume that
15 everything is built and we've incurred the debt, that
16 the project is going and no one comes. No one comes
17 and parks in the parking garages. They don't shop at
18 the stores, that sort of thing. What happens in that
19 case, however, is the property tax still is due.
20 Assuming you open the stores, which would have to be
21 the case, according to the way we've mapped out the
22 agreement, they are paying the SSD tax, and if that's
23 the case, then we have revenue that will -- coming in
24 from the project that will still pay for the debt.

25 You'll have roughly 4-and-a-half million dollars of
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1 revenue from the property tax, from both the general
2 property tax and the SSD tax coming in. You would have
3 no revenue from the garage. There wouldn't be anybody
4 there, so you wouldn't have any. But that would still
5 cover the debt service that the 48 million dollars,
6 which is about 3.8 million a year, under that
7 circumstance.

8 Now, you can take that further and say,
9 well, they go bankrupt, and we had that discussion last
10 night on it, but you would still -- at that point what
11 would happen is the financial policy that we had,
12 which was to preserve that property tax for you to use
13 as you saw fit without touching it, you'd have to dip
14 into that additional property tax, but the project
15 itself would still pay for the debt incurred.

16 MR. VAN WINKLE: If I can just comment
17 on the development aspect of that, that sometimes the
18 second developer in a project makes the money. Across
19 the street, the Town Center building was built at the
20 beginning of the recession in the 1990s, the developer
21 lost the building. I think it was owned by the FDIC
22 for a while. They paid the taxes and what needed to
23 be. The next developer that came and bought that
24 building was able to buy it substantially cheaper than
25 what it cost the first developer. They were able to

1 bring the rents down. They were able to make it
2 profitable and today that building, for the last
3 decade, that building has been chockful. Zero vacancy
4 of space. So sometimes when the worst scenario happens
5 to the developer, the best scenario happens to the new
6 buyer.

7 MAYOR HARRIS: Thank you.
8 Mrs. Carpenter.

9 MS. CARPENTER: In the worst-case
10 scenario, knowing the climate of West Hartford, people
11 that make up our community, what are the chances of
12 this worst-case scenario that you just described,
13 Mr. Francis?

14 MR. FRANCIS: I would think they are
15 very low. Again, to have nobody come and park in the
16 garage would be a minuscule probability to that
17 happening.

18 MS. CARPENTER: So what you are
19 describing would not only be very sad, but very
20 improbable?

21 MR. FRANCIS: Yes.

22 MS. CARPENTER: Thank you.

23 MAYOR HARRIS: Thank you,
24 Mrs. Carpenter.

25 So you have one end of success in the

1 project, and at the other end is improbable, worst-case
2 scenario, so I was trying to figure out. Someone had
3 testified that this was the end of modern civilization,
4 and I was trying to figure out which side they were
5 talking about, but it seems like civilization will
6 survive at least.

7 MR. ALAIR: Mr. Mayor, just to follow up
8 on that and remind you, we have our own experience in
9 this Town to judge some of that on, but I think the
10 empirical data that is perhaps most telling is the fact
11 that as you heard from Mr. Hidalgo last night, this
12 developer has banks actively interested in loaning them
13 a very, very healthy amount of money to build this
14 project, and these are banks, financial institutions,
15 which of course do this for a living and don't do it
16 out of charity, and have very good analysis done before
17 they lend this kind of money, and that's also been
18 done.

19 MAYOR HARRIS: Thank you, Mr. Alair.
20 And I don't mean to make light of it. It's a very
21 tough decision that we all have to make and, you know,
22 there are important issues all throughout this project,
23 so I just liked that quote.

24 So we will go to any mop-up questions
25 now, and I see Ms. Limson out there. We can get the

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1 TP&Z out of the green room to get ready for their
2 hearing. Mr. Alair.

3 MR. ALAIR: Mr. Mayor, you used the
4 magic words "mop up." I received an e-mail late this
5 afternoon, and it appears that last night, after your
6 Honor used the phrase "mop up" before a break, I didn't
7 realize that my microphone was still on during our
8 break because our excellent sound engineer has given me
9 the only microphone that is always on, and I made a
10 typically myself wise crack to my good friend Mr.
11 Francis here, who I'm sure took it as a jest about how
12 the Council was about to, quote, mop up the floor with
13 him, unquote. I intended it as a joke, I'm sure it was
14 taken as a joke, but apparently it caused offense to at
15 least one member of the community, and if there is one,
16 there are probably more, so I would like to publicly
17 apologize to Ms. Sanko-Lowry and to anybody else who
18 took offense at the comment. It was not intended as a
19 public comment. That is not an excuse, but I'm sure
20 for the unintended listeners to the comment, it may
21 have been taken in a manner that it was not intended
22 and I'm sorry.

23 MAYOR HARRIS: Thank you, Mr. Alair.
24 Mr. Coursey.

25 MR. COURSEY: So we are mopping up now?

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1 MAYOR HARRIS: Mop up.

2 MR. ALAIR: Now you are just goating me.

3 MR. COURSEY: I have a question for
4 Mr. Kraus. I think we all received on our desk here
5 tonight, there was a letter, a correspondence from
6 Ms. Carol Lenning, who lives on Newport Avenue, and one
7 of her concerns, as was one of mine earlier on, were
8 sidewalks crossing over Trout Brook brook on both Park
9 Road and Boulevard. And in her letter, she indicates
10 that it's her understanding that we are losing the
11 sidewalk on the north side of Boulevard; is that
12 correct?

13 MR. KRAUS: No, the Boulevard bridge,
14 the pedestrian access over the Boulevard bridge is not
15 affected at all by this project.

16 MR. COURSEY: Great. Let's go back
17 north to Park Road. One of my concerns before was --
18 actually if you can do me a favor, could you, as it
19 stands right now, the application stands right now,
20 could you point me -- paint me the current situation of
21 the sidewalks on Park Road going over Trout Brook
22 brook, and what the proposed plan is.

23 MR. KRAUS: Right now on Park Road we
24 have four lanes of vehicle travel, and there is an
25 active sidewalk that is ten-feet wide on the north

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1 side, and on the south side of the bridge or the
2 roadway, there is a ten-foot wide area that is reserved
3 for sidewalk, but there is no sidewalk going to it and
4 is not used.

5 The proposal to create an additional
6 lane of traffic necessarily means that Park Road will
7 be widened about ten feet, so the question is: Where
8 do you widen that ten feet? In order to keep the
9 alignment of Park Road to have the least impact as you
10 cross Trout Brook Drive, we are suggesting that the
11 widening happen more on the north side of the road than
12 the south side of the road, and therefore, the existing
13 pedestrian sidewalk will end up being essentially used
14 up for the vehicle lanes; therefore, there will be very
15 little area left for a pedestrian sidewalk within the
16 bridge, and we've talked to the developer about this,
17 and we've bandied back and forth.

18 My understanding is we have a verbal
19 commitment from the developer to provide a pedestrian
20 walkway on the north side of the bridge. I don't know
21 if we have a -- we haven't seen an exact design of it
22 or the size of it, but we do have an indication that
23 they are willing to create one. It's certainly one
24 that when we are discussing requirements as a part of
25 this application, that we would suggest that one be

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1 asked to be included in that. At this point, the
2 developer has verbally indicated to us that they are
3 willing to create an additional sidewalk over the Park
4 Road or Trout Brook.

5 MR. COURSEY: Mr. Heapes, you would not
6 have a problem with that as a condition of approval?

7 MR. PLANTE: Yes. We've come to an
8 agreement that we would work with the Town in expanding
9 that bridge to accomplish that goal.

10 MR. COURSEY: Thank you. If Ms. Lennig
11 is watching, I just want to make sure that she is rest
12 assured that she is not losing her sidewalks on
13 Boulevard.

14 Yesterday we had, Mr. Heapes gave us a
15 very, I thought a detailed explanation on the number of
16 art cinemas or cinemas that are required, and I
17 certainly don't want you to revisit that. I have a
18 good appreciation for that, but I do have a concern
19 about the potential impact on the locally-owned art
20 cinema and some of the comments that Mr. Wilkins had
21 expressed.

22 MR. HEAPES: Right.

23 MR. COURSEY: I would encourage you, I
24 don't know if you've had further dialogue with him or
25 if you are planning on that, but I'd be interested to

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1 hear perhaps some of your ideas on how you can,
2 whether it's joint marketing, shared memberships, some
3 opportunities that you could do to help alleviate some
4 of those concerns that are out there in the community.

5 MR. HEAPES: And they would be similar
6 conversations I've had with Park Road Playhouse, where
7 we've got a number of consumers that have an
8 orientation towards the arts, be they live theater, be

9 they galleries, be they movies, and we've just started
10 to explore some things such as joint ticketing. Could
11 we sell tickets to plays at the Park Road Playhouse out
12 of Blue Back Square out of that ticketing facility? Is
13 there ways that we can have advertising? Can we do
14 joint marketing film festivals? Could we have a
15 gallery space in our new disability walk at the Board
16 of Ed that talks about the arts, talks about things
17 going on at the various art centers, not just real
18 arts, but the Bushnell or really whatever.

19 About a year ago, I engaged in the arts
20 league with a conversation for how the arts in this
21 community could begin to come together, and at that
22 time, they really aren't. There is a number of
23 different factions, and I know Mr. Feldman has even
24 encouraged all of the arts community in Town to begin
25 speaking with how collectively, and I think the cows

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1 really unleashed the power of the arts, so I would put
2 it in that conversation, and I would include Real Arts
3 in that conversation, how many ways could we get focus
4 and attention to the arts through visitors to the
5 Center, and the best example is the cows. There was a
6 tremendous experience. It really wasn't leveraged for
7 much into the future. If you think of all the people
8 that came, hundreds of thousands of people who came,
9 who saw the Center differently, and who -- so we now
10 know will come and do things for the arts. So we are

11 very interested in that. Of course, I would continue
12 to explore that, not only with Real Arts, but the
13 playhouse and everyone else. Whether you condition
14 that or not, I'm going to be doing that.

15 MR. COURSEY: Thank you, Mr. Heapes.
16 Thank you, Mr. Mayor.

17 MAYOR HARRIS: Thank you, Mr. Coursey.
18 Any mop-up questions. Ms. Carpenter.

19 MS. CARPENTER: This is more for, just
20 to clarify something. This mixed-use development, do
21 you really believe, this is just a question I have, is
22 really a trend, or do you think it's something that
23 really is going to bring not only the West Hartford
24 community, but many communities into the future?

25 MR. HEAPES: Speaking about the future,

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1 I believe human beings have been living in mixed-use
2 environments for 2,000 years, and there was a peculiar
3 little 50-year period from 1930 to 1980 that we decided
4 not to do that, and so I don't view it as a trend. I
5 view a single stand-alone separate real estate as a
6 trend that I'm hopeful is long over.

7 MS. CARPENTER: Thank you.

8 MAYOR HARRIS: Mr. Verrengia.

9 MR. VERRENGIA: I just wanted to take a
10 moment to thank Mr. Francis for all his hard work with
11 the numbers and projections and all the time that you
12 spent away from your family. I know it's really, you

13 went above and beyond, and as I look across the table
14 here, and we are questioning projections, which is very
15 important, I'm reminded that we are a triple bond -- we
16 have a triple bond rating because of the leadership of
17 the Town, and that's really a tribute to all of you
18 there, and we, for one, really appreciate all the time
19 and effort you've put into this and away from your
20 families.

21 MAYOR HARRIS: Thank you, Mr. Verrengia.
22 Any other questions? I have a couple that were
23 submitted actually through the public that we have said
24 that we would do, and then I have one final procedural
25 thing to talk to Mr. Alair about.

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1 These are for you, Mr. Heapes. I'll
2 start with a short one, I think I can go to the last
3 one first.

4 You have projections on this proposal in
5 West Hartford that I would presume that you've made as
6 far as usage, all the other components in designing it.

7 Is there -- can you give us a comparison
8 to any actual experience you've had? I think you've
9 done some of this in the past with other projects.

10 MR. HEAPES: I'm not sure what you mean
11 by projections.

12 MAYOR HARRIS: When you are designing
13 this project, with the mix of stores, with square
14 footage --

15 MR. HEAPES: The demand, like relative
16 to revenue and market demand or cost projections or all
17 of the above?

18 I'll try to answer this in a relatively
19 simple way and short amount of time, and I'm not sure
20 really what you are trying to get at.

21 MAYOR HARRIS: Unfortunately, I don't
22 think I'm catching what the person wants anyway, so
23 perhaps this is a conversation that can be had or
24 understanding that you can have not with us off the
25 record obviously because we can't do that, but there is

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1 one thing --

2 MR. HEAPES: I can do a quick summary
3 that might make sense generally speaking. Generally
4 speaking, the residential and mixed-use projects yields
5 a rent rate or a price rate about 25 percent higher
6 than the traditional market, same with office space,
7 same with retail space, meaning that that traditional
8 store standing by itself does more volume, rents
9 higher, et cetera. This is an important feature
10 because the cost of these developments are also higher
11 than a stand-alone store or a stand-alone office, et
12 cetera. The projects that we've been involved with,
13 the primary three projects that people would probably
14 refer to, Mizner Park, Bethesda Row and Santana Row,
15 with the exception of Santana Row, have all performed
16 at pro forma or more. For people used to real estate

17 terms, Mizner Park was sold at a cap rate of
18 8-and-a-half percent, which is extremely high. Santana
19 Row had some initial difficulties because in
20 California, in San Jose, it peaked at the Dotcom bust,
21 and we had a 100 million dollar fire two weeks before
22 we were to open, which set us back quite a bit. That
23 project is fully leased and performing slightly under
24 pro forma.

25 The best example I have to talk about

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1 those projects is Federal Realty, their owner, did not
2 sell them, kept them in their portfolio for long-term
3 growth and value. So tradition would show Weston Town
4 Center, Easton, that these projects perform well when
5 they are well-capitalized, and they grow over time.
6 That's really the most important thing about these
7 projects. You would never do them to sell them. They
8 are too hard, too risky, but to grow over time, they
9 are fantastic investments.

10 MAYOR HARRIS: Thank you, Mr. Heapes.
11 At this point in the process, do you have any tenants
12 that have been actually signed, that have signed onto
13 you, that you can disclose, or is that premature
14 because that requires approval to be able to actually
15 do that?

16 MR. HEAPES: We have signed Hartford
17 Hospital. We have signed Healthtrax. We have signed
18 the American Legion. We are in negotiations with

19 several large tenants. We are in negotiations, final
20 negotiations with a movie operator, one, not multiple,
21 and we are in final negotiations with a large format
22 retailer. Those have not been completely approved by
23 their boards, so I can't discuss who those are.

24 MAYOR HARRIS: Thank you, Mr. Heapes.
25 Finally, for Mr. Alair. One of the

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1 things that we have encountered as a Council over the
2 past year to a certain extent and definitely over the
3 past six months and most definitely over the past two
4 to three months is the fact that we wear two hats. We
5 are the policy maker, the legislative body. We also
6 are the zoning authority. And those two hats don't
7 always go on well on one particular head, so we have,
8 of course, by our nature and by our job description
9 want to discuss things with the public and not only
10 listen, but give feedback, and because of zoning law
11 and our zoning hat that we wear, we have not been able
12 to do that at certain times.

13 Could you describe now going forward, we
14 are going to be closing the public hearing tonight,
15 except for the limited purpose of receiving the Town
16 Planning and Zoning recommendations. So we will be
17 doing that. And we probably will have a special
18 meeting scheduled within the next few weeks, depending
19 on schedules of Councilors, to address the applications
20 under our jurisdiction. What are our marching orders

21 on that going forward.

22 MR. ALAIR: To be precise, Mr. Mayor, I
23 think what you would do tonight is close your public
24 hearing. You must receive the report of TP&Z before
25 you act because their decision affects your vote, but

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1 for all intents and purposes, you are closing the
2 public hearing tonight.

3 From this point on, you, having
4 completed the public hearing, cannot hear outside the
5 record from the public on any substantive testimony
6 regarding the applications. This is specific to zoning
7 applications. You are in the unique position here of
8 having the related Master Agreement resolution, which
9 is technically not subject to that rule; however, it's
10 very difficult to imagine how you could separate a
11 discussion with somebody that finely.

12 So I would encourage you and advise you
13 not to discuss this project, the applications before
14 you, including the Master Agreement, unless it is a
15 very unique and specific issue or a question that you
16 can answer or ask, or what have you, and do so with a
17 clear conscience, but not to discuss it publicly
18 until -- publicly or privately, I should say, until you
19 deliberate at whatever date and time you determine to
20 do that.

21 MAYOR HARRIS: Thank you, Mr. Alair, but
22 all of the hundreds and hundreds of e-mails which we've

23 put on the record, all of the information that the
24 applicant has provided to us about public comment prior
25 to the application being filed, all of the submissions,

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1 maps, you know, the thousands of pages that we have,
2 those are all fair game; right?

3 MR. ALAIR: Absolutely.

4 MAYOR HARRIS: We can read those all
5 through the 4th of July and by the beach.

6 MR. ALAIR: Yes. You can spend wearing
7 both of your hats at the same time. You could read all
8 of that stuff, and as a person who looks very bad in
9 hats, I sympathize with you.

10 MAYOR HARRIS: Thank you, Mr. Alair. We
11 are going to close the public hearing. Before we do
12 so, I want to first of all thank the public, the people
13 of West Hartford, the people from around the region
14 that have expressed their opinions on that and that
15 have been involved. That's been very important to us.
16 Both before this application was filed, we were
17 listening even at times when we couldn't respond, and
18 we have continually been listening, and I thank the
19 people that showed up here. I thank everybody who
20 watched this live and on tape, and of course thank
21 Channel 5 for all the work they did.

22 We had a stenographer that was here for
23 most of it, although thank God she took last weekend
24 off, I want to thank her for all of her hard work.

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1 MAYOR HARRIS: Give yourself some extra
2 claps.

3 I also want to thank our sound engineer
4 for being with us and helping keep us mic'd up and
5 actually spoiling us on this wonderful system. I did
6 promise him that next time, if there is a next time,
7 and hopefully not for a long time, we would have one of
8 those like DJ glass booths that he could sit in.

9 So I also want to thank the applicant
10 for all of their work both before the application was
11 filed and for not only coming and presenting us with an
12 application, but for really trying to get the pulse of
13 our community, and no matter what happens going
14 forward, and with the goods, the bads, the uglies,
15 everything else, I think everybody at the table
16 recognizes your attempts and success at doing this.

17 Thank you to the administration, of
18 course, for all of your hard work, and I think a
19 special note of congratulations is due because
20 Mr. Feldman is today celebrating his 19th anniversary
21 as our Town Manager. So thank you for your services,
22 Mr. Feldman.

23 (Apl ause.)

24 MAYOR HARRIS: I want to again thank the
25 Plan and Zoning Commission. This was a procedure that

1 had been done once before, and it was not
2 well-received, I think, by certain people at that point
3 in time, but we were committed to trying to make it
4 work, and I think the bodies worked really well
5 together, and again, we sat here as equals, and now we
6 will go deliberate as equals on important pieces of
7 this.

8 And finally thank you to my colleagues
9 at the table. We spent 50 hours or so here, and I know
10 for every hour here there is ten times that, it seems
11 like, in preparation time to be able to be here, so
12 this commitment, as is your general commitment to
13 public service, should be noted and again no matter
14 what happens, I hope the citizens of this Town realizes
15 how lucky they are to have you because I realize how
16 lucky I am to have you here.

17 And really finally, Norma Cronin, our
18 clerk, and Marla Fami gli etti, and we have Gl enda also,
19 Fournier, Mr. Patri ssi, all the other people that
20 helped. And who else am I mi ssi ng? And El len, of
21 course. The person that keeps me in line every day and
22 El len Guest. Thank you very much.

23 With that, we will close the public
24 hearing, and we will let you know, as soon as possible,
25 when we schedule the special meeting.

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(Public Hearing concluded at 7:01 p.m.)

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2 I hereby certify that the foregoing 80 pages are a
3 complete and accurate computer-aided transcription of
4 my original stenotype notes taken of the West Hartford
5 Town Council Public Hearing, which was held at West
6 Hartford Town Hall Auditorium, 50 South Main Street,
7 West Hartford, Connecticut, on July 1, 2004.

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Sandra V. Semevolos RMR, CRR
LSR # 00074
Certified Court Reporter

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